

Vertua Limited

ACN 108 076 295

Annual Report - 31 March 2019

Vertua Limited
Directors' report
31 March 2019

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Group') consisting of Vertua Limited (referred to hereafter as the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 31 March 2019.

Directors

The following persons were directors of Vertua Limited during the whole of the financial year and up to the date of this report, unless otherwise stated:

Christopher Bregenhøj (Chairman)
Benjamin Doyle
James Manning (Managing Director)

Principal activities

During the financial year the principal continuing activities of the Group consisted of:

- Property development and management services
- Professional services
- Investments

The Group has varied its operational strategy set out previously in the year to 31 March 2018. Previously, Vertua operated three divisions being Property, Professional Services, and Printing. During the period, the Group sold its interest in the Printing division and is now operating an 'Investments' segment. There have been a number of performance updates worth sharing with shareholders as to the specific performance of each division.

The Property division has concluded several developments during the period and acquired interests in new opportunities. The residential development market continues to present challenges in the current market, namely the limited economically viable sites to acquire and develop. The tightening in bank lending practices have further made the economic viability of many potential sites unfeasible. We have seen the market beginning to regress in the property space generally, however, there is still strong demand for high end apartments in premium areas, which is the market the Property division is currently catering to. To counter the change in economic environment, we are exploring several new development opportunities in alternate areas, as well as expanding into pure project management work.

On 14 August 2018, the Group also exchanged a contract to sell its interest in Level 5, 97 Pacific Highway, North Sydney for \$4.9m, representing a realised gain of \$2.5m on the initial cost of \$2.6m. Settlement in full occurred on 15 October 2018. The group occupied a portion of the premises itself, resulting in gains attributable to the owner-occupied portion accumulating in a revaluation reserve. On realisation, the applicable accounting standards requires the recognition of the reserve directly against retained earnings within the statement of changes in equity without reclassification through profit and loss. Full details are outlined in Note 15 to the financial statements.

The Professional Services division has been buoyed due to the acquisition of First Equity Group ('First Equity') in October 2018. Locumsgroup is performing under budget. The tightening property market has resulted in limited opportunities for the real estate advisory business to acquire new sites for clients. Furthermore, the banking Royal Commission and the softening in the property market has impacted the property sales division. The Board is of the view that the property division will stabilise once the market adapts to the tightening bank rules. Furthermore, the tax and accounting division is performing under budget due to the loss of some key customers. As such, the Group has recognised an impairment of \$520,000 to the intangible assets associated with Locumsgroup.

Investments

Following the acquisition of Defender Asset Management ('DAM') and its Australian Financial Services License, the Group has shifted its scope to an investment entity. The Group established a Managed Fund being Vertua Opportunities Fund ('VOF') with Vertua Limited acting as Fund Manager focusing on tourism and related assets. VOF has currently circa \$17.25m of assets under management. In addition, the Group entered into a debt and equity investment in an underlying business being American Patriot Oil & Gas Limited ('AOW') which represents a substantial investment in the underlying business. Off the back of the acquisition of DAM the Group's management of VOF and the Groups investment in AOW, the Group's Board have adopted a change in accounting principal to record investments on the balance sheet through fair value through profit and loss as opposed to a consolidation approach as this better reflects the investment dealings of the Group. The Group's strategy is around capital management whereby surplus cash is reinvested for an overall return to shareholders, investors and stakeholders.

Discontinued Operations

The Printing division, principally Horizon Print Management Pty Ltd ('HPM'), was sold during the period for a consideration of \$2.1m with the effective date of settlement being 31 July 2018. The Printing segment has subsequently been deconsolidated from the Group's balance sheet. Whilst it was not the intention of the Board to sell this business, the Group was approached by a third party wanting to purchase the Printing division, offering a price that has resulted in strong return for the Group.

As part of the sale of HPM, the Group disposed of Horizon Media Pty Ltd to a third party, with an exit cost of \$100,000. This was required for the Group to exit the Print segment wholly.

Dividends

There were no dividends paid, recommended or declared during the current or previous financial year.

Operating and financial review

The profit for the Group from continuing operations after providing for income tax and non-controlling interest amounted to \$92,009 (31 March 2018: loss of \$311,811).

The operating and financial review is prepared in segments, in alignment with the reporting provided in the financial statements. There have been no changes to the Board during the year and James Manning continues to act as the Managing Director of the Group.

Property:

Events within the property sector are mentioned within the principal activities section of this report.

Mr Benjamin Doyle continues to act as the Director of Fiducia Group, the property division's principal operating business. Mr Doyle is also a Director of Vertua and is committed to the development of new sites for the Group and provides valuable experience specifically in residential development and property matters.

The Property Division has seen the FPG Northbridge project reach its finalisation stage having accrued \$1m in performance fees as at the date this report, with a further \$300,000 to \$500,000 expected to be billed in the first half of FY2020. A distribution return of equity and mezzanine funding combined with associated interest has been paid back to the Group as at the date of this report.

At the time of writing this report, the property division has secured DA approval for the development of 10 luxury apartments in Neutral Bay NSW. This is a great achievement for the property team and ensures continuity of work flow. The Neutral Bay development is expected to be completed in the year 2021 with the Property Division expected to yield in excess of \$2m in management and performance fees.

We continue to seek opportunities to expand into funds management and commercial development, as well as diversifying the income profile of the property division away from the lumpy cash flow and performance associated with the development cycle. The Group is continuing to explore various project management engagements on a monthly fixed fee structure as the principal mechanism for this, in addition to changing the terms and conditions of our management agreement with JV partners and larger developments to allow payment of a higher overall management fee consistent with market rates on equal monthly instalments.

Printing:

The Printing division, being Horizon Print Management Pty Ltd, was sold during the period with an effective date of 31 July 2018. The Group also sold its interests in Horizon Media Pty Ltd.

Professional Services:

The Locumsgroup business is underperforming against Board's expectations. The mortgage division has been impacted by the tightening bank procedures and processes and the banking Royal Commission, as well as a regressing property market and the tax and accounting division is underperforming due to the loss of some key customers. In addition, the management of Locumsgroup conducted a full and thorough review of all client files to ensure compliance, following recommendations of the banking Royal Commission. The internal review was a necessary process to undergo, however, this impacted the teams' ability to win clients during the period. An impairment of \$520,000 was taken up against this business for the period. The Board expects the Locumsgroup business to perform better in the coming financial year.

First Equity was acquired during the year, with effect from 1 October 2018. The First Equity practice provides professional services relating to Tax, Accounting, Audit and business advisory, with a strong client base. First Equity has traded well for the six months to 31 March 2019 and Board is pleased with the acquisition and its performance to date. The Board expects First Equity to provide a number of synergies within the greater Group in addition to providing the Group with good exposure to its high net worth clients.

Investments:

The Group has shifted its operational state of affairs to an investment firm as the Board believes this better reflects the future operations of the Group. Other than property development investments, the Group has entered into a debt and equity investment in American Patriot Oil & Gas Limited (ASX:AOW). The debt component is transacted through a funding syndicate with Defender No 2 Fund Pty Ltd being the debt funding provider. In addition, the Group has acquired a number of AOW securities and is currently AOW's largest shareholder (13%). As at the year-end, an unrealised impairment loss of \$363,973 has been recognised through the profit and loss reflecting the difference between the average price of equity acquired versus the last sale closing price of AOW.

Significant changes in the state of affairs

Sale and Deconsolidation of Horizon Print Management

Effective 31 July 2018, the Group finalised the full disposal of its entire shareholding in Horizon Print Management Pty Ltd and its subsequent interest in the Printing segment.

Acquisition of First Equity

Effective 1 October 2018, the Group finalised the purchase of the First Equity group – a tax and audit professional service practice. The consideration paid on acquisition comprised of a cash and a convertible note instrument.

Investment Entity

The Board resolved to change the Group's scope and state of affairs to an investment entity under the definition of same in accordance with AASB 10 Consolidated Financial Statement. The Group meets the criteria of AASB 10 and the Board are of the view that the investment entity approach is a more accurate reflection of the Group's dealings. A part of the Group's strategy is to provide investment advice, raising capital to invest in assets for capital appreciation, dividend and distribution, for a defined period. The sale of Horizon Print Management during the period solidifies the Board's approach. Horizon Print Management was acquired in 2015 and subsequently sold in July 2018 resulting in a strong return for the Group and its associated investors. A new segment to reflect the change of scope has been incorporated within this report.

The Investments segment of the Group includes the dealings of Defender Asset Management and its Australian Financial Services License. In the prior year, DAM was allocated to the Professional Services segment however the Board resolved that it would be better suited in the investments segment as DAM will be a key driver in identifying, assessing and executing investment deals moving forward.

There were no other significant changes in the state of affairs of the Group during the financial year.

Matters subsequent to the end of the financial year

On 21 May 2019, the Group was paid back its equity invested, mezzanine finance forwarded and subsequent interest against the equity and mezzanine finance relating to the FPG Northbridge project. The total cash received relating to equity and corresponding interest was \$801,693. The total cash received relating to the mezzanine funding and corresponding interest was \$251,165 (to total: \$1,052,858).

No other matter or circumstance has arisen since 31 March 2019 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Likely developments and expected results of operations

The Property division is continuing to scope and model out potential development sites to add to its portfolio. The Professional Services division will continue its operational assessment to achieve synergies from an accounting and finance function, whilst it continues to grow its funds under management and general client base. The Group intends to significantly expand the investment operations of the Vertua. The Board is currently exploring appropriate capital initiatives and funding sources to further this objective. It is expected that this will include some sort of capital raise and or issue of shares on the acquisition of other investment assets.

Environmental regulation

The Group is not subject to any significant environmental regulation under Australian Commonwealth or State law.

Information on directors

Name:	Christopher Bregenhøj
Title:	Non-Executive Chairman
Qualifications:	CA, FAICD
Experience and expertise:	Chris brings a strong accounting background having practiced for 13 years in Hong Kong. From 2000 Chris sat on the board of what became oOh! Media, seeing it through listing, acquisitions, a private equity buyout and relisting. Chris has undertaken numerous residential developments during his career.
Other current directorships:	Nil
Former directorships (last 3 years):	Nil
Special responsibilities:	Chairman of the Audit and Risk Committee Chairman of the Nomination and Remuneration Committee
Interests in shares:	1,577,273
Interests in options:	Nil (via Esplanade Super Fund - 1,350,000 converted to shares during the period)
Contractual rights to shares:	Nil
Name:	James Manning
Title:	Managing Director
Qualifications:	B.Bus (Accounting), M.Bus (Finance), FAICD
Experience and expertise:	James has over 11 years of experience in the property industry and founded Joe Public Holdings. He has undertaken numerous residential property developments throughout Australia and New Zealand.
Other current directorships:	American Patriot Oil & Gas Limited (ASX:AOW)
Former directorships (last 3 years):	Nil
Special responsibilities:	Member of the Audit and Risk Committee Member of the Nomination and Remuneration Committee
Interests in shares:	7,306,529 indirectly through the Manning Family Associates
Interests in options:	13,161,019 indirectly through the Manning Family Associates
Contractual rights to shares:	Nil

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Name:	Benjamin Doyle
Title:	Executive Director
Experience and expertise:	Ben founded Fiducia Property Group and has run it for over 16 years, where he has developed numerous residential property developments. Ben has been recognised within the development industry through the HIA, having won the 2015 'NSW Development of the year sub \$5mil'.
Other current directorships:	Nil
Former directorships (last 3 years):	Nil
Special responsibilities:	Member of the Audit and Risk Committee Member of the Nomination and Remuneration Committee
Interests in shares:	125,000 Class A shares held directly and 3,070,451 indirectly through the Doyle Family Associates
Interests in options:	Nil (1,350,000 converted during the period)
Contractual rights to shares:	Nil

'Other current directorships' quoted above are current directorships for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

'Former directorships (last 3 years)' quoted above are directorships held in the last 3 years for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

Company secretary

Michael Bregenhøj acts as the company secretary, having replaced Christopher Bregenhøj during the period.

Meetings of directors

The number of meetings of the Company's Board of Directors ('the Board') held during the year ended 31 March 2019, and the number of meetings attended by each director were:

	Full Board		Audit and Risk Committee	
	Attended	Held	Attended	Held
Christopher Bregenhøj	9	9	3	3
Benjamin Doyle	9	9	3	3
James Manning	9	9	3	3

Held: represents the number of meetings held during the time the director held office.

Remuneration report (audited)

The remuneration report details the key management personnel remuneration arrangements for the Group, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

Key management personnel ('KMP') are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including all directors.

The remuneration report is set out under the following main headings:

- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- Service agreements
- Share-based compensation
- Statutory performance indicators
- Additional disclosures relating to key management personnel

Principles used to determine the nature and amount of remuneration

The objective of the Group's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with the achievement of strategic objectives and the creation of value for shareholders, and it is considered to conform to the market best practice for the delivery of reward. The Board of Directors ('the Board') ensures that executive reward satisfies the following key criteria for good reward governance practices:

- competitiveness and reasonableness
- acceptability to shareholders
- transparency

The Board is responsible for determining and reviewing remuneration arrangements for its directors and executives. The performance of the consolidated entity depends on the quality of its directors and executives. The remuneration philosophy is to attract, motivate and retain high performance and high quality personnel.

The Board has structured an executive remuneration framework that is market competitive and complementary to the reward strategy of the consolidated entity.

Alignment to shareholders' interests:

- having economic profit as a core component of plan design
- focuses on sustained growth in shareholder wealth, consisting of dividends and growth in share price, and delivering constant or increasing return on assets as well as focusing the executive on key non-financial drivers of value; and
- attracts and retain high calibre executives.

Alignment to program participants' interests:

- rewards capability and experience;
- reflects competitive reward for contribution to growth in shareholder wealth; and
- provides a clear structure for earning rewards.

In accordance with best practice corporate governance, the structure of non-executive director and executive director remuneration is separate.

Non-executive directors remuneration

Fees and payments to non-executive directors reflect the demands and responsibilities of their role. Non-executive directors' fees and payments are reviewed annually by the Nomination and Remuneration Committee. The Nomination and Remuneration Committee may, from time to time, receive advice from independent remuneration consultants to ensure non-executive directors' fees and payments are appropriate and in line with the market. The chairman's fees are determined independently to the fees of other non-executive directors based on comparative roles in the external market. The chairman is not present at any discussions relating to the determination of his own remuneration. Non-executive directors do not receive share options or other incentives.

NSX listing rules require the aggregate non-executive directors' remuneration be determined periodically by a general meeting. The most recent determination was at the Annual General Meeting held on 31 August 2017, where the shareholders approved an aggregate remuneration of \$120,000 annually.

Executive remuneration

The Group aims to reward executives based on their position and responsibility, with a level and mix of remuneration which has both fixed and variable components.

The executive remuneration and reward framework has four components:

- base pay and non-monetary benefits
- short-term performance incentives
- share-based payments
- other remuneration such as superannuation and long service leave

The combination of these comprises the executive's total remuneration.

Fixed remuneration, consisting of base salary and/or retainers, superannuation and non-monetary benefits, are reviewed annually by the Nomination and Remuneration Committee based on individual and business unit performance, the overall performance of the Group and comparable market remunerations.

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Executives may receive their fixed remuneration in the form of cash or if applicable, other FBT impacts (for example motor vehicle benefits) where it does not create any additional costs to the Group and provides additional value to the executive.

The short-term incentives ('STI') program is designed to align the targets of the business units with the performance hurdles of executives. STI payments are granted to executives based on specific annual targets and key performance indicators ('KPI's') being achieved. KPI's include profit contribution, customer satisfaction, leadership contribution and product management.

The long-term incentives ('LTI') include long service leave and share-based payments. Shares are awarded to executives over a period of three years based on long-term incentive measures. These include increase in shareholders value relative to the entire market and the increase compared to the Group's direct competitors. The Nomination and Remuneration Committee reviewed the long-term equity-linked performance incentives specifically for executives during the year ended 31 March 2019.

Voting and comments made at the Company's 2018 Annual General Meeting ('AGM')

At the 2018 AGM held on 17 August 2018, 83.55% of the votes received supported the adoption of the remuneration report for the year ended 31 March 2018. The Company did not receive any specific feedback at the AGM regarding its remuneration practices.

Details of remuneration

Amounts of remuneration

Details of the remuneration of key management personnel of the Group are set out in the following tables.

The key management personnel of the Group consisted of the following directors of Vertua Limited:

- Christopher Bregenhoj - Non-Executive Chairman
- James Manning - Managing Director
- Benjamin Doyle - Executive Director

	Short-term benefits	Post- employment benefits	Long-term benefits	Share-based payments	
	Cash salary and fees \$	Super- annuation \$	Long service leave \$	Equity- settled \$	Total \$
2019					
<i>Non-Executive Directors:</i>					
Christopher Bregenhoj	30,000	-	-	-	30,000
<i>Executive Directors:</i>					
Benjamin Doyle	244,448	22,083	15,645	-	282,176
James Manning	308,549	6,507	2,283	-	317,339
	<u>582,997</u>	<u>28,590</u>	<u>17,928</u>	<u>-</u>	<u>629,515</u>

	Short-term benefits	Post- employment benefits	Long-term benefits	Share-based payments	
	Cash salary and fees \$	Super- annuation \$	Long service leave \$	Equity- settled \$	Total \$
2018					
<i>Non-Executive Directors:</i>					
Christopher Bregenhoj	30,000	-	-	-	30,000
<i>Executive Directors:</i>					
Benjamin Doyle	244,448	22,083	4,197	-	270,728
James Manning	251,764	-	-	-	251,764
	<u>526,212</u>	<u>22,083</u>	<u>4,197</u>	<u>-</u>	<u>552,492</u>

Service agreements

Remuneration and other terms of employment for key management personnel are formalised in service agreements. Details of these agreements are as follows:

Name:	James Manning
Title:	Managing Director
Term of agreement:	Unspecified
Details:	Per the service agreements in place with Vertua Limited, James Manning receives a base salary of \$36,000 per annum. In addition, Mr Manning bills Vertua for time spent over and above an agreed set of hours per month. Mr Manning had a fixed management agreement with Horizon Print Management (discontinued operations) for \$60,000 per annum (\$20,000 at the time of disposal of Horizon Print Management). In addition, James has an employment contract with First Equity for \$150,000 per annum including superannuation. At the time of this report, James received a total consideration of \$77,283 in total including superannuation and a long service leave accrual from First Equity.
Name:	Christopher Bregenhoj
Title:	Chairman
Term of agreement:	Unspecified
Details:	Per the service agreements in place with Vertua Limited, Christopher Bregenhoj receives \$30,000 per annum.
Name:	Benjamin Doyle
Title:	Director
Term of agreement:	Unspecified
Details:	Per the service agreements in place with Vertua Limited, Benjamin Doyle receives \$12,000 per annum and in addition to this he also has an employment contract with Fiducia Group for \$258,727 per annum (inclusive of superannuation and LSL accrual).

Key management personnel have no entitlement to termination payments in the event of removal for misconduct. The notice period for James Manning is 6 months, all other Directors have a notice period of 3 months. Performance bonuses, as determined by the Board from time to time, will be paid to Directors up to the date of termination.

Share-based compensation

Issue of shares

There were no Class A shares issued to Directors and other key management personnel as part of compensation during the year ended 31 March 2019.

Options

There were no options over ordinary shares granted to or vested by directors as part of compensation during the year ended 31 March 2019.

Additional disclosures relating to key management personnel

Shareholding (direct and indirect holdings)

The number of shares in the Company held during the financial year by each director and other members of key management personnel of the Group, including their personally related parties, is set out below:

	Balance at the start of the year	Additions	Disposals/ other	Balance at the end of the year
Christopher Bregenhoj	227,273	1,350,000	-	1,577,273
Benjamin Doyle	745,451	2,450,000	-	3,195,451
James Manning	1,956,529	5,350,000	-	7,306,529
	<u>2,929,253</u>	<u>9,150,000</u>	<u>-</u>	<u>12,079,253</u>

Option holding (direct and indirect holdings)

The number of options over ordinary shares in the Company held during the financial year by each director and other members of key management personnel of the Group, including their personally related parties, is set out below:

	Balance at the start of the year	Granted	(Exercised/ disposed)	Balance at the end of the year
Christopher Bregenhoj	1,350,000	-	(1,350,000)	-
James Manning	10,450,000	6,061,019	(3,350,000)	13,161,019
	<u>11,800,000</u>	<u>6,061,019</u>	<u>(4,700,000)</u>	<u>13,161,019</u>

As a result of the changes to the issued capital of the Company, the Group has been required to recognise additional options owing to Manning Capital Holdings (related party of James Manning). The maximum number of options due under the option agreement which was approved by Shareholder at the AGM on the 17 August 2018 is currently, 32,416,425. This number is based on the maximum loan amount advanced by Manning Capital Holdings during the term of the agreement. The Company had previously recognised 10,000,000 options which were noted in the original approval as the initial grant. The Company expects that on the conversion of the Convertibles Notes that it will be required to recognise up to an addition 16,327,179 options to Manning Capital Holdings. These numbers are subject to various conditions with respect to the total number of shares on issue and the % of shares held by the shareholders at any given time.

Convertible notes (direct and indirect holdings)

The number of convertible notes that are convertible into ordinary shares of the in the Company held during the financial year by each director and other members of key management personnel of the Group, including their personally related parties, is set out below:

	Balance at the start of the year	Issued	Converted	Balance at the end of the year
Benjamin Doyle	6,032,699	-	(2,450,000)	3,582,699
James Manning	15,958,686	-	(4,000,000)	11,958,686
	<u>21,991,385</u>	<u>-</u>	<u>(6,450,000)</u>	<u>15,541,385</u>

KMP Loans

The loan from Manning Capital Holdings Pty Ltd of \$3,434,972 (2018: \$4,718,745) was initially extended to provide additional working capital and acquisition funding for the purchase of Locumsgroup. Manning Capital Holdings Pty Ltd is considered a related party.

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Other transactions with KMP

The Director, Mr Manning, is also a director of First Equity Tax Pty Ltd (pre-acquisition), Manning Capital Holdings Pty Ltd and Defender Investment Management Pty Ltd which provide management & administration services and capital funding support to the Group.

The Director Mr Bregenhøj is also a director and shareholder of First Equity Partners and Esplanade Super Fund Pty Ltd which provide management & administration services and capital funding support to the Group.

The fees paid in relation to management and administration services specifically amounted to \$282,055 (which are included in the total KMP disclosures), while the interest payments made in relation to the funding support provided by Manning Capital Pty Ltd, Manning Capital Holdings Pty Ltd, Esplanade Super Fund Pty Ltd and Woodville Super Pty Ltd, which attracted an interest rate between 5% & 12%, amounted to \$487,649.

Statutory performance indicators

The consequences of the Group's performance on shareholder wealth, outlined as a function of its share price and net assets attributable to shareholders over the last 4 years is provided below:

	31-Mar-19	31-Mar-18	31-Mar-17	31-Mar-16
Share price at financial year end (\$)	0.26	0.07	0.07	0.10
Net tangible assets per ordinary share (cents per share)	25.00	28.04	33.10	24.76

This concludes the remuneration report, which has been audited.

Shares under option

Unissued ordinary shares of Vertua Limited under option at the date of this report are as follows:

	Exercise price	Number under option
Expiry date		
15 March 2027	\$0.1485	13,161,019

No person entitled to exercise the options had or has any right by virtue of the option to participate in any share issue of the Company or of any other body corporate.

Shares issued on the exercise of options

The following shares of Vertua Limited were issued on the exercise of options during the period:

	Exercise price	Number of shares issued
Exercise date		
24 April 2018	\$0.2000	4,050,000
30 September 2018	\$0.1485	2,000,000
		<u>6,050,000</u>

Corporate Governance

Information on the Company's responsibilities and governance practices can be found in our Corporate Governance Statement available at: <http://www.vertua.com.au/corporate-governance-statement/>.

Indemnity and insurance of officers

The Company has indemnified the directors and executives of the Company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the Company paid a premium in respect of a contract to insure the directors and executives of the Company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Indemnity and insurance of auditor

The Company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor.

During the financial year, the Company has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

Proceedings on behalf of the Company

No person has applied to the Court under section 237 of the Corporations Act 2001 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.

Non-audit services

Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in note 36 to the financial statements.

The directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The directors are of the opinion that the services as disclosed in note 36 to the financial statements do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risks and rewards.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors



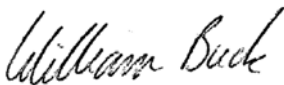
Christopher Bregenhoj
Chairman

14 June 2019

Auditor's Independence Declaration under Section 307c of the Corporations Act 2001 to the Directors of Vertua Limited

I declare that, to the best of my knowledge and belief during the year ended 31 March 2019 there have been:

- no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- no contraventions of any applicable code of professional conduct in relation to the audit.



William Buck

ABN 16 021 300 521



Rainer Ahrens

Director

Sydney, 14 June 2019

ACCOUNTANTS & ADVISORS

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Statement of profit or loss and other comprehensive income
For the year ended 31 March 2019

	Note	Consolidated 2019 \$	2018 \$
Revenue			
Revenue	5	5,121,678	4,091,235
Other income	6	1,604,308	495,351
		<u>6,725,986</u>	<u>4,586,586</u>
Cost of sales		(520,532)	(44,957)
		<u>6,205,454</u>	<u>4,541,629</u>
Gross profit			
Expenses			
Management fees		(194,056)	(139,855)
Director fees		(78,000)	(78,000)
Professional fees		(535,961)	(520,721)
Property costs		(327,699)	(235,631)
Advertising and promotion		(5,053)	(19,380)
Other expenses from ordinary activities		(802,630)	(770,450)
Depreciation and amortisation expense	7	(550,269)	(643,376)
Salaries and wages		(2,562,326)	(2,106,919)
Impairment expenses		(520,000)	-
		<u>629,460</u>	<u>27,297</u>
Operating profit			
Finance cost		(775,656)	(1,449,371)
		<u>(146,196)</u>	<u>(1,422,074)</u>
Loss before income tax (expense)/benefit from continuing operations			
Income tax (expense)/benefit	8	(563,732)	633,637
		<u>(709,928)</u>	<u>(788,437)</u>
Loss after income tax (expense)/benefit from continuing operations			
Profit after income tax expense from discontinued operations	9	541,937	476,626
		<u>(167,991)</u>	<u>(311,811)</u>
Loss after income tax (expense)/benefit for the year			
Other comprehensive income for the year, net of tax		-	-
		<u>(167,991)</u>	<u>(311,811)</u>
Total comprehensive income for the year			
Loss for the year is attributable to:			
Non-controlling interest of Locumsgroup		(260,000)	-
Owners of Vertua Limited		92,009	(311,811)
		<u>(167,991)</u>	<u>(311,811)</u>
Total comprehensive income for the year is attributable to:			
Continuing operations		(260,000)	-
Discontinued operations		-	-
Non-controlling interest		(260,000)	-
		<u>(449,928)</u>	<u>(788,437)</u>
Continuing operations		541,937	476,626
Discontinued operations		92,009	(311,811)
Owners of Vertua Limited		<u>(167,991)</u>	<u>(311,811)</u>

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Vertua Limited
Statement of profit or loss and other comprehensive income
For the year ended 31 March 2019

	Note	Consolidated 2019 \$ Cents	2018 \$ Cents
Earnings per share for loss from continuing operations			
Basic earnings per share	44	(2.7)	(6.6)
Diluted earnings per share	44	-	-
Earnings per share for profit from discontinued operations			
Basic earnings per share	44	2.1	4.0
Diluted earnings per share	44	0.7	0.7
Earnings per share for loss			
Basic earnings per share	44	0.3	(2.6)
Diluted earnings per share	44	0.1	-

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Vertua Limited
Statement of financial position
As at 31 March 2019

	Note	Consolidated 2019 \$	2018 \$
Assets			
Current assets			
Cash and cash equivalents	10	1,194,713	1,077,044
Trade and other receivables	11	3,143,678	3,836,081
Inventories and work in progress		-	46,896
Financial assets	12	520,000	1,819,674
Net present value of trail commission income	13	425,520	401,324
Investment property	14	-	1,139,253
Asset held for sale	15	-	2,727,414
Total current assets		<u>5,283,911</u>	<u>11,047,686</u>
Non-current assets			
Receivables	16	2,585,883	1,065,150
Financial assets	17	4,369,500	-
Property, plant and equipment	18	375,331	425,829
Intangibles	19	2,433,780	3,397,970
Deferred tax	20	652,631	1,394,949
Net present value of trail commission income	21	807,488	730,739
Total non-current assets		<u>11,224,613</u>	<u>7,014,637</u>
Total assets		<u>16,508,524</u>	<u>18,062,323</u>
Liabilities			
Current liabilities			
Trade and other payables	22	913,009	1,803,269
Other current liabilities	23	500,882	1,266,629
Provisions	24	203,688	190,106
Total current liabilities		<u>1,617,579</u>	<u>3,260,004</u>
Non-current liabilities			
Payables	25	92,667	104,841
Financial liabilities	26	-	1,350,000
Financial liabilities measured at amortised cost	27	3,884,972	6,612,446
Total non-current liabilities		<u>3,977,639</u>	<u>8,067,287</u>
Total liabilities		<u>5,595,218</u>	<u>11,327,291</u>
Net assets		<u>10,913,306</u>	<u>6,735,032</u>
Equity			
Issued capital	28	8,706,194	4,917,116
Convertible notes	29	4,119,209	3,265,420
Reserves	30	-	1,078,551
Accumulated losses		<u>(3,182,808)</u>	<u>(4,056,766)</u>
Equity attributable to the owners of Vertua Limited		9,642,595	5,204,321
Non-controlling interest	31	1,270,711	1,530,711
Total equity		<u>10,913,306</u>	<u>6,735,032</u>

The above statement of financial position should be read in conjunction with the accompanying notes

Vertua Limited
Statement of changes in equity
For the year ended 31 March 2019

Consolidated	Issued capital \$	Convertible notes \$	Revaluation reserve \$	Accumulated losses \$	Non-controlling interest \$	Total equity \$
Balance at 1 April 2017	4,746,557	3,265,420	445,504	(3,435,568)	2,251,693	7,273,606
Loss after income tax benefit for the year	-	-	-	(311,811)	-	(311,811)
Other comprehensive income for the year, net of tax	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	(311,811)	-	(311,811)
Shares issued	170,559	-	-	-	-	170,559
Profit share arrangement with Non-Controlling Interest group	-	-	-	(309,387)	-	(309,387)
Movements in revaluation reserve	-	-	633,047	-	-	633,047
Non-controlling interest movements during the year	-	-	-	-	(720,982)	(720,982)
Balance at 31 March 2018	<u>4,917,116</u>	<u>3,265,420</u>	<u>1,078,551</u>	<u>(4,056,766)</u>	<u>1,530,711</u>	<u>6,735,032</u>
Consolidated	Issued capital \$	Convertible notes \$	Revaluation reserve \$	Accumulated losses \$	Non-controlling interest \$	Total equity \$
Balance at 1 April 2018	4,917,116	3,265,420	1,078,551	(4,056,766)	1,530,711	6,735,032
Profit/(loss) after income tax expense for the year	-	-	-	92,009	(260,000)	(167,991)
Other comprehensive income for the year, net of tax	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	92,009	(260,000)	(167,991)
Shares issued	1,892,000	-	-	-	-	1,892,000
Shares bought back	(12,403)	-	-	-	-	(12,403)
Convertible notes converted into shares	1,909,481	(1,815,213)	-	-	-	94,268
Convertible notes reclassified from debt	-	1,949,002	-	-	-	1,949,002
Convertible notes issued	-	720,000	-	-	-	720,000
Tax effect of revaluation reserve opening balance on sale of owner-occupied property	-	-	(296,602)	-	-	(296,602)
Transfer of revaluation increment to retained earnings on sale of owner-occupied property	-	-	(781,949)	781,949	-	-
Balance at 31 March 2019	<u>8,706,194</u>	<u>4,119,209</u>	<u>-</u>	<u>(3,182,808)</u>	<u>1,270,711</u>	<u>10,913,306</u>

The above statement of changes in equity should be read in conjunction with the accompanying notes

Vertua Limited
Statement of cash flows
For the year ended 31 March 2019

	Note	Consolidated 2019 \$	2018 \$
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		8,870,589	16,939,145
Payments to suppliers and employees (inclusive of GST)		(8,521,311)	(15,414,992)
Interest and other finance costs paid		(176,496)	(897,272)
Interest received		141,303	-
Income taxes paid		-	(26,983)
		<u>-</u>	<u>(26,983)</u>
 Net cash from operating activities	 43	 <u>314,085</u>	 <u>599,898</u>
 Cash flows from investing activities			
Payment for purchase of business, net of cash acquired		-	(55,738)
Investment into financial assets		(3,433,802)	(659,133)
Proceeds from disposal of discontinuing operations, net of cash		1,291,677	-
Proceeds from disposal of assets held for sale		4,900,000	1,726,500
Payments for property, plant and equipment		(106,013)	(91,770)
Payments for intangibles		(182,634)	(54,586)
		<u>-</u>	<u>(54,586)</u>
 Net cash from investing activities		 <u>2,496,228</u>	 <u>865,273</u>
 Cash flows from financing activities			
Amounts paid for hire purchase lease liabilities		(54,407)	(38,241)
Net proceeds from issue of shares and conversion of share options		1,069,597	-
Net loans (repaid to)/received from related parties		(2,880,064)	(964,966)
Loans obtained from/(extended) to non-controlling interest group		99,230	(15,995)
Loans advanced from investors into financial assets		450,000	-
(Repayment of) / Proceeds received from bank loan facilities		(1,350,000)	50,000
		<u>(1,350,000)</u>	<u>50,000</u>
 Net cash used in financing activities		 <u>(2,665,644)</u>	 <u>(969,202)</u>
 Net increase in cash and cash equivalents		 117,669	 495,969
Cash and cash equivalents at the beginning of the financial year		<u>1,077,044</u>	<u>581,075</u>
 Cash and cash equivalents at the end of the financial year	 10	 <u><u>1,194,713</u></u>	 <u><u>1,077,044</u></u>

The above statement of cash flows should be read in conjunction with the accompanying notes

Note 1. General information

The financial statements cover Vertua Limited as a Group consisting of Vertua Limited and the entities it controlled at the end of, or during, the year. The financial statements are presented in Australian dollars, which is Vertua Limited's functional and presentation currency.

Vertua Limited (the 'Company') is a listed public company limited by shares, incorporated and domiciled in Australia. The Company is listed in the National Stock Exchange of Australia with the code VERA. Its registered office and principal place of business is:

Level 5, 97 Pacific Highway
North Sydney NSW Australia 2060

A description of the nature of the Group's operations and its principal activities are included in the Directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 14 June 2019. The directors have the power to amend and reissue the financial statements.

Note 2. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Group.

The following Accounting Standards and Interpretations are most relevant to the Group:

AASB 9 Financial Instruments (AASB 9)

The Group adopted AASB 9 from 1 April 2018. AASB 9 replaces AASB 139 Financial Instruments: Recognition and Measurement (AASB 139). The standard introduced new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows which arise on specified dates and that are solely principal and interest. A debt investment shall be measured at fair value through other comprehensive income if it is held within a business model whose objective is to both hold assets in order to collect contractual cash flows which arise on specified dates that are solely principal and interest as well as selling the asset on the basis of its fair value. All other financial assets are classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading or contingent consideration recognised in a business combination) in other comprehensive income ('OCI'). Despite these requirements, a financial asset may be irrevocably designated as measured at fair value through profit or loss to reduce the effect of, or eliminate, an accounting mismatch. For financial liabilities designated at fair value through profit or loss, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity. New impairment requirements use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment is measured using a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. For receivables, a simplified approach to measuring expected credit losses using a lifetime expected loss allowance is available.

Note 2. Significant accounting policies (continued)

The Group's financial instruments include cash and cash equivalents, trade and other receivables (including trail commission receivable), financial assets, trade and other payables and financial liabilities. The Group does not apply hedge accounting.

On initial application of AASB 9, the Group assessed which business models apply to the Group's financial assets and liabilities and classified its financial instruments into the appropriate AASB 9 categories. Based on this assessment it was determined that the measurement of the Group's financial instruments have not changed from prior periods. All financial instruments are held at amortised cost except for financial assets (Note 12 and Note 17) which are held at fair value through profit or loss. The carrying amount of the Group's financial assets and liabilities did not change as a result of the adoption of AASB 9.

The Group has applied the simplified approach to measuring expected credit losses, using the lifetime expected loss allowance for all trade and other receivables. To measure the expected credit losses, trade and other receivables have been grouped based on days past due. A provision matrix is then determined based on the historical credit loss rate for each group, adjusted for any material expected changes to future credit risk for that group. The difference between the impairment for expected credit losses calculated under AASB 9 compared to the incurred loss approach under AASB 139 is not material to the Group.

The Group has applied the loss allowance for expected credit losses on all other financial assets. The difference between the impairment for expected credit losses calculated under AASB 9 compared to the incurred loss approach under AASB 139 is not material to the Group.

There have been no material impacts as a result of the adoption of AASB 9, consequently no further disclosures have been included regarding the adoption of AASB 9.

AASB 15 Revenue from Contracts with Customers (AASB 15)

The Group has adopted AASB 15 from 1 April 2018 which replaces AASB 118 Revenue, AASB 111 Construction Contracts and several revenue related Interpretations. The standard provides a single comprehensive model for revenue recognition. The core principle of the standard is that an entity shall recognise revenue to depict the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard introduced a new contract-based revenue recognition model with a measurement approach that is based on an allocation of the transaction price. This is described further in the accounting policies below. Credit risk is presented separately as an expense rather than adjusted against revenue. Contracts with customers are presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Customer acquisition costs and costs to fulfil a contract can, subject to certain criteria, be capitalised as an asset and amortised over the contract period.

The Group's material revenue sources include printing, property, investments and professional services revenues. The adoption of AASB 15 has not had a material impact on the measurement or timing of the Group's major revenue sources and no contract assets or contract liabilities were required to be recognised on initial application.

There have been no material impacts as a result of the adoption of AASB 15, consequently no further disclosures have been included regarding the adoption of AASB 15.

Other amending Accounting Standards and Interpretations adopted

Several other amending accounting standards and interpretations apply for the first time for the current reporting period commencing 1 April 2018. The other amending Accounting Standards and Interpretations did not result in any adjustments to the amounts recognised or disclosures in the financial statements.

Basis of preparation

These consolidated general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB'). Vertua Limited is a for-profit entity for the purpose of preparing the financial statements.

Note 2. Significant accounting policies (continued)

Historical cost convention

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of financial assets, financial assets at fair value through profit or loss, investment properties and certain classes of property, plant and equipment.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 3.

Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the Group only. Supplementary information about the parent entity is disclosed in Note 39.

Investment entity

Vertua Limited (the 'Company') has determined that it is an investment entity under the definition in AASB 10 Consolidated Financial Statements as it meets the following criteria:

- The Company has obtained funds from shareholders for the purpose of providing them with investment management services;
- The Company's business purpose is investing solely for returns from capital appreciation and investment income; and
- The performance of investments made by the Company are measured and evaluated on a fair value basis.

As the Company is an investment entity, entities that the Company controls are accounted for at fair value through profit or loss and shown as financial assets in the statement of financial position ('managed investments'). Managed investments are disclosed in Note 42.

Certain controlled entities provide services that relate to the core business of the Group and are consolidated in accordance with the principles of consolidation accounting presented policy below ('core entities'). Core entities are disclosed in Note 41.

Principles of consolidation (applied to Core entities only)

The consolidated financial statements incorporate the assets and liabilities of all controlled entities the Company as at 31 March 2019 and the results of all controlled entities for the year then ended.

Controlled entities are all those entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Entities are fully consolidated from the date on which control is transferred to the Group on the basis that they form part of the Core business of the Group only. They are de-consolidated from the date that control ceases. Entities that are controlled but do not form part of the Core business activities of the Group are treated as investments and are recognised on the balance sheet at fair value through profit and loss.

Intercompany transactions, balances and unrealised gains on transactions between entities in the Group are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The acquisition of controlled entities are accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent entity.

Non-controlling interest in the results and equity of subsidiaries are shown separately in the statement of profit or loss and other comprehensive income, statement of financial position and statement of changes in equity of the Group. Losses incurred by the Group are attributed to the non-controlling interest in full, even if that results in a deficit balance.

Note 2. Significant accounting policies (continued)

Where the Group loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The Group recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Operating segments

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

Revenue recognition

Revenue from contracts with customers

For each contract with a customer, the Group: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are initially recognised as deferred revenue in the form of a separate refund liability.

Printing

Printing services revenue is recorded after the commencement of the production cycle, which commences only after explicit written instructions are received from the customer confirming that the quote provided for works is acceptable and that production of the work order should commence. The performance obligations is satisfied at the beginning of production due to the specialised nature of the output not being transferrable between customers.

Property

Revenue from the Property division is predominantly made up of project management fees and profit shares from projects.

Project management fees are documented in the management agreement between the property division and the client. Project management fees are invoiced upon the achievement of specific milestones at the fixed fee price outlined in the management agreement.

Profit shares from projects are based on a predetermined percentage split of net profit generated from a project between the Property segment and the equity investors of the project, as outlined in the profit share agreement. Profit share revenue is recorded only when the stock from development assets have exchanged and the revenue entitlement is both measurable and payable.

Note 2. Significant accounting policies (continued)

Professional services

Professional service revenue is split between time-based billing, fixed fee engagements and commissions receivable.

Fixed fee engagements for the delivery of a predetermined task are documented in the engagement letter with the client, with a clearly identifiable scope of work, timeframe and fixed fee price. The Professional Services division only recognise revenue when the work has been completed in accordance with the scope of the executed engagement letter.

Time-based billing revenue is based on an hourly rate for services conducted. WIP time is not recorded on the Group's accounts. Time-based billing revenue is only recorded when key milestones have been met. Time-based billing rates are highlighted in the engagement letter to clients and the billing cycle is pre-agreed via the engagement agreement. Time-based billing revenue is recorded predominantly when the engaged task has been finalised.

Commissions receivable are subcategorised as up-front commissions and trailing commissions. Revenue recognition of commission income is recorded only when the entitlement to the commission is certain, being when loan documentation is executed, and funds are drawn down to the client. Upfront commission is recorded upon settlement of the loan. Trailing commission is recorded in arrears on a cash basis. Biannually, the Group reviews the new loans engaged in the financial year and a present value adjustment is recognised.

Interest

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

Income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled, and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

Note 2. Significant accounting policies (continued)

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The Group has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

Financial instruments

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless, an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the consolidated entity has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.

Financial assets at amortised cost

A financial asset is measured at amortised cost only if both of the following conditions are met: (i) it is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and (ii) the contractual terms of the financial asset represent contractual cash flows that are solely payments of principal and interest.

Financial assets at fair value through profit or loss

Financial assets not measured at amortised cost or at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. Typically, such financial assets will be either: (i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit, or a derivative; or (ii) designated as such upon initial recognition where permitted. Fair value movements are recognised in profit or loss.

Note 2. Significant accounting policies (continued)

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the Group's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets measured at fair value through other comprehensive income, the loss allowance is recognised within other comprehensive income. In all other cases, the loss allowance is recognised in profit or loss.

Property, plant and equipment

Property is stated at fair value less accumulated depreciation and impairment. Any fair value gains are recognised to the revaluation reserve until realised or impaired.

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Buildings	40 years
Fixtures and fittings	3-10 years
Plant and equipment	3-7 years
Computer equipment	2-5 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the Group. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss. Any revaluation surplus reserve relating to the item disposed of is transferred directly to retained profits.

Asset Held for Sale

An asset is deemed to be 'held for sale' if it is available for immediate sale in its present condition, its carrying amount will be recovered principally through a sale transaction, and the sale transaction is highly probable. The sale should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Discontinued operations

A discontinued operation is a component of the Group that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately on the face of the statement of profit or loss and other comprehensive income.

Investment property

Investment properties principally comprise of freehold land and buildings held for long-term rental and capital appreciation that are not occupied by the Group. Investment properties are initially recognised at cost, including transaction costs, and are subsequently remeasured annually at fair value. Movements in fair value are recognised directly to profit or loss.

Investment properties are derecognised when disposed of or when there is no future economic benefit expected.

Note 2. Significant accounting policies (continued)

Transfers to and from investment properties to property, plant and equipment are determined by a change in use of owner-occupation. The fair value on the date of change in use from investment properties to property, plant and equipment are used as deemed cost for the subsequent accounting. The existing carrying amount of property, plant and equipment is used for the subsequent accounting cost of investment properties on the date of change in use.

Leases

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 fulfillment 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 the 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 assets, 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 Group will obtain ownership at the end of the lease term.

Operating lease payments, net of any incentives received from the lessor, are charged to profit or loss on a straight-line basis over the term of the lease.

Intangible assets

Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Goodwill

Goodwill arises on the acquisition of a business. Goodwill is not amortised. Instead, goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are taken to profit or loss and are not subsequently reversed.

Customer relationships

Customer relationships acquired in a business combination are amortised on a straight-line basis over the period of their expected benefit, being their finite life of 8-10 years.

Software

Significant costs associated with software are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life of 5 years.

Contractual rights

Contractual rights acquired in a business combination are amortised on a straight-line basis over the period of their initial expected benefit, being their finite life of 15 -31 months.

Note 2. Significant accounting policies (continued)

Impairment of non-financial assets

Goodwill and other intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Financial liabilities

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Where there is an unconditional right to defer settlement of the liability for at least 12 months after the reporting date, the loans or borrowings are classified as non-current.

The Group's policy is to ensure that the majority of its borrowings for real estate investment should mature beyond projected disposal dates at all times.

Borrowing costs

Finance costs attributable to qualifying assets are capitalised as part of the asset. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs are reported as finance costs in the statement of profit or loss and other comprehensive income.

Employee benefits

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Post employment benefits plans

Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

Provisions, contingent liabilities and contingent assets

Provisions, contingent liabilities and contingent assets are recognised when the Group has a present (legal or constructive) obligation as a result of a past event, it is probable 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, contingent liability or contingent asset is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions, contingent liabilities and contingent assets are discounted using a current pre-tax rate specific to the liability. The increase in the provision, contingent liability or contingent asset resulting from the passage of time is recognised as a finance cost.

Note 2. Significant accounting policies (continued)

Fair value measurement

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified, into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

Issued capital

The Group does not have authorised capital or par value in respect of its issued shares.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Class A shares are classified as equity.

Class A shares participate in 100% of any dividends declared and 100% of the proceeds on winding up in proportion to the number of shares held. At shareholders meetings each "A" Class share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

Note 2. Significant accounting policies (continued)

Convertible notes

The component of the convertible notes that exhibits characteristics of a liability is recognised as a liability in the statement of financial position, net of transaction costs.

On the issue of the convertible notes, in accordance with accounting practice, the fair value of the liability component is determined using a market rate for an equivalent non-convertible bond and this amount is carried as a non-current liability on the amortised cost basis until extinguished on conversion or redemption. The increase in the liability due to the passage of time is recognised as a finance cost. The remainder of the proceeds are allocated to the conversion option that is recognised and included in shareholders equity as a convertible note reserve, net of transaction costs. The carrying amount of the conversion option is not re-measured in the subsequent years. The corresponding interest on convertible notes is expensed to profit or loss.

In the financial statements, the fair value of convertible notes comprises the fair value of the liability and the equity residual value. The Group has recorded convertible notes at the amount of money advanced. This is because, given the nature and size of the Group, the face value of the unsecured debt under the convertible note is the most reliable estimate of the fair value of the unsecured debt (i.e. there exists no market for debt of this nature to facilitate a fair value estimate).

Business combinations

The acquisition method of accounting is used to account for business combinations that form part of the core business of the Group regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued, or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

On the acquisition of a business, the Group assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the Group's operating or accounting policies and other pertinent conditions in existence at the acquisition-date.

Where the business combination is achieved in stages, the Group remeasures its previously held equity interest in the acquiree at the acquisition-date fair value and the difference between the fair value and the previous carrying amount is recognised in profit or loss.

Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. Subsequent changes in the fair value of the contingent consideration classified as an asset or liability is recognised in profit or loss. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

Note 2. Significant accounting policies (continued)

Earnings per share

Basic earnings per share

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

Diluted earnings per share

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 Class A shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential Class A shares.

Goods and Services Tax ('GST') and other similar taxes

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Group for the annual reporting period ended 31 March 2019. The Group's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the Group, are set out below.

AASB 16 Leases (AASB 16)

This standard is applicable to annual reporting periods beginning on or after 1 January 2019. The standard replaces AASB 117 Leases (AASB 117) and for lessees will eliminate the classifications of operating leases and finance leases. Subject to exceptions, a 'right-of-use' asset will be capitalised in the statement of financial position, measured at the present value of the unavoidable future lease payments to be made over the lease term. The exceptions relate to short-term leases of 12 months or less and leases of low-value assets (such as personal computers and small office furniture) where an accounting policy choice exists whereby either a 'right-of-use' asset is recognised or lease payments are expensed to profit or loss as incurred. A liability corresponding to the capitalised lease will also be recognised, adjusted for lease prepayments, lease incentives received, initial direct costs incurred and an estimate of any future restoration, removal or dismantling costs. Straight-line operating lease expense recognition will be replaced with a depreciation charge for the leased asset (included in operating costs) and an interest expense on the recognised lease liability (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However, EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results will be improved as the operating expense is replaced by interest expense and depreciation in profit or loss under AASB 16. For classification within the statement of cash flows, the lease payments will be separated into both a principal (financing activities) and interest (either operating or financing activities) component. For lessor accounting, the standard does not substantially change how a lessor accounts for leases. The Group will adopt this standard from 1 April 2019, but the impact of its adoption is yet to be assessed by the Group.

Note 3. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Note 3. Critical accounting judgements, estimates and assumptions (continued)

Allowance for expected credit losses

The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience and historical collection rates.

Fair value measurement hierarchy

The Group is required to classify all assets and liabilities, measured at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being: Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date; Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and Level 3: Unobservable inputs for the asset or liability. Considerable judgement is required to determine what is significant to fair value and therefore which category the asset or liability is placed in can be subjective.

The fair value of assets and liabilities classified as level 3 is determined by the use of valuation models. These include discounted cash flow analysis or the use of observable inputs that require significant adjustments based on unobservable inputs.

Estimation of useful lives of assets

The Group determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Goodwill and other indefinite life intangible assets

The Group tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill and other indefinite life intangible assets have suffered any impairment, in accordance with the accounting policy stated in note 2. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions, including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows.

Impairment of non-financial assets other than goodwill and other indefinite life intangible assets

The Group assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the Group and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

Income tax

The Group is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Group recognises liabilities for anticipated tax audit issues based on the Group's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

Recovery of deferred tax assets

Deferred tax assets are recognised for deductible temporary differences only if the Group considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Note 3. Critical accounting judgements, estimates and assumptions (continued)

The Group relies upon the Modified Continuity of Ownership ('COT') and the Same Business Test (SBT) provisions for its ability to utilise the losses of Vertua Limited and its subsidiaries. Should the Group breach the Modified COT or SBT provisions then it is unlikely that the Group would be able to access the losses, and this would result in a large impairment of the deferred tax asset.

Business combinations

As discussed in Note 2, business combinations are initially accounted for on a provisional basis. The fair value of assets acquired, liabilities and contingent liabilities assumed are initially estimated by the Group taking into consideration all available information at the reporting date. Fair value adjustments on the finalisation of the business combination accounting is retrospective, where applicable, to the period the combination occurred and may have an impact on the assets and liabilities, depreciation and amortisation reported.

Note 4. Operating segments

Identification of reportable operating segments

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

The CODM reviews the results of operating segments based on earnings before tax. The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the financial statements.

The information reported to the CODM is on a monthly basis.

The consolidated entity is organised into three operating segments: printing services, property developments and professional financial services. These operating segments are based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM') in assessing performance and in determining the allocation of resources. There is no aggregation of operating segments.

Types of products and services

The principal products and services of each of these operating segments are as follows:

Printing (discontinued operations)	Relates to the value-added print management services provided by Horizon Print Management
Property	Relates to the identification, acquisition, development and sale of development sites by Fiducia Group.
Professional services	Relates to: <ul style="list-style-type: none"> - the accounting, financial planning, mortgage brokerage, real estate advisory and other services provided by Locumsgroup; - the accounting and finance advice provided by Vertua; and - The tax, accounting audit and business services provided by First Equity
Investments	Relates to: <ul style="list-style-type: none"> - the AFSL of Defender Asset Management; - the Group's interests in assets held as managed investments; and - principal investments made by the Group.
Corporate	Relates to the Group's corporate assets.

All the Group's segments operate in Australia.

Note 4. Operating segments (continued)

Operating segment information

Consolidated - 2019	Printing (discontinued operations) \$	Property \$	Professional services \$	Investments \$	Corporate \$	Total \$
Revenue						
Revenue	2,781,865	2,685,995	3,144,537	38,000	6,609	8,657,006
Other	733,439	459,848	539,922	(148,925)	-	1,584,284
Total revenue	3,515,304	3,145,843	3,684,459	(110,925)	6,609	10,241,290
Cost of sales	(2,225,212)	(411,613)	(97,256)	(11,663)	-	(2,745,744)
Salaries and wages	(306,013)	(631,337)	(1,619,377)	-	(311,612)	(2,868,339)
Management fees	(20,000)	-	(55,000)	(20,000)	(174,056)	(269,056)
Director fees	-	-	-	-	(78,000)	(78,000)
Finance costs	(809)	(598,118)	(23,713)	-	(153,825)	(776,465)
Professional fees	(112,114)	(43,154)	(72,725)	(15,040)	(350,042)	(593,075)
Property costs	(4,624)	(119,944)	(207,755)	-	-	(332,323)
Advertising and promotion	(15,362)	(3,743)	(1,310)	-	-	(20,415)
Other expenses	(74,386)	29,597	(510,510)	(8,548)	(313,169)	(877,016)
Depreciation and amortisation expense	(9,285)	(12,562)	(355,273)	-	(182,434)	(559,554)
Impairment of intangibles	-	-	(520,000)	-	-	(520,000)
Profit/(Loss) before income tax benefit	747,499	1,354,969	221,540	(166,176)	(1,556,529)	601,303
Income tax (expense) benefit	(205,562)				(563,732)	(769,294)
Loss after income tax benefit						(167,991)
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income						(167,991)
Assets						
Segment assets	-	4,288,092	4,522,718	3,298,646	4,399,068	16,508,524
Total assets						16,508,524
Liabilities						
Segment liabilities	-	3,127,456	1,790,029	361,732	316,001	5,595,218
Total liabilities						5,595,218

Note 4. Operating segments (continued)

Liabilities included in the "Corporate" operating segment relate to funding of the Group's operations.

Consolidated - 2018	Printing (discontinued operations) \$	Property \$	Professional services \$	Corporate \$	Total \$
Revenue					
Revenue	10,448,643	1,505,397	2,287,015	39,502	14,280,557
Other	23,160	708,029	22,894	23,749	777,832
Total revenue	10,471,803	2,213,426	2,309,909	63,251	15,058,389
Cost of sales	(8,644,795)	42,480	(87,437)	-	(8,689,752)
Salaries and wages	(956,262)	(617,870)	(1,194,875)	(294,174)	(3,063,181)
Management fees	(60,000)	15,909	-	(155,764)	(199,855)
Director fees	-	-	-	(78,000)	(78,000)
Finance costs	(901)	(877,876)	(15,336)	(556,159)	(1,450,272)
Professional fees	(43,408)	(125,863)	(26,039)	(368,819)	(564,129)
Property cost	(13,636)	(81,837)	(153,794)	-	(249,267)
Advertising and promotion	(22,726)	(3,010)	(7,180)	(9,190)	(42,106)
Other expenses	(224,352)	(235,872)	(327,835)	(206,743)	(994,802)
Depreciation and amortisation expense	(29,097)	(11,563)	(27,471)	(604,342)	(672,473)
Profit/(Loss) before income tax benefit	476,626	317,924	469,942	(2,209,940)	(945,448)
Income tax (expense) benefit			(25,765)	659,402	633,637
Loss after income tax benefit					(311,811)
Assets					
Segment assets	2,854,374	9,213,706	3,979,470	2,014,773	18,062,323
Total assets					18,062,323
Liabilities					
Segment liabilities	3,194,560	5,200,528	576,032	2,356,171	11,327,291
Total liabilities					11,327,291

Liabilities included in the "Corporate" operating segment relate to funding of the Group's operations.

Note 5. Revenue

	Consolidated	
	2019	2018
	\$	\$
<i>Revenue from contracts with customers</i>		
Property services	1,392,477	1,505,397
Professional services	3,182,537	2,287,015
Other	6,609	39,502
Total revenue from contracts with customers	4,581,623	3,831,914
<i>Other revenue</i>		
Investments revenue	540,055	259,321
Total revenue	5,121,678	4,091,235

Note 6. Other income

	Consolidated	
	2019	2018
	\$	\$
Other income		
Interest received	346,791	226,219
Gain/(loss) on disposal	341,195	(8,018)
Disbursement recovery	354,320	237,171
Gain on bargain purchase	258,910	-
Other	303,092	39,979
	<u>1,604,308</u>	<u>495,351</u>

Note 7. Expenses

	Consolidated	
	2019	2018
	\$	\$
Loss before income tax from continuing operations includes the following specific expenses:		
<i>Cost of sales</i>		
Cost of sales	<u>520,532</u>	<u>44,957</u>
<i>Depreciation and amortisation</i>		
Amortisation (Note 19)	453,506	515,580
Depreciation (Note 18)	<u>96,763</u>	<u>127,796</u>
Total amortisation and depreciation	<u>550,269</u>	<u>643,376</u>
<i>Other</i>		
Superannuation expense	206,161	172,863
Bad debts and allowance for credit losses expense (reversal)	<u>(26,254)</u>	<u>229,315</u>
Total other	<u>179,907</u>	<u>402,178</u>

Note 8. Income tax expense/(benefit)

	Consolidated	
	2019	2018
	\$	\$
Income tax expense/(benefit):		
Attributed to continuing operations	563,732	(633,637)
Attributed to discontinued operations	205,562	
	<u>769,294</u>	<u>(633,637)</u>
Aggregate income tax expense/(benefit)	<u>769,294</u>	<u>(633,637)</u>
<i>Numerical reconciliation of income tax expense/(benefit) and tax at the statutory rate</i>		
Loss before income tax (expense)/benefit from continuing operations	(146,196)	(1,422,074)
Profit before income tax expense from discontinued operations	747,499	476,626
	<u>601,303</u>	<u>(945,448)</u>
Profit/(loss) before income tax benefit	<u>601,303</u>	<u>(945,448)</u>
Tax at the statutory tax rate of 27.5%	165,358	(259,998)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Amortisation of intangibles	74,016	121,855
Legal expenses	-	41,025
Other non-deductible amounts	233,838	(5,556)
Future income tax benefits on tax losses brought to account (previously unrecognised tax losses)	-	(529,366)
Amortisation of software	-	24,283
Non-assessable income	(164,090)	(85,806)
Non-deductible interest	41,131	152,075
Impairment loss	143,000	-
Derecognition of deferred tax on deconsolidated entity	-	(82,030)
Movement in tax rate	-	61,194
Non-deductible un-realised fair value adjustment	100,093	-
Derecognising tax effect on opening revaluation reserve upon realisation	296,602	-
Increase in market value not assessable	(113,374)	(71,313)
Other	(7,280)	-
	<u>769,294</u>	<u>(633,637)</u>
Income tax expense/(benefit)	<u>769,294</u>	<u>(633,637)</u>
	Consolidated	
	2019	2018
Deferred tax movement	742,318	(660,620)
Income tax under-provision	26,976	26,983
	<u>769,294</u>	<u>(633,637)</u>
Income tax expense/(benefit)	<u>769,294</u>	<u>(633,637)</u>

Note 9. Discontinued operations

Effective 31 July 2018, the Group finalised the full disposal of its entire shareholding in Horizon Print Management Pty Ltd and other interests in the Printing division. The total consideration generated from the sale of the shares amounted to \$2,100,000. The terms of the sale allow for a deferred consideration of \$250,000 to be paid in 11 equal monthly instalments commencing from 15 October 2018. As at year end, the repayments are up to date with \$113,636 remaining.

As part of the sale of Horizon Print Management Pty Ltd, the Group also disposed of Horizon Media Pty Ltd to a third party. This sale however came at a cost to the Group of \$100,000 which was necessary to exit the Printing segment wholly.

Note 9. Discontinued operations (continued)

(a) Financial performance information

	Consolidated	
	2019	2018
	\$	\$
Revenue	2,781,865	10,448,643
Other income	-	23,160
Total revenue	<u>2,781,865</u>	<u>10,471,803</u>
Cost of sales	(2,225,212)	(8,644,795)
Management fees	(20,000)	(60,000)
Professional fees	(112,114)	(43,408)
Property costs	(4,624)	(13,636)
Advertising and promotion	(15,362)	(22,726)
Other expenses from ordinary activities	(74,386)	(224,352)
Depreciation and amortisation expense	(9,285)	(29,097)
Salaries and wages	(306,013)	(956,262)
Finance costs	(809)	(901)
Total expenses	<u>(2,767,805)</u>	<u>(9,995,177)</u>
Profit before income tax expense	14,060	476,626
Income tax expense	-	-
Profit after income tax expense	<u>14,060</u>	<u>476,626</u>
Gain on disposal before income tax	733,439	-
Income tax expense	(205,562)	-
Gain on disposal after income tax expense (Note 9d)	<u>527,877</u>	<u>-</u>
Profit after income tax expense from discontinued operations	<u><u>541,937</u></u>	<u><u>476,626</u></u>

(b) Cash flow information

	Consolidated	
	2019	2018
	\$	\$
Net cash from operating activities	724,570	634,745
Net cash used in investing activities	(11,512)	(3,458)
Net cash used in financing activities	(990,522)	-
Net increase/(decrease) in cash and cash equivalents from discontinued operations	<u><u>(277,464)</u></u>	<u><u>631,287</u></u>

Note 9. Discontinued operations (continued)

(c) Carrying amounts of assets and liabilities disposed

	Consolidated 2019 \$
Cash and cash equivalents	524,671
Work in progress	312,871
Trade receivables	908,976
Other receivables	93,777
Property, plant and equipment	55,671
Intangibles	1,092,726
Total assets	<u>2,988,692</u>
Trade payables	1,496,518
Other payables	190,098
Employee entitlements	105,530
Total liabilities	<u>1,792,146</u>
Net assets	<u><u>1,196,546</u></u>

(d) Details of the disposal

	Consolidated 2019 \$
Total sale consideration	2,100,000
Carrying amount of net assets disposed	(1,196,546)
Loss on sale of Horizon Media Pty Ltd	(100,000)
Disposal costs	<u>(70,015)</u>
Gain on disposal before income tax	733,439
Income tax expense	<u>(205,562)</u>
Gain on disposal after income tax	<u><u>527,877</u></u>

Note 10. Current assets - Cash and cash equivalents

	Consolidated 2019 \$	2018 \$
Cash at bank and on hand	<u>1,194,713</u>	<u>1,077,044</u>

Note 11. Current assets - Trade and other receivables

	Consolidated	
	2019	2018
	\$	\$
Trade receivables	939,121	2,825,607
Real estate commissions receivable	155,992	221,365
Less: Allowance for expected credit losses	(7,800)	(150,000)
	<u>1,087,313</u>	<u>2,896,972</u>
Accrued income	1,507,105	402,498
Prepayments	69,408	27,851
	<u>1,576,513</u>	<u>430,349</u>
HPM sale receivable	113,636	-
Insurance claim receivable	160,000	-
Short term loan advances	206,216	508,760
	<u>3,143,678</u>	<u>3,836,081</u>

Allowance for expected credit losses

The Group recognised an allowance in the prior financial year of \$150,000 in respect of an invoice totalling \$384,154 that was outstanding for over 12 months, relating to profit shares in a property project located at Rushcutters Bay. A resolution was reached during the year in relation to this invoice and an amount of \$340,000 was recovered by the Group. The outstanding balance of \$44,154 was written off during the year and the allowance reversed. In addition, the Group recognised an allowance for credit losses for real estate commissions due on properties that exchanged more than 12 months prior to year-end.

HPM sale receivable

The Group sold its entire shareholding in Horizon Print Management Pty Ltd and its other interests in the Printing segment (refer to Note 9). As part of the sale, a deferred consideration of \$250,000 was recorded and is contracted to be paid to the Group in 11 equal instalments commencing 15 October 2018. At 31 March 2019, an amount of \$113,636 is receivable by the Group.

Insurance claim receivable

The Group is currently in negotiations with the credit insurers of the Printing segment for a claim against their Professional Indemnity insurance for incorrect advice received. Legal advice suggests that the Group is entitled to \$160,000.

Short term advances

The Group has extended short term loan advances to 37 Powell Road unit trust (a Property segment development) representing bridge financing to cover incidental costs to completion. This loan is an interest free loan. The Group has also provided mezzanine funding for the Northbridge project. Northbridge distributed all mezzanine funding plus interest back to investors in May 2019. 37 Powel Road will pay back the short-term advance in FY2020.

Note 12. Current assets - Financial assets

	Consolidated	
	2019	2018
	\$	\$
Financial assets: Interests in residential development entities held at fair value	<u>520,000</u>	<u>1,819,674</u>

The Group has a number of investments in a variety of development projects located in Sydney, NSW and other Australian domiciled equities.

The investments in development projects represents the net exposure to the underlying projects held by the Group as at reporting date. The current portion relates to the Northbridge project that has in its final stages of completion. The current portion above was paid back to the Group in May 2019. Refer to Note 45 for further details.

The non-current portion of financial assets is disclosed in Note 17.

Note 13. Current assets - Net present value of trail commission income

	Consolidated	
	2019	2018
	\$	\$
Commissions receivable	<u>425,520</u>	<u>401,324</u>

The trail commission receivable represents the fair value assessment of future income streams arising from the mortgage book assembled by the professional services component of the Group.

The commission rates received over the mortgage period of up to 30 years, varies between 0.165% to 0.50% depending on the broker utilised. The assumptions employed in determining the fair value include:

- 20% diminution rate due to mortgage refinancing, loan transfer, mortgage default and sale of underlying property;
- trail commission rates remaining locked for the duration of the related mortgage entered into;
- total mortgage portfolio as at 31 March 2019 of approximately \$226m (FY2018: \$217m); and
- average component WACC of 14.75%.

The current component is determined based on the expected annualised trail commission receipts arising from the assumptions outlined above.

See Note 21 for details of the non-current component of the commission receivable at 31 March 2019.

Note 14. Current assets - Investment property

	Consolidated	
	2019	2018
	\$	\$
Investment property	<u>-</u>	<u>1,139,253</u>

Note 14. Current assets - Investment property (continued)

Reconciliations

Reconciliations of the values at the beginning and end of the current and previous financial periods are set out below:

	Total \$
Consolidated - 2019	
Balance at 31 March 2018	1,139,253
Owner-occupied space transferred from held for sale upon sale of HPM	881,600
Fair value gain through profit or loss (Note 5)	540,055
Transfer to asset held for sale	<u>(2,560,908)</u>
Balance at 31 March 2019	<u><u>-</u></u>
Consolidated - 2018	
Balance at 31 March 2017	879,932
Fair value gain through profit or loss (Note 5)	<u>259,321</u>
Balance at 31 March 2018	<u><u>1,139,253</u></u>

Note 15. Current assets - Asset held for sale

	Consolidated 2019 \$	2018 \$
Asset held for sale	<u><u>-</u></u>	<u><u>2,727,414</u></u>

Reconciliations

Reconciliations of the values at the beginning and end of the current and previous financial periods are set out below:

	Consolidated 2019 \$	2018 \$
Opening balance - 1 April	2,727,414	-
HPM-occupied space transferred to investment property at cost	(881,600)	-
Gain on sale	493,278	-
Transfer from property, plant and equipment	-	2,727,414
Transfer from investment property	2,560,908	-
Disposal	<u>(4,900,000)</u>	<u>-</u>
Closing balance - 31 March	<u><u>-</u></u>	<u><u>2,727,414</u></u>

Note 15. Current assets - Asset held for sale (continued)

During the year, the Group sold its interest in Horizon Print Management Pty Ltd (refer to Note 9). The lease to Horizon Print Management Pty Ltd was converted to a third-party lease, and an adjustment to the investment property was recorded proportionate to the lease space occupied by Horizon Print Management Pty Ltd.

On 14 August 2018, the Group exchanged a contract to sell its interest in Level 5, 97 Pacific Highway, North Sydney for \$4.9m, representing a realised gain of \$2.5m on the initial cost of \$2.6m. Settlement in full occurred on 15 October 2018 ("the disposal").

The Group occupied a portion of the premises itself, resulting in gains attributable to the owner-occupied portion accumulating in a revaluation reserve over the period of ownership.

The Directors note that the applicable accounting standard relating to owner-occupied property: *AASB 116 Property, Plant and Equipment* does not permit the recognition of the revaluation reserve balance on disposal to the profit or loss.

Asset held for sale:

	Total \$
Owner occupied portion	
Original cost of owner-occupied property	1,648,863
Fair value gain in revaluation reserve within the statement of changes in equity	1,078,551
Balance at 1 April 2018	<u>2,727,414</u>
HPM-occupied space transferred to investment property at cost	(881,600)
Gain on sale	493,278
	<u>2,339,092</u>
Comprising of:	
Original cost of owner-occupied property	767,263
Accumulated fair value gain	1,571,829
Balance on date of exchange	<u>2,339,092</u>
Add: transfer from investment property on date of exchange	<u>2,560,908</u>
Balance on disposal	<u><u>4,900,000</u></u>

Impact arising from sale:

The revaluation reserve balance (net of tax), at date of exchange, amounted to \$781,949, of which only the current period gain (net of tax) of \$357,626 is recognised within the statement of profit and loss and other comprehensive income. The total balance transferred directly within the statement of changes in equity.

Note 16. Non-current assets - Receivables

	Consolidated	
	2019	2018
	\$	\$
Lily Bordeaux Pty Ltd (related party)	949,960	949,960
Security deposits	116,354	115,190
Loan - Defender No.2 Fund Pty Ltd (related party)	1,325,261	-
Loan - FE Management Pty Ltd	194,308	-
	<u>2,585,883</u>	<u>1,065,150</u>

Related party loan - Lily Bordeaux Pty Ltd

Lily Bordeaux Pty Ltd is a related party entity to Benjamin Doyle. The loan represents an advance on future performance bonuses, based on divisional performance covering a three-year period, initially ending during FY19. Due to the unforeseen delay in completion of some projects, the agreement with Lily Bordeaux was extended by one year. The arrangements will be reviewed after the end of FY20 to assess the magnitude of the performance bonuses earned. Upon finalisation of this assessment, any qualifying components will be recognised as performance bonus expenditure, while any unearned component will be refundable to the Group.

Related party Loan - Defender No.2 Pty Ltd – Defender No.2 Fund Pty Ltd

Defender No.2 Pty Ltd as trustee for the Defender No.2 Fund ("Defender No.2") is a special purpose vehicle, established by James Manning to facilitate the syndication of a loan advance to American Patriot Oil & Gas Limited (ASX:AOW). Defender No.2 and the Group share a common director in the person of James Manning and is considered a related party of James Manning, however all transactions are on a commercial arm's length basis. The Group participated in the syndicate on the same terms as other independent investors.

The Syndicated loan to AOW is secured by Defender No.2 holding a General Security Deed over the business and assets of AOW. The Group's loan to Defender No.2 is interest bearing at 12% and is repayable in 4 years and whilst unsecured, the Group does have the right to nominate a director to AOW's board.

Loan - FE Management Pty Ltd

FE Management Pty Ltd as trustee for the FE Management Trust is a special purpose vehicle, established by James Manning to facilitate the executive staff remuneration within the First Equity division. In light of First Equity being wholly owned by Vertua Limited, versus a traditional partnership model for professional services business, the loan account associated with FE Management Pty Ltd reflects the drawings and advances to partners in advance of the determination of final profit shares or income. The advances made by FE Management Trust are not to any of the Directors of Vertua Limited.

Note 17. Non-current assets - Financial assets

	Consolidated	
	2019	2018
	\$	\$
Financial assets: Interests in residential development entities held at fair value	2,453,273	-
Financial assets: Equities held at fair value	1,916,227	-
	<u>4,369,500</u>	<u>-</u>

The investments in development projects represents the net exposure to the underlying projects held by the Group as at reporting date. The Group may be called to contribute additional capital to one or more of the projects depending on the stage of the development, timing of cash flows as well as the projects ability to secure third party funding.

Uncalled capital commitments as at 31 March 2019 amount to \$372,685 (FY2018: \$560,478).

Equities held at fair value represents the Groups holdings in traded equities.

The current portion of financial assets is disclosed in Note 12.

Note 18. Non-current assets - Property, plant and equipment

	Consolidated	
	2019	2018
	\$	\$
Fixtures and fittings - at cost	393,417	432,873
Less: Accumulated depreciation	(97,285)	(72,212)
	<u>296,132</u>	<u>360,661</u>
Motor vehicles - at cost	78,281	40,576
Less: Accumulated depreciation	(19,715)	(3,335)
	<u>58,566</u>	<u>37,241</u>
Computer equipment - at cost	80,538	71,765
Less: Accumulated depreciation	(75,129)	(65,721)
	<u>5,409</u>	<u>6,044</u>
Office equipment - at cost	58,431	60,494
Less: Accumulated depreciation	(43,207)	(38,611)
	<u>15,224</u>	<u>21,883</u>
	<u>375,331</u>	<u>425,829</u>

Note 18. Non-current assets - Property, plant and equipment (continued)

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Buildings \$	Fixtures and fittings \$	Computer equipment \$	Office equipment \$	Motor vehicle \$	Total \$
Balance at 1 April 2017	2,148,068	234,730	20,184	36,137	-	2,439,119
Additions	-	164,309	10,701	6,759	40,576	222,345
Revaluation increments (Refer to Note 30)	633,047	-	-	-	-	633,047
Transfers to asset held for sale (Refer to Note 15)	(2,727,414)	-	-	-	-	(2,727,414)
Depreciation expense - continuing operations (Note 7)	(53,701)	(30,217)	(20,385)	(20,158)	(3,335)	(127,796)
Depreciation expense - discontinued operations	-	(8,161)	(4,456)	(855)	-	(13,472)
Balance at 31 March 2018	-	360,661	6,044	21,883	37,241	425,829
Additions	-	62,420	104,316	8,741	37,705	213,182
Disposals	-	(35,222)	(71,947)	-	-	(107,169)
Disposal on sale of HPM (Note 9)	-	(41,668)	(5,489)	(8,514)	-	(55,671)
Depreciation expense - continuing operations (Note 7)	-	(47,674)	(26,049)	(6,660)	(16,380)	(96,763)
Depreciation expense - discontinued operations	-	(2,385)	(1,466)	(226)	-	(4,077)
Balance at 31 March 2019	-	296,132	5,409	15,224	58,566	375,331

Note 19. Non-current assets - Intangibles

	Consolidated	
	2019	2018
	\$	\$
Goodwill - at cost	1,035,096	2,039,280
Less: Impairment	(260,000)	-
	<u>775,096</u>	<u>2,039,280</u>
Trademarks - at cost	<u>2,640</u>	<u>2,640</u>
Software - at cost	163,053	116,956
Less: Accumulated amortisation	(23,144)	(20,802)
	<u>139,909</u>	<u>96,154</u>
Customer relationships - at cost	2,424,361	1,592,977
Less: Accumulated amortisation	(648,226)	(413,530)
Less: Impairment	(260,000)	-
	<u>1,516,135</u>	<u>1,179,447</u>
Contractual rights - at cost	1,683,068	1,683,068
Less: Accumulated amortisation	(1,683,068)	(1,602,619)
	<u>-</u>	<u>80,449</u>
	<u><u>2,433,780</u></u>	<u><u>3,397,970</u></u>

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Goodwill \$	Contractual rights \$	Customer relationships \$	Software \$	Trademarks \$	Total \$
Balance at 1 April 2017	1,970,263	321,793	1,378,564	135,158	-	3,805,778
Additions	69,017	-	-	51,740	2,640	123,397
Amortisation expense - continuing operations (Note 7)	-	(241,344)	(183,492)	(90,744)	-	(515,580)
Amortisation expense - discontinued operations	-	-	(15,625)	-	-	(15,625)
Balance at 31 March 2018	2,039,280	80,449	1,179,447	96,154	2,640	3,397,970
Additions	-	-	-	182,634	-	182,634
Disposals	-	-	-	(4,540)	-	(4,540)
Acquired in acquisition of First Equity (Note 40)	-	-	919,926	4,690	-	924,616
Disposal on sale of HPM (Note 9)	(1,004,184)	-	(88,542)	-	-	(1,092,726)
Impairment loss	(260,000)	-	(260,000)	-	-	(520,000)
Write back on disposal	-	-	-	4,540	-	4,540
Amortisation expense - continuing operations (Note 7)	-	(80,449)	(229,488)	(143,569)	-	(453,506)
Amortisation expense - discontinued operations	-	-	(5,208)	-	-	(5,208)
Balance at 31 March 2019	<u><u>775,096</u></u>	<u><u>-</u></u>	<u><u>1,516,135</u></u>	<u><u>139,909</u></u>	<u><u>2,640</u></u>	<u><u>2,433,780</u></u>

Note 19. Non-current assets - Intangibles (continued)

The Groups intangible assets by operating segment are:

	Property	Professional services	Corporate	Investments	Total
	\$	\$	\$		\$
Goodwill	-	706,079	-	69,017	775,096
Customer relationships	-	1,516,135	-	-	1,516,135
Software	-	-	139,909	-	139,909
Trademarks	-	-	2,640	-	2,640
	<u>-</u>	<u>2,222,214</u>	<u>142,549</u>	<u>69,017</u>	<u>2,433,780</u>

- (a) The intangible assets relating to goodwill, contractual rights and customer relationships arise from the three acquisitions concluded in the financial year ended 31 March 2016. Further goodwill of \$69,017 was acquired in FY18 through the acquisition of Defender Asset Management Pty Ltd.

The fair value of intangible assets recorded on the balance sheet as at 31 March 2019 totalling \$2,433,780 reflects the Director's view on the fair value between knowledgeable, independent parties and an accurate reflection of their recoverable amounts in context of the Group's business model.

Intangible assets, other than goodwill and trademarks, have finite useful lives. The current period amortisation charge for intangible assets is included under the depreciation and amortisation expense in the statement of profit or loss and other comprehensive income.

Customer relationships acquired in a business combination are amortised on a straight-line basis over the period of their expected benefit, being their finite life of 8-10 years. The acquisition of First Equity group included an intangible acquisition of customer relationships calculated at a present value of \$919,926.

Contractual rights during the year have been fully amortised. This is in line with the Northbridge development being in its final sales with completion date forecast to June 2019 (previous forecast of December 2018). Refer to Note 45 for further details on the Northbridge project.

Software relates to Vertua's accounting system managing the affairs of the Group.

- (b) Goodwill is assessed annually by management for impairment.

Goodwill has reduced during the year due to the sale of Horizon Print Management Pty Ltd. In addition, there has been an impairment of goodwill and customer relationships relating to the Locumsgroup business. The Locumsgroup business has been performing below budget, specifically, its property division and tax and accounting division. The business was assessed as a 'sum of parts' whereby the tax and accounting, property and financial advice business were assessed on a stand-alone basis. On acquisition, the customer relationships refer to the tax and accounting client list acquired, and goodwill recorded relates to the property division. The impairment has been apportioned equally against the two underperforming divisions respectively.

The assessment on impairment conducted encompassed a sum of parts approach whereby each division within Locumsgroup was assessed on a stand-alone basis, using a multiple that is consistent with the current market rates for similar businesses. This assessment resulted in the recognition of an impairment of \$520,000, split equally between goodwill and customer relationships.

The tax and accounting division has been underperforming since acquisition mainly due to the loss of some key customers impacting overall revenue and profitability. The property sales division has been impacted by limited stock on the market that meet investor metrics and a tightening of lending procedures by the major banking institutions.

The Directors will continue to monitor the performance of Locumsgroup and will reassess the value of its intangible assets at the FY20 half-year.

Note 20. Non-current assets - Deferred tax

	Consolidated	
	2019	2018
	\$	\$
<i>Deferred tax asset comprises temporary differences attributable to:</i>		
Amounts recognised in profit or loss:		
Tax losses recognised	636,640	1,316,959
Employee benefits	69,099	67,324
Accrued expenses	-	39,836
Revenue received in advance	902	4,127
Accounts receivable	(54,010)	(20,401)
Deductible capitalised expenses	-	(12,896)
Deferred tax asset	<u>652,631</u>	<u>1,394,949</u>

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The Group obtained specific advice from a specialist tax lawyer and consulted with senior counsel, based upon which it places reliance in applying the Modified Continuity of Ownership ("COT") and also the Same Business Test ("SBT") provisions for its ability to utilise the losses of Vertua Limited and its subsidiaries.

Should the Group breach the Modified COT or the SBT provisions then it is unlikely that the Group would be able to access the losses and this would result in a significant impairment of the related deferred tax asset.

During FY18, the Group obtained a private tax ruling from the ATO outlining that they were eligible to utilise carry-forward tax losses arising from financial years ending 30 June 2006 and beyond.

Note 21. Non-current assets - Net present value of trail commission income

	Consolidated	
	2019	2018
	\$	\$
Commissions receivable	<u>807,488</u>	<u>730,739</u>

Refer to Note 13 for further details.

Note 22. Current liabilities - Trade and other payables

	Consolidated	
	2019	2018
	\$	\$
Trade payables	262,894	1,306,749
Finance lease liabilities	76,977	124,598
Other payables	387,300	178,536
Deferred consideration	90,000	-
BAS payable	95,838	193,386
	<u>913,009</u>	<u>1,803,269</u>

The finance lease liabilities are in relation to the purchase of the Group's accounting software, the Group's office fit out and the Company purchase of motor vehicles.

The current portion of the combined lease liabilities equates to 12 monthly payments of \$6,415. The non-current portion of the lease liabilities is disclosed in Note 25.

Note 23. Current liabilities - Other current liabilities

	Consolidated	
	2019	2018
	\$	\$
Loan: Wexford Family Trust	500,882	401,652
Loan: Esplanade Super Fund Pty Ltd	-	278,771
Loan: Holical Pty Ltd	-	293,103
Loan: Woodville Super Pty Ltd	-	293,103
	<u>500,882</u>	<u>1,266,629</u>

The loans from Esplanade Super Fund Pty Ltd, Holical Pty Ltd and Woodville Super Pty Ltd were converted to shares in April 2018 in line with the option agreement attached to these loans. Esplanade Super Fund Pty Ltd and Woodville Super Pty Ltd are considered related parties.

Note 24. Current liabilities - Provisions

	Consolidated	
	2019	2018
	\$	\$
Annual leave	118,486	94,319
Long service leave	85,202	95,787
	<u>203,688</u>	<u>190,106</u>

Note 25. Non-current liabilities - Payables

	Consolidated	
	2019	2018
	\$	\$
Finance lease liabilities	<u>92,667</u>	<u>104,841</u>

The finance lease liabilities are in relation to the purchase of the Groups' accounting software, the Group's office fit out and the purchase of a motor vehicle. The current portion of the lease liabilities is disclosed in Note 22.

Note 26. Non-current liabilities - Financial liabilities

	Consolidated	
	2019	2018
	\$	\$
National Australia Bank loan - property investment	<u>-</u>	<u>1,350,000</u>

The NAB loan was secured by a first mortgage over the Group's property at Level 5, 97 Pacific Highway, North Sydney. The loan was reclassified to current at the half-year in light of the sale of property with settlement occurring in October 2018. Proceeds from the sale of the property were used to extinguish this loan on settlement.

Note 27. Non-current liabilities - Financial liabilities measured at amortised cost

	Consolidated	
	2019	2018
	\$	\$
Manning Capital Holdings Pty Ltd	3,434,972	4,718,745
Convertible note instruments (Tranche A)	-	1,893,701
Mackin Money Trust	<u>450,000</u>	<u>-</u>
	<u>3,884,972</u>	<u>6,612,446</u>

Refer to Note 33 for further information on financial instruments.

Manning Capital Holdings Pty Ltd loan

The Manning Capital Holdings Pty Ltd loan was initially extended to provide acquisition funding for the purchase of Locumsgroup, and to provide additional working capital for the Group. Manning Capital Holdings Pty Ltd is considered a related party.

Note 27. Non-current liabilities - Financial liabilities measured at amortised cost (continued)

Convertible note instrument (Tranche A)

The liability in relation to the convertible notes in 2018 was the present value of the deemed interest flow arising under the terms of the convertible note agreement. An interest component in FY19 of \$149,568 has been recorded during the year. The remaining balance of the liability portion of the convertible note instrument has been reclassified to equity as a variation in the terms underlying the instruments has granted the Group the ability to convert the entire balance of convertible notes prior to redemption, this avoiding a cash settlement.

Mackin Money Trust loan

The advance from Mackin Money Trust is on a non-recourse basis to a wholly owned special purpose vehicle of the Group for investment purposes in a property development.

Total secured liabilities

The total secured liabilities (current and non-current) are as follows:

	Consolidated	
	2019	2018
	\$	\$
Manning Capital Holdings Pty Ltd	3,434,972	4,718,745
Esplanade Super Fund Pty Ltd	-	278,771
Holicarl Pty Ltd	-	293,103
Woodville Super Pty Ltd	-	293,103
	<u>3,434,972</u>	<u>5,583,722</u>

Assets pledged as security

The loan from Manning Capital Holdings Pty Ltd has a General Security Deed over the assets of Vertua Limited and Vertua Investments Limited (wholly-own subsidiary). They are an all property past and present and capture all subsidiary company interests held by the group.

Note 28. Equity - Issued capital

	Consolidated			
	2019	2018	2019	2018
	Shares	Shares	\$	\$
Class A shares - fully paid	<u>34,817,979</u>	<u>11,902,821</u>	<u>8,706,194</u>	<u>4,917,116</u>

Note 28. Equity - Issued capital (continued)

Movements in Class A shares:

Details	Date	Shares	\$
Balance	1 April 2017	10,475,548	4,746,557
Issue of shares	1 October 2017	50,000	3,500
Issue of shares	1 October 2017	250,000	17,500
Issue of shares	1 November 2017	227,273	15,909
Issue of shares	13 March 2018	900,000	133,650
Balance	31 March 2018	11,902,821	4,917,116
Issue of shares	17 April 2018	1,300,000	260,000
Issue of shares (option conversion)	24 April 2018	4,050,000	810,000
Issue of shares (convertible note conversion)	24 April 2018	1,950,000	253,457
Issue of shares (option conversion)	28 September 2018	2,000,000	297,000
Issue of shares (convertible note conversion)	28 September 2018	11,040,158	1,656,024
Issue of shares (employee remuneration plan)	17 January 2019	125,000	25,000
Issue of shares	14 February 2019	2,500,000	500,000
Buy-back and cancellation of shares	4 March 2019	(50,000)	(12,403)
Balance	31 March 2019	<u>34,817,979</u>	<u>8,706,194</u>

Class A shares

Class A shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of and amounts paid on the shares held. The fully paid Class A shares have no par value and the Company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Share buy-back

During the year the Group commenced a buy-back scheme of Class A shares. All shares bought back during the scheme were immediately cancelled. On 7 March 2019 the buy-back scheme was suspended and continued to be suspended for the period to 31 March 2019.

Capital risk management

The Group's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group would look to raise capital when an opportunity to invest in a business or company was seen as value adding relative to the current Company's share price at the time of the investment. The Group is actively pursuing additional investments in the short term as it continues to integrate and grow its existing businesses in order to maximise synergies.

The Group is subject to certain financing arrangements and meeting these is given priority in all capital risk management decisions. There have been no events of default on the financing arrangements during the financial year.

The capital risk management policy remains unchanged from the 31 March 2018 Annual Report.

Note 29. Equity - Convertible notes

	Consolidated	
	2019	2018
	\$	\$
Convertible note instruments (Tranche A)	3,399,209	3,265,420
Convertible note instruments (Tranche B)	720,000	-
	<u>4,119,209</u>	<u>3,265,420</u>

Convertible note instruments (Tranche A)

Due to a variation in the terms of the Tranche A Note agreement during the year, the debt portion of the convertible note instruments have been reclassified to equity. The Group now has the ability to avoid any settlement in cash.

Convertible note instruments (Tranche B)

As part of the acquisition of First Equity, 3.6m convertible notes valued at \$0.20 were issued to the sellers totalling \$720,000. The terms of the agreement indicate appropriate classification of the instruments as entirely equity.

Reconciliations

The following tables reconcile the convertible note debt and equity components for the financial year:

	Consolidated	
	2019	2018
	\$	\$
Convertible notes - debt		
Opening balance - 1 April (Tranche A Notes)	1,893,701	1,340,701
Deemed interest expense (Tranche A Notes)	149,570	553,000
Convertible notes converted to shares (Tranche A Notes)	(94,269)	-
Convertible notes reclassified to equity (Tranche A Notes)	(1,949,002)	-
Closing balance - 31 March	<u>-</u>	<u>1,893,701</u>

	Consolidated	
	2019	2018
	\$	\$
Convertible notes - equity		
Opening balance - 1 April (Tranche A Notes)	3,265,420	3,625,420
Convertible notes converted to shares (Tranche A Notes)	(1,815,213)	-
Convertible notes reclassified from debt (Tranche A Notes)	1,949,002	-
Convertible notes issued during the year (Tranche B Notes)	720,000	-
Closing balance - 31 March	<u>4,119,209</u>	<u>3,625,420</u>

Note 30. Equity - Reserves

	Consolidated	
	2019	2018
	\$	\$
Revaluation reserve	<u>-</u>	<u>1,078,551</u>

Note 30. Equity - Reserves (continued)

Reconciliations

Movements in the revaluation reserve during the current and previous financial year are set out below:

	Revaluation reserve \$
Consolidated	
Balance at 1 April 2017	445,504
Transfer from owner-occupied property	<u>633,047</u>
Balance at 31 March 2018	1,078,551
Tax effect of revaluation reserve opening balance on sale of owner-occupied property	(296,602)
Transfer of revaluation increment to retained earnings on sale of owner-occupied property	<u>(781,949)</u>
Balance at 31 March 2019	<u><u>-</u></u>

The revaluation reserve related to fair value increases in the owner-occupied portion of the property held by Vertua Limited at Level 5, 97 Pacific Highway, North Sydney. During the year the property was sold, and the revaluation reserve was reclassified to retained earnings.

Note 31. Equity - Non-controlling interest

The non-controlling interest relates to 50% shareholding in the Locumsgroup. The Locumsgroup NCI component only participates in associated profits after predetermined profit hurdles are met.

	Consolidated	
	2019	2018
	\$	\$
Non-controlling interest	<u>1,270,711</u>	<u>1,530,711</u>

The change of \$260,000 allocated to NCI reflects the allocation of Locumsgroup related impairment charges for the year.

The financial information attributable to the non-controlling interest in the Group is detailed below:

Total assets: \$3,822,293 (FY2018: \$3,979,470)

Total liabilities: \$847,588 (FY2018: \$576,032)

Loss for the period: (\$260,000) (FY2018: \$nil)

Note 32. Equity - Dividends

There were no dividends paid, recommended or declared during the current or previous financial year.

Note 33. Financial instruments

Financial risk management objectives

The Group's activities expose it to a variety of financial risks: market risk (including interest rate risk), credit risk and liquidity risk. The Board of the Group monitors these risk factors as part of regular reviews of financial performance and the Group's investment portfolio.

Note 33. Financial instruments (continued)

The Audit and Risk Committee (ARC) is responsible for monitoring and managing financial risk exposures of the Group. The ARC monitors the Group's financial risk management policies and exposures and approves financial transactions within the scope of its authority. It also reviews the effectiveness of internal controls relating to counter party credit risk, financing risk and interest rate risk.

The ARC's overall risk management strategy seeks to assist the Group in meeting its financial targets, while minimising potential adverse effects on its financial performance. Its functions include the review of credit risk policies and future cash flow requirements.

Market risk

Price risk

The Group's financial assets, totalling \$4,889,500 (FY2018: \$1,819,674), are units held in financial assets and publicly traded securities. An increase/decrease in price of 500 (FY2018: 500) basis points would have a favourable/unfavourable effect on profit before tax of \$244,475 (FY2018: \$90,984). The percentage change is based on the expected volatility of price movements using market data and analyst forecasts.

Investments in units are identified by development opportunities and estimated key metrics of developments. The Group looks to invest in developments that have an estimated IRR of over 30% for the life of the project, thereby managing their risk exposure.

Interest rate risk

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at reporting date whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments. The Group is also exposed to earnings volatility on floating rate instruments.

Risk is managed using a combination of tools, being a split between fixed and floating rates (a portion of the debt is fixed with the balance being variable) and also applying aggressive debt repayment plans to minimise exposure.

At 31 March 2019, the Group held no floating rate instruments.

At 31 March 2019 the Group had a variety of secured and unsecured lenders.

The Group's exposure to interest rate risk and the effective weighted average interest rate for classes of financial assets and liabilities are set out below:

	2019		2018	
	Weighted average interest rate %	Balance \$	Weighted average interest rate %	Balance \$
Consolidated				
Cash and cash equivalents	1.75%	1,194,713	1.75%	1,077,044
Related party payables	12.00%	(3,434,972)	9.88%	(4,633,762)
Convertible note	-	-	-	(1,893,701)
NAB loan	-	-	5.47%	(1,350,000)
Net exposure to cash flow interest rate risk		<u>(2,240,259)</u>		<u>(6,800,419)</u>

For the Group the cash and cash equivalents on hand, totalling \$1,194,713 (2018: \$1,077,044), are deposits held at call with financial institutions. An official increase/decrease in interest rates of 100 (FY2018: 100) basis points would have a favourable/unfavourable effect on profit before tax of \$11,947 (FY2018: \$10,770). The percentage change is based on the expected volatility of interest rates using market data and analyst forecasts.

Credit risk

A credit risk is the risk of default on a debt that may arise from a borrower failing to make required payments. The risk is that of the lender and includes lost principal and interest, disruption to cash flows, and increased collection costs.

Note 33. Financial instruments (continued)

Credit risk on property related receivables is managed by only transferring title on settlement of property.

	Consolidated	
	2019	2018
	\$	\$
Classes of financial assets - carrying amounts		
Cash and cash equivalents	1,194,713	1,077,044
Accounts receivable	3,074,270	3,808,230
Financial assets	4,889,500	1,819,674
	<hr/>	<hr/>
Total	9,158,483	6,704,948
	<hr/>	<hr/>

Management regularly perform reviews across the Group for any accounts receivable that may not be settled. The accounts receivable position across the Group does not lead management to believe any amounts should be impaired and credit risk is deemed to be low.

The Group has no significant contribution of credit risk with any single counter party or group of counter parties.

Credit risk related to balances with banks and other financial institutions is managed by the Audit Risk Committee (ARC) in accordance with approved Board policy. Surplus funds are only invested with Australian major financial institutions.

Management have made an assessment that the investments in projects are highly likely to be completed successfully and therefore impairment charges are not required as at 31 March 2019. Traded securities held in AOW have been impaired based on the average purchase price per share purchased by the Group versus the last sale price on the ASX. The financial assets are managed by the Locumsgroup and Vertua. Management regularly review the investments for impairment, and as at 31 March 2019 management have made an assessment that no impairment charges on any other financial assets are required.

Liquidity risk

Liquidity risk arises from the possibility that the Group might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The Group manages this risk through the following mechanisms:

- Maintaining a reputable credit profile.
- Managing credit risk related to financial assets.
- Investing surplus cash with major financial institutions.
- Comparing the maturity profile of financial liabilities with the realisation profile of financial assets.

The Group's policy is to ensure that the majority of its borrowings for real estate investment should mature beyond projected disposal dates at all times.

The Group also has undrawn facilities with Manning Capital Holdings Pty Ltd to assist with any difficulties that the Group may encounter.

Remaining contractual maturities

The following tables detail the Group's remaining contractual maturity for both its financial assets and liabilities. The tables have been drawn up based on the undiscounted cash flows at the earliest date on which the financial assets are expected to be recovered and the financial liabilities are required to be paid.

Note 33. Financial instruments (continued)

	Weighted average interest rate %	1 year or less \$	Between 1 and 2 years \$	Between 2 and 5 years \$	Over 5 years \$	Remaining contractual maturities \$
Consolidated - 2019						
<i>Financial assets - cash flows realisable</i>						
Cash and cash equivalents	1.75%	1,194,713	-	-	-	1,194,713
Trade receivables	-	3,074,270	-	-	-	3,074,270
Related party receivables	-	194,308	949,960	1,325,261	-	2,469,529
Financial assets	-	520,000	4,369,500	-	-	4,889,500
<i>Financial liabilities - due for payment</i>						
Trade payables	-	(836,032)	-	-	-	(836,032)
Related party payables	12.00%	-	(3,434,972)	-	-	(3,434,972)
Financial Liabilities	10.00%	(577,859)	(542,667)	-	-	(1,120,526)
Total non-derivatives		3,569,400	1,341,821	-	-	6,236,482
Consolidated - 2018						
<i>Financial assets - cash flows realisable</i>						
Cash and cash equivalents	1.75%	1,077,044	-	-	-	1,077,044
Trade receivables	-	3,808,230	-	-	-	3,808,230
Related party receivables	-	-	949,960	-	-	949,960
Financial assets	-	1,819,674	-	-	-	1,819,674
<i>Financial liabilities - due for payment</i>						
Trade payables	-	(1,803,269)	-	-	-	(1,803,269)
Related party payables	9.88%	(571,874)	(4,718,745)	-	-	(5,290,619)
Financial liabilities	10.00%	(696,472)	-	-	-	(696,472)
Convertible notes	-	-	-	(1,893,701)	-	(1,893,701)
NAB loans	5.47%	-	-	(1,350,000)	-	(1,350,000)
Total non-derivatives		3,633,333	(3,768,785)	(3,243,701)	-	(3,379,153)

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

Note 34. Fair value measurement

Fair value hierarchy

The following tables detail the Group's assets and liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3: Unobservable inputs for the asset or liability

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Consolidated - 2019				
<i>Assets</i>				
Financial assets (see Note 12 & Note 17)	1,916,227	-	2,973,273	4,889,500
Total assets	<u>1,916,227</u>	<u>-</u>	<u>2,973,273</u>	<u>4,889,500</u>
<i>Liabilities</i>				
Secured liabilities (see Note 27)	-	-	3,434,972	3,434,972
Total liabilities	<u>-</u>	<u>-</u>	<u>3,434,972</u>	<u>3,434,972</u>
Consolidated - 2018				
<i>Assets</i>				
Financial assets (see Note 12)	-	-	1,819,674	1,819,674
Asset held for sale at fair value (see Note 15)	-	-	2,727,414	2,727,414
Investment property at fair value (see Note 14)	-	-	1,139,253	1,139,253
Total assets	<u>-</u>	<u>-</u>	<u>5,686,341</u>	<u>5,686,341</u>
<i>Liabilities</i>				
Secured liabilities (see Note 27)	-	-	5,583,722	5,583,722
Total liabilities	<u>-</u>	<u>-</u>	<u>5,583,722</u>	<u>5,583,722</u>

There were no transfers between levels during the financial year.

Note 34. Fair value measurement (continued)

Level 3 assets and liabilities

Movements in level 3 assets and liabilities during the current and previous financial year are set out below:

Consolidated	Financial assets \$	Investment properties \$	Owner- occupied property \$	Asset held for sale \$	Total \$
Balance at 1 April 2017	1,669,301	879,932	2,148,068	-	4,697,301
Additions	150,373	-	-	-	150,373
Depreciation expense	-	-	(53,701)	-	(53,701)
Transfers	-	-	(2,727,414)	2,727,414	-
Fair value gains	-	259,321	-	-	259,321
Revaluation increments	-	-	633,047	-	633,047
Balance at 31 March 2018	1,819,674	1,139,253	-	2,727,414	5,686,341
Additions	1,420,199	-	-	-	1,420,199
Disposals	(266,600)	-	-	-	(266,600)
Transfers	-	(1,679,308)	-	1,679,308	-
Fair value gains	-	540,055	-	-	540,055
Gain on disposal	-	-	-	493,278	493,278
Disposals	-	-	-	(4,900,000)	(4,900,000)
Balance at 31 March 2019	<u>2,973,273</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,973,273</u>

The fair value of financial assets and liabilities that are not traded in an active market is determined by using valuation techniques which include the use of arm's length transactions, reference to the current fair value of a substantially similar other instrument, discounted cash flow techniques, option pricing models and other valuation techniques that provide a reliable estimate of the value obtained in actual market transactions.

Where discounted cash flow techniques are used, estimated future cash flows are based on management's best estimates and the discount rate used is a market rate at the end of the reporting period applicable for an instrument with similar terms and conditions. For other pricing models, inputs are based on market data at the end of the reporting period.

Some of the inputs to these models may not be market observable and are therefore estimated based on assumptions. The output of a model is always an estimate or approximation of a value that cannot be determined with certainty, and valuation techniques employed may not fully reflect all factors relevant to the positions held.

The carrying amounts of trade and other receivables and trade and other payables are assumed to approximate their fair values due to their short-term nature.

Note 35. Key management personnel disclosures

Directors

The following persons were directors of Vertua Limited during the financial year:

Christopher Bregenhøj
Benjamin Doyle
James Manning

Note 35. Key management personnel disclosures (continued)

Compensation

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

	Consolidated	
	2019	2018
	\$	\$
Short-term employee benefits	582,997	526,212
Post-employment benefits	28,590	22,083
Long-term benefits	17,928	4,197
	<u>629,515</u>	<u>552,492</u>

Refer to the remuneration report contained in the directors' report for details of the remuneration paid or payable to each member of the Group's key management personnel (KMP) for the year ended 31 March 2019 and the year ended 31 March 2018.

Note 36. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by William Buck, the auditor of the Company:

	Consolidated	
	2019	2018
	\$	\$
<i>Audit services -</i>		
Audit or review of the financial statements	<u>154,000</u>	<u>162,600</u>
<i>Other services -</i>		
Corporate advisory	6,500	6,400
Preparation of the tax return & tax advice	<u>65,000</u>	<u>67,100</u>
	<u>71,500</u>	<u>73,500</u>
	<u>225,500</u>	<u>236,100</u>

Note 37. Commitments

The future minimum operating lease payments are detailed below.

The current lease agreement held by the Locumsgroup was entered into in November 2017 for a duration of 5 years with no option to renew.

	Consolidated	
	2019	2018
	\$	\$
<i>Lease commitments - operating</i>		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	174,236	170,327
One to five years	<u>471,296</u>	<u>667,288</u>
	<u>645,532</u>	<u>837,615</u>

Note 37. Commitments (continued)

	Consolidated	
	2019	2018
	\$	\$
<i>Lease commitments – finance</i>		
Committed at the reporting date and recognised as liabilities, payable:		
Within one year	76,977	124,598
One to five years	92,667	104,841
	<u>169,644</u>	<u>229,439</u>

Note 38. Related party transactions

Parent entity

Vertua Limited is the parent entity.

Subsidiaries

Interests in subsidiaries are set out in note 41.

Key management personnel

Disclosures relating to key management personnel are set out in note 35 and the remuneration report included in the directors' report.

Transactions with related parties

The following transactions occurred with related parties:

	Consolidated	
	2019	2018
	\$	\$
Management and administration fees:		
First Equity Tax Pty Ltd	30,000	90,000
First Equity Partners	30,000	30,000
Ben Doyle	12,000	12,000
Defender Investment Management Pty Ltd	210,055	161,764
Interest payment:		
Woodville Super Pty Ltd	1,147	14,294
Manning Capital Pty Ltd	-	256,013
Manning Capital Holdings Pty Ltd	486,502	448,046
Esplanade Super Fund Pty Ltd	-	13,559
Interest receipts:		
Defender No.2 Fund Pty Ltd	205,488	-

Management and administration fees:

Vertua Limited has paid fees relating to the management and operation of Vertua, including accounting and taxation advice, general administration, company secretarial and the provision of office services.

Interest payments:

Vertua Limited has paid interest payments on related loan expense.

Loans to and from related parties:

There is a related party payable of \$3,434,972 to Manning Capital Holdings Pty Ltd as at 31 March 2019 (FY2018: \$4,718,745)

Note 38. Related party transactions (continued)

There was a related party receivable of \$949,960 from Lily Bordeaux Pty Ltd as at 31 March 2019 (FY2018: \$949,960).

There was a related party receivable of \$1,325,261 from Defender No.2 Fund Pty Ltd as at 31 March 2019 (FY2018: \$nil)

The following balances are outstanding at the reporting date in relation to transactions with related parties:

	Consolidated	
	2019	2018
	\$	\$
Loan from Manning Capital Holdings Pty Ltd	3,434,972	4,718,745
Loan from Esplanade Super Fund Pty Ltd	-	278,771
Loan from Woodville Super Pty Ltd	-	293,103
Loan to Lily Bordeaux Pty Ltd	(949,960)	(949,960)
Loan to Defender No.2 Fund Pty Ltd	(1,325,261)	-

Terms and conditions

All transactions were made on normal commercial terms and conditions and at market rates.

Note 39. Parent entity information

Set out below is the supplementary information about the parent entity.

Statement of profit or loss and other comprehensive income

	Parent	
	2019	2018
	\$	\$
Profit after income tax	542,274	758,178
Total comprehensive income	542,274	758,178

Statement of financial position

	Parent	
	2019	2018
	\$	\$
Total current assets	9,335,438	8,246,374
Total assets	17,498,133	18,059,939
Total current liabilities	490,137	467,143
Total liabilities	3,742,349	9,383,130
Equity		
Issued capital	8,706,194	4,917,116
Convertible notes	4,119,209	3,265,420
Revaluation reserve	-	1,078,553
Retained profits/(accumulated losses)	858,746	(655,916)
Total equity	13,684,149	8,605,173

Note 39. Parent entity information (continued)

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries

The parent entity has a guarantee between a subsidiary and National Australia Bank provided in FY18. The value of the guaranteed loan as at 31 March 2019 is \$2,859,500. It is anticipated that the Group will relinquish its guarantees during the FY20 year.

Contingent liabilities

The parent entity had no contingent liabilities as at 31 March 2019 or 31 March 2018.

Capital commitments - Property, plant and equipment

The parent entity had no capital commitments for property, plant and equipment as at 31 March 2019 and 31 March 2018.

Significant accounting policies

The accounting policies of the parent entity are consistent with those of the Group, as disclosed in Note 2.

Note 40. Business combinations

On 1 October 2018 the Group acquired First Equity Associates Pty Ltd ATF First Equity Associate Unit Trust ("First Equity"), its wholly-owned entities and beneficial interests.

First Equity is a tax, audit and advisory business consisting of three partners and six staff and forms part of the Professional Services segment. The acquired business contributed revenue of \$2,019,457 for the 6 month period to 31 March 2019.

The fair value of identifiable assets and liabilities recognised as a result of the acquisition are as follows:

	Fair value \$
Cash and cash equivalents	204,292
Trade receivables	723,808
Intangible assets	924,616
Other assets	5,120
Loan receivable	105,608
Trade payables	(290,294)
Employee entitlements	(48,620)
Trust monies held	(823)
Loan payable	(554,794)
	<hr/>
Net assets acquired	1,068,913
Discount on acquisition	(258,910)
	<hr/>
Acquisition-date fair value of the total consideration transferred	<u>810,003</u>
Representing:	
Convertible note issued to vendor	720,000
Deferred consideration	90,000
Share capital issued to vendor	3
	<hr/>
	<u>810,003</u>

The gross contractual amount for trade receivables due is \$723,808, of which \$nil is expected to be uncollectible.

Note 41. Interests in consolidated controlled entities

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in Note 2:

Name	Principal place of business / Country of incorporation	Ownership interest	
		2019 %	2018 %
Corporate:			
Vertua Investments Limited	Australia	100.00%	100.00%
Vertua Nominees Pty Ltd	Australia	100.00%	100.00%
Investment Segment:			
Defender Asset Management Pty Ltd	Australia	100.00%	100.00%
Vertua Opportunities Pty Ltd	Australia	100.00%	100.00%
Print Segment:			
Horizon Print Management Pty Ltd	Australia	-	100.00%
Horizon Print Media Pty Ltd	Australia	-	100.00%
Professional Services Segment:			
First Equity Associates Pty Ltd	Australia	100.00%	-
First Equity Tax Pty Ltd	Australia	100.00%	-
First Equity Audit Pty Ltd	Australia	100.00%	-
First Equity Advisory Pty Ltd	Australia	100.00%	-
First Equity Services Pty Ltd	Australia	100.00%	-
Locumsgroup Asset Management Pty Ltd	Australia	50.00%	50.00%
Locumsgroup Sydney Pty Ltd	Australia	50.00%	50.00%
Locumsgroup Core Unit Trust	Australia	50.00%	50.00%
Locumsgroup Administrative Services Trust	Australia	50.00%	50.00%
Locumsgroup Finance Trust No. 2	Australia	50.00%	50.00%
Braxton Unit Trust	Australia	50.00%	50.00%
Locumsgroup Private Accounting Services Pty Ltd	Australia	50.00%	50.00%
Property Segment:			
Joe Public Holdings Pty Ltd	Australia	100.00%	100.00%
Fiducia Group Pty Ltd	Australia	100.00%	100.00%
Fiducia Development Group Pty Ltd	Australia	100.00%	100.00%
Fiducia Property Group Pty Ltd	Australia	100.00%	100.00%
Fiducia Development Management Trust	Australia	100.00%	100.00%
Fiducia Project Management Trust	Australia	100.00%	100.00%

Note 42. Interests in unconsolidated entities

As detailed in Note 2, Vertua Limited is an investment entity. The table below shows the entities that the Group does not consolidate but in which it holds a controlling interest:

Name	Principal place of business/ Country of incorporation	Ownership and voting interest	
		2019 %	2018 %
Property investments			
FPG No. 2 Pty Ltd	Australia	-	100.00%
FPG No. 3 Pty Ltd	Australia	-	100.00%
FPG No. 4 Pty Ltd	Australia	100.00%	100.00%
FPG No. 5 Pty Ltd	Australia	100.00%	100.00%
Great Superintendent Pty Ltd	Australia	100.00%	100.00%
Non-Property Investments			
American Patriot Oil & Gas Limited	Australia	13.15%	-

Note 43. Reconciliation of loss after income tax to net cash from/(used in) operating activities

	Consolidated	
	2019 \$	2018 \$
Loss after income tax (expense)/benefit for the year	(167,991)	(311,811)
Adjustments for:		
Depreciation and amortisation	559,554	672,474
Deemed interest on convertible note	149,570	553,000
Accrued interest on related party loans	226,039	-
Impairment expenses	520,000	-
Gains on bargain purchases	(258,910)	-
Gains on disposal of disposal of discontinuing operations	(733,439)	-
Net fair value gains on financial assets and assets held for sale	(949,528)	-
Change in operating assets and liabilities:		
Decrease in trade and other receivables	1,098,346	944,996
Decrease in inventories and work in progress	(265,975)	48,507
Increase in deferred tax assets	742,318	(660,620)
Decrease in prepayments and sundry debtors	78,064	(65,997)
Decrease in trade and other payables	407,865	(721,674)
Decrease in deferred income	(1,091,828)	141,023
Net cash from/(used in) operating activities	<u>314,085</u>	<u>599,898</u>

Note 44. Earnings per share

The basic earnings per share have been calculated using the profit attributable to shareholders of the Parent Company (Vertua Limited) as the numerator.

Note 44. Earnings per share (continued)

	Consolidated	
	2019	2018
	\$	\$
<i>Earnings per share for loss from continuing operations</i>		
Loss after income tax	<u>(709,928)</u>	<u>(788,437)</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	25,718,926	11,902,821
Adjustments for calculation of diluted earnings per share:		
Potential conversion of convertible notes	30,609,843	40,000,001
Options over ordinary shares	<u>13,161,019</u>	<u>13,150,000</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>69,489,788</u>	<u>65,052,822</u>

As the group is loss making from continuing operations in the current and prior year, potential ordinary shares arising from convertible notes and share options have not been included in the calculation of diluted earnings per share as they are considered anti-dilutive.

	Cents	Cents
Basic earnings per share	(2.7)	(6.6)
Diluted earnings per share	-	-

	Consolidated	
	2019	2018
	\$	\$
<i>Earnings per share for profit from discontinued operations</i>		
Profit after income tax	<u>541,937</u>	<u>476,626</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	25,718,926	11,902,821
Adjustments for calculation of diluted earnings per share:		
Potential conversion of convertible notes	30,609,843	40,000,001
Options over ordinary shares	<u>13,161,019</u>	<u>13,150,000</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>69,489,788</u>	<u>65,052,822</u>

	Cents	Cents
Basic earnings per share	2.1	4.0
Diluted earnings per share	0.7	0.7

	Consolidated	
	2019	2018
	\$	\$
<i>Earnings per share for profit/(loss) attributable to the owners of Vertua Limited</i>		
Loss after income tax	(167,991)	(311,811)
Non-controlling interest	<u>260,000</u>	<u>-</u>
Profit/(loss) after income tax	<u>92,009</u>	<u>(311,811)</u>

Note 44. Earnings per share (continued)

	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	25,718,926	11,902,821
Adjustments for calculation of diluted earnings per share:		
Potential conversion of convertible notes	30,609,843	40,000,001
Options over ordinary shares	<u>13,161,019</u>	<u>13,150,000</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u><u>69,489,788</u></u>	<u><u>65,052,822</u></u>
	Cents	Cents
Basic earnings per share	0.3	(2.6)
Diluted earnings per share	0.1	-

As the group is loss making in the prior year, potential ordinary shares arising from convertible notes and share options have not been included in the calculation of diluted earnings per share as they are considered anti-dilutive.

Note 45. Events after the reporting period

On 21 May 2019, the Group was paid back its equity invested, mezzanine finance forwarded and subsequent interest against the equity and mezzanine finance relating to the FPG Northbridge project. The total cash received relating to equity and corresponding interest was \$801,693. The total cash received relating to the mezzanine funding and corresponding interest was \$251,165 (grand total: \$1,052,858).

No other matter or circumstance has arisen since 31 March 2019 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Vertua Limited
Directors' declaration
31 March 2019

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 2 to the financial statements;
- the attached financial statements and notes give a true and fair view of the Group's financial position as at 31 March 2019 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors



Christopher Bregenhoj
Chairman

14 June 2019

Vertua Limited

Independent auditor's report to shareholders

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Vertua Limited ("the Company") and its subsidiaries ("the Group"), which comprises the consolidated statement of financial position as at 31 March 2019, 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, notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and the directors' declaration.

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

- (i) giving a true and fair view of the Group's financial position as at 31 March 2019 and of its financial performance for the year ended on that date; and
- (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. 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 Group 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.

Key Audit Matters

Key audit matters (KAMs) 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.

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1. BUSINESS COMBINATION - PURCHASE PRICE ALLOCATION

Area of focus Refer also to notes 40	How our audit addressed it
<p>The Group acquired the First Equity business during the 2019 financial year, which encompassed professional tax, audit and financial advisory services.</p> <p>Acquisition accounting requires the allocation of the consideration paid to identifiable assets and liabilities purchased, resulting in either recognition of goodwill or a gain on bargain purchase.</p> <p>Due to the inherent complexity of business combinations accounting, this was a key focus for the audit.</p>	<p>Our audit procedures included:</p> <ul style="list-style-type: none"> — Reviewing the terms and conditions of the purchase as executed in the sales deed; — Evaluating management's assessment of identifiable assets and liabilities, and the appropriate allocation of consideration paid; and — Evaluating identified intangibles and the valuation thereof (also refer to KAM 5). <p>We also considered and assessed the adequacy of the Group's disclosures in respect of the business combination.</p>

2. SALE OF HORIZON PRINT MANAGEMENT

Area of focus Refer also to notes 9	How our audit addressed it
<p>The Group sold the Horizon Print Management business effective 31 July 2018, and accordingly ended the Group's involvement in the printing segment.</p> <p>Due to the inherent complexity of deconsolidation of an entire division from the group, this was a key focus area for the audit.</p>	<p>Our audit procedures included:</p> <ul style="list-style-type: none"> — Reviewing the terms and conditions of the sale as executed in the sale deed; — Evaluating management's deconsolidation workings; — Assessing any deferred consideration receivable for recoverability; and — Assessing the classification of the deconsolidated operations as discontinued operations. <p>We also considered and assessed the adequacy of the Group's disclosures in respect of the divisional sale.</p>

3. SALE OF OWNER-OCCUPIED BUILDING & ASSOCIATED INVESTMENT PROPERTY

Area of focus Refer also to notes 14 & note 15	How our audit addressed it
<p>On 14 August 2018, the Group sold its ownership interest in a property which included both owner-occupied and investment property components.</p> <p>Due to the inherent complexity of revaluation on investment property and the dual derecognition of held-for-sale and investment property components, including revaluations prior to sale, this transaction was considered a key focus area for the audit.</p>	<p>Our audit procedures included:</p> <ul style="list-style-type: none"> — Reviewing the terms and conditions of the sale as executed in the sales deed; — Assessing any deferred consideration receivable for recoverability; and — Assessing the tax impact arising from the sale. <p>We also considered and assessed the adequacy of the Group's disclosures in respect of the sale on the respective components.</p>

4. BASIS FOR TAXATION CALCULATIONS

Area of focus Refer also to notes 8 & note 20	How our audit addressed it
<p>During the 2019 financial year, the Group has recouped carried-forward tax losses on the basis that the continuity of ownership test was satisfied.</p> <p>In preparing the tax position, for reporting purposes, the Group has applied and has recouped tax losses consistent with the advice and private tax ruling received.</p> <p>This basis has a material impact and requires a high level of judgement and expertise.</p>	<p>Our audit procedures included:</p> <ul style="list-style-type: none"> — Assessment of the completeness and accuracy of the client's tax workings, including deferred tax calculations; — Evaluating the basis of advice obtained; — Evaluating the credentials of management's experts; and — Engaging our own taxation experts to assess the validity of the underlying assumptions. <p>We also have assessed the adequacy of the Group's disclosures in respect of the basis for the taxation calculations.</p>

5. ASSESSMENT OF THE CARRYING VALUE OF INTANGIBLE ASSETS

Area of focus Refer also to notes 19	How our audit addressed it
<p>The Group has \$2,433,780 of intangible assets including:</p> <ul style="list-style-type: none"> — Customer relationships amounting to \$1,516,135; — Software amounting to \$139,909; — Trademarks amounting to \$2,640; and — Goodwill of \$775,096. <p>The carrying values of the identifiable intangible assets are contingent on future cash flows and there is a risk that, if these cash flows do not meet the Group's expectations, the assets might be impaired.</p> <p>These recoverable amounts use discounted cash flow forecasts in which the Directors make judgements over certain key inputs, for example, but not limited to, revenue growth, discount rates applied, long term growth rates and inflation rates.</p>	<p>Our audit procedures included:</p> <ul style="list-style-type: none"> — Evaluating the Group's budgeting procedures (upon which the forecasts are based); — Assessing the principles and integrity of the discounted future cash flow models. — Evaluating the adequacy of impairment charges raised; — Consulting our own valuation specialists when considering the appropriateness of the discount rates and the long-term growth rates; — Reviewing the historical accuracy by comparing actual results with the original forecasts. <p>We also assessed the adequacy of the Group's disclosures in respect of the intangible assets and any related impairments.</p>

6. ASSESSMENT OF THE FAIR VALUE OF INVESTMENTS (LISTED & UNLISTED)

Area of focus Refer also to notes 12 & note 17 & note 34	How our audit addressed it
<p>The Group's property division makes investments into unlisted property unit trusts, at the higher-end of the market.</p> <p>The Group's investment division also made investments in listed equities during the year ended 31 March 2019.</p> <p>At year-end, the unlisted investment portfolio owned by the Group amounted to \$2,973,273 while the value of listed investments and associated loans have been recorded at \$1,916,227 and \$1,325,261 respectively.</p> <p>The value of the unlisted investments is reliant on the stability and growth in value of the property market and is therefore subject to fluctuation.</p>	<p>Our audit procedures included:</p> <ul style="list-style-type: none"> — Assessing the appropriate classification of the overall investment portfolio components; — Evaluating the fair value assessments prepared by the Group on unlisted investments, considering current market conditions; — Evaluating the fair value assessments prepared by the Group on listed investments; and — Assessing the adequacy of impairment review procedures relating to the investments portfolio. <p>We also assessed the adequacy of the Group's disclosures in respect of the investments in both listed and unlisted portfolio holdings.</p>

Other Information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 31 March 2019 but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and 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 preparing the financial report, the directors are responsible for assessing the ability of the Group 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 Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

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.

A further description of our responsibilities for the audit of these financial statements is located at the Auditing and Assurance Standards Board website at:

http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf

This description forms part of our independent auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 5 to 10 of the directors' report for the year ended 31 March 2019.

In our opinion, the Remuneration Report of Vertua Limited, for the year ended 31 March 2019, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 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.

A handwritten signature in black ink that reads "William Buck".

William Buck

ABN 16 021 300 521

A handwritten signature in black ink that reads "Rainer Ahrens".

Rainer Ahrens

Director

Sydney, 14 June 2019

Vertua Limited Shareholder Information

Vertua Limited has on issue 34,817,979 fully paid Class A shares held by 316 holders as at 31 March 2019. All Class A shares of the Company carry one vote per share.

Distribution of equitable securities

Analysis of number of equitable securities by size of holding:

	Number of holders	Shares	% of issued capital
1,001 to 5,000	3	15,000	0.04
5,001 to 10,000	120	1,011,375	2.90
10,001 to 100,000	177	3,620,001	10.40
100,001 and over	16	30,171,603	86.66
	316	34,817,979	100
Holding less than a marketable parcel	-	-	-

Equity Security Holders

Twenty largest quoted equity security holders

The names of the twenty largest security holders of quoted equity securities as at 31 March 2019 are listed below:

Investor name	Total shares	% of issued capital
HOLICARL PTY LTD	5,590,900	16.06
MANNING CAPITAL HOLDINGS PTY LTD	4,681,883	13.45
A C N 623 179 680 PTY LTD	3,200,000	9.19
LILY BORDEAUX PTY LTD	3,070,451	8.82
MR DAVID LEON	2,801,410	8.05
WOODVILLE SUPER PTY LIMITED	2,624,646	7.54
WOLTER MR PTY LTD	2,552,050	7.33
ESPLANADE SUPER FUND PTY LTD	1,577,273	4.53
HOLICARL PTY LTD	1,350,000	3.88
FRANCIS PACE & DIANNA PACE	1,300,000	3.73
CALVERT INVESTMENTS PTY LTD	601,681	1.73
MR STUART PAGE	332,273	0.95
KIZUN PTY LTD	125,400	0.36
BENJAMIN JOHN DOYLE & MARIE CHRISTINA ASHLEY	125,000	0.36
MR IAN CRAWFORD MAXWELL & MRS PHILIPPA JANE MAXWELL	125,000	0.36
WEXFORD SUPER PTY LTD	113,636	0.33
MR WILLIAM LYON	100,000	0.29
PETER SCHAAP & PAULINE SCHAAP	90,000	0.26
MS JOANNE MAREE BAULCH	80,000	0.23
MR CRAIG ALEXANDER GODHAM	72,000	0.21
MR TREVOR JOHN O'SHEA & MRS JOANNE ELSIE O'SHEA	50,000	0.14
	30,563,603	87.78

Vertua Limited
Shareholder Information

Substantial shareholders

Substantial shareholders are those who, with their associates control greater than 5% of the issued capital of the Company. As at 31 March 2019, the company is aware of the following substantial shareholders:

Investor name	Total shares	% of issued capital
MANNING FAMILY GROUP *	7,306,529	20.95
HOLICARL PTY LTD	6,940,900	19.94
A C N 623 179 680 PTY LTD	3,200,000	9.19
LILY BORDEAUX PTY LTD	3,070,451	8.82
MR DAVID LEON	2,801,410	8.05
WOLTER MR PTY LTD	2,552,050	7.33

*Manning Family Group refers to the entities associated and disclosed in the substantial shareholder notice lodged on 18 February 2019

Vertua Group - Options on issue

Option Holder	Closing FY2018	Transferred	Granted/ Issued	Exercised	Closing FY2019
Esplanade Super Fund Pty Ltd	1,350,000	-	-	(1,350,000)	-
Holicarl Pty Ltd	1,350,000	-	-	(1,350,000)	-
Woodville Super Pty Ltd	1,350,000	-	-	(1,350,000)	-
ACN: 623 179 680	-		2,000,000	(2,000,000)	-
Manning Capital Holdings Pty Ltd	9,100,000	(2,000,000)	6,061,019	-	13,161,019
Total	13,150,000	(2,000,000)	8,061,019	(6,050,000)	13,161,019

Vertua Group - Convertible notes on issue

Convertible Note Holder	Closing FY2018	Granted/ (Converted)	Closing FY2019
Holicarl Pty Ltd	15,468,458	(4,000,000)	11,468,458
Lily Bordeaux Pty Ltd	6,032,699	(2,450,000)	3,582,699
Woodville Super Pty Ltd	843,733	(843,733)	-
Manning Capital Holdings Pty Ltd	15,114,953	(3,156,267)	11,958,686
Calvert Investments Pty Ltd	-	3,600,000	3,600,000
Wealth Holdings Trustees Ltd	2,540,158	(2,540,158)	-
Total	40,000,001	(9,390,158)	30,609,843