

**Vertua Limited**  
**Appendix 4D**  
**Half-year report**

**1. Company details**

Name of entity:	Vertua Limited
ACN:	108 076 295
Reporting period:	For the half-year ended 30 September 2019
Previous period:	For the half-year ended 30 September 2018

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**2. Results for announcement to the market**

Revenues from ordinary activities – continuing operations	up	37%	to	\$3,417,756
Profit from ordinary activities after tax attributable to the Owners of Vertua Limited	up	(140%)	to	(\$27,856)
Profit for the half-year attributable to the Owners of Vertua Limited	up	(117%)	to	(\$27,856)

*Dividends*

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

*Comments*

The profit for the Group after providing for income tax and non-controlling interest amounted to a profit of \$27,856 (30 September 2018: profit of \$167,667).

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**3. Net tangible assets**

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	<u>14.00</u>	<u>26.19</u>

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**4. Control gained over entities**

Not applicable.

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**5. Loss of control over entities**

There was no loss of control of any entities during the period.

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**6. Dividends**

*Current period*

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

*Previous period*

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

**7. Dividend reinvestment plans**

Not applicable.

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**8. Details of associates and joint venture entities**

Not applicable.

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**9. Foreign entities**

*Details of origin of accounting standards used in compiling the report:*

Not applicable.

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**10. Audit qualification or review**

*Details of audit/review dispute or qualification (if any):*

The financial statements were subject to a review by the auditors and the review report is attached as part of the Half Yearly Report.

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**11. Signed**



Signed \_\_\_\_\_

Date: 13 December 2019

**Vertua Limited**

**ACN 108 076 295**

**Half Yearly Report - 30 September 2019**

**Vertua Limited**  
**Directors' report**  
**30 September 2019**

The Directors of Vertua Ltd ('Vertua') present their report, together with the financial statements of the Consolidated Entity, being Vertua ('the Company') and its controlled entities ('the Group') for the half-year ended 30 September 2019.

**Directors & Secretary**

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

Mr Christopher Bregenhøj (Chairman)  
Mr James Manning (Managing Director)  
Mr Benjamin Doyle (Director)  
Mr Michael Bregenhøj (Secretary)

**Principal activities**

The principal activities of the company during the financial period were:

- Property development
- Professional services
- Investment

The Group has maintained its operational strategy set out previously in the year to 31 March 2019, namely the operation of three divisions of Vertua Limited. There have been a number of performance updates worth sharing with shareholders as to the specific performance of each division.

**Property:** The Property division has concluded a major project during the period located in Northbridge NSW. In addition, the Property division has explored a number of new opportunities in line with the internal acquisition metrics to ensure an ongoing pipeline of projects. The residential development market continues to present challenges in the current market, namely the limited economically viable sites to acquire and develop and cautious buyers. We believe that the market generally has 'bottomed out' and we are expecting to see an upturn during the second half of this financial year.

**Professional Services:** The Professional services division is performing largely in line with expectations. The property advisory business continues to be impacted by the softening property market and the Royal Commission however there have been signs of positive improvement in this space overall. Funds under management continue to grow at a steady rate and the accounting and tax division has secured new clients.

**Investments:** The Investments division continues to explore new opportunities and has recently invested in Cosmos Capital Limited – an energy and infrastructure company. The initial investment has already experienced a strong positive revaluation for the period. The equity investment in American Patriot Oil & Gas Limited ('AOW') has been impaired for the period in light of its stock being suspended from the Australian Stock Exchange commission since March 2019. In addition, the Group re-invested in the Vertua Opportunities Fund. The Group maintains its approach around capital management whereby surplus cash is reinvested for an overall return to shareholders, investors and stakeholders.

**Dividends**

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

### **Operating and financial review**

The profit for the Group after providing for income tax and non-controlling interest amounted to a loss of \$27,856 (30 September 2018: profit of \$167,667).

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 period and James Manning continues to act as the Managing Director of the Group.

During the period, the Group converted \$3,399,208 in convertible notes to shares at a rate of \$0.15 per share. The Group continues to hold a convertible note in relation to the acquisition of the First Equity Taxation Pty Ltd ('First Equity') business totalling \$720,000. This is likely to be converted by March 2020.

### **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 Northbridge project (FPG Northbridge Pty Ltd) has finalised, with all equity and mezzanine funds having been paid back to the Group during the period. This investment yielded a strong return on investment for the Group. The Group's investment in the project totalled \$726,216 (both equity and debt) and achieved a 45% return on investment. In addition, the Property division was paid over \$1.3 million in performance fees for managing the project to date, with an additional \$150,000 to be invoiced in the second half of FY2020 as a final performance fee.

The Neutral Bay development (FPG No.5 Pty Ltd) launched its marketing campaign during the period, resulting in a number of enquires. At the date of this report we have exchange on one apartment. Construction of the development is expected to commence in December 2019.

The Greenwich project (FPG No.4 Pty Ltd) has received DA approval and has commenced with the demolition and construction of the development. We expect this development to be launched to the market in early 2020 and finalisation is expected by late 2020.

The Homebush project (FPG Powel Pty Ltd) has received a DA approval for a redesign of the original design proposal, increasing the net lettable space of the future development. The property division is currently assessing the metrics of developing the project or selling the project as a DA approve site.

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 business partners and larger developments to allow payment of a higher overall management fee consistent with market rates on equal monthly instalments.

### **Professional Services:**

The Locumsgroup business is underperforming against Board's expectations, however the profitability of the business is up from the same period last year. Whilst revenue has decreased in comparison to the same period last year, this has been offset by a reduction in operating costs resulting in a better net result in comparison to the same period last year.

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 30 September 2019. The Board expects First Equity to continue 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:**

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 syndicate's head entity. AOW received additional debt funding during this period and in addition, the Group also increased its holding of AOW securities and is currently AOW's largest shareholder (13%).

Despite the growing strategic investment into AOW, an unrealised impairment loss has been recognised through the profit and loss during this period, reflecting the uncertainty of AOW's share price valuation, in light of the prolonged period of the shares' suspension, from the ASX, since March 2019. Regardless of AOW's share valuation, it is the Board view that the underlying debt investment, held via Defender No 2 Pty Ltd, remains fully recoverable. This view has been formed due to Defender No 2 Pty Ltd holding security over all assets of AOW, with the net assets of AOW exceeding the total loaned amount.

In July 2019, the Group also invested in Cosmos Capital Limited ('Cosmos'). Cosmos is an energy and infrastructure business with a focus on data centres. At the date of this report, the investment in Cosmos has yielded an unrealised gain based on the valuation of Cosmos through its second round of funding. The investment is expected to return strong cash flow from Cosmos' dividend plan commencing in second half of the year 2020 in addition to further capital increases on the Group's initial investment.

In June 2019 the Group re-invested in the Vertua Opportunities Fund ('VOF'). VOF is a managed fund with a focus on tourism and hospitality. VOF owns and operates motels, camping & caravan parks and restaurants across the east coast of Australia and Tasmania.

### **Significant changes in the state of affairs**

There were no significant changes in the state of affairs of the Group during the period.

### **Matters subsequent to the end of the reporting date**

No other matter or circumstance has arisen since 30 September 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.

### **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 306(3)(a) of the Corporations Act 2001.

On behalf of the Directors



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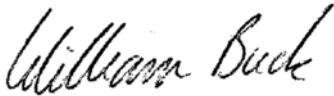
Christopher Bregenhøj  
Chairman

13 December 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 period ended 30 September 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**  
Accountants & Advisors  
ABN 16 021 300 521



**Rainer Ahrens**  
Director

Sydney, 13 December 2019

### ACCOUNTANTS & ADVISORS

**Sydney Office**  
Level 29, 66 Goulburn Street  
Sydney NSW 2000

**Parramatta Office**  
Level 7, 3 Horwood Place  
Parramatta NSW 2150

Telephone: +61 2 8263 4000  
**williambuck.com**

**Vertua Limited**  
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**Vertua Limited**  
**Statement of profit or loss and other comprehensive income**  
**For the half-year ended 30 September 2019**

		<b>Consolidated</b>	
	<b>Note</b>	<b>30 September 2019 \$</b>	<b>30 September 2018 \$</b>
<b>Revenue from continuing operations</b>		2,842,522	1,308,623
Fair value Gain (loss) on investments		376,751	-
Other income	4	198,483	1,186,764
Cost of sales		(120,035)	(369,386)
<b>Gross profit</b>		<b>3,297,721</b>	<b>2,126,001</b>
<b>Expenses</b>			
Salaries and wages		(1,428,230)	(1,047,347)
Management fees		(87,028)	(87,028)
Director fees		(39,000)	(39,000)
Professional fees		(184,919)	(189,903)
Property costs		(42,147)	(158,467)
Advertising and promotion		(7,726)	(2,077)
Other expenses from ordinary activities		(602,281)	(144,934)
Depreciation and amortisation expense		(349,703)	(274,882)
Impairment loss		-	(520,000)
<b>Operating profit / (loss)</b>		<b>556,687</b>	<b>(337,637)</b>
Finance costs		(255,953)	(482,461)
<b>Profit (loss) before income tax benefit for the half year from continuing operations</b>		<b>300,734</b>	<b>(820,098)</b>
Income tax benefit		(328,590)	88,202
Profit/(loss) after income tax expense / benefit from continuing operations, net of tax		(27,856)	(731,896)
Profit/(loss) after income tax expense / benefit from discontinued operations, net of tax		-	541,937
<b>Profit/(loss) after income tax benefit for the half-year</b>		<b>(27,856)</b>	<b>(189,959)</b>
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Current period revaluation gain on owner-occupied property, net of tax		-	357,626
<b>Total comprehensive income/(loss) for the year</b>		<b>(27,856)</b>	<b>167,667</b>
Profit/(loss) after income tax benefit for the half-year:			
Non-controlling interest		-	(260,000)
Owners of Vertua Limited		(27,856)	70,041
		(27,856)	(189,959)
Total comprehensive income for the half-year is attributable to:			
Continuing operations		-	(260,000)
Discontinued operations		-	-
Non-controlling interests		-	(260,000)
Continuing operations		(27,856)	(114,270)
Discontinued operations		-	541,937
Owners of Vertua Limited		(27,856)	427,667
		(27,856)	167,667

*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 half-year ended 30 September 2019**

	<b>30 September 2019 Cents</b>	<b>30 September 2018 Cents</b>
<b>Earnings per share for profit from continued operations attributable to the owners of Vertua Limited</b>		
Basic earnings per share	(0.045)	(1.20)
<b>Earnings per share for profit from discontinued operations attributable to the owners of Vertua Limited</b>		
Basic earnings per share	-	1.70
<b>Earnings per share for profit attributable to the owners of Vertua Limited</b>		
Basic earnings per share	(0.045)	0.052

*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 30 September 2019**

		<b>Consolidated</b>	
	<b>Note</b>	<b>30 September 2019</b>	<b>31 March 2019</b>
		<b>\$</b>	<b>\$</b>
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents		1,221,566	1,194,713
Trade and other receivables	6	2,132,234	3,143,678
Financial assets	7	-	520,000
Net present value of trail commission income		465,894	425,520
Total current assets		<u>3,819,694</u>	<u>5,283,911</u>
<b>Non-current assets</b>			
Receivables	8	3,688,248	2,585,883
Property, plant and equipment	11	335,664	375,331
Right of use asset	10	666,220	-
Financial assets	9	5,182,155	4,369,500
Intangibles	12	2,286,825	2,433,780
Deferred tax	13	802,853	652,631
Net present value of trail commission income		767,114	807,488
Total non-current assets		<u>13,729,079</u>	<u>11,224,613</u>
<b>Total assets</b>		<u>17,548,773</u>	<u>16,508,524</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	14	1,246,719	913,009
Provisions		279,317	203,688
Other current liabilities	15	306,604	500,882
Lease liability	15	261,237	-
Total current liabilities		<u>2,093,877</u>	<u>1,617,579</u>
<b>Non-current liabilities</b>			
Payables	17	79,631	92,667
Financial liabilities measured at amortised costs	16	4,064,248	3,884,972
Lease liability	16	453,993	-
Total non-current liabilities		<u>4,597,872</u>	<u>3,977,639</u>
<b>Total liabilities</b>		<u>6,691,749</u>	<u>5,595,218</u>
<b>Net assets</b>		<u>10,857,024</u>	<u>10,913,306</u>
<b>Equity</b>			
Issued capital	18	12,125,402	8,706,194
Convertible notes	19	720,000	4,119,209
Accumulated losses		(3,259,089)	(3,182,808)
Equity attributable to the Owners of Vertua Limited		9,586,313	9,642,595
Non-controlling interest	20	1,270,711	1,270,711
<b>Total equity</b>		<u>10,857,024</u>	<u>10,913,306</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 half-year ended 30 September 2019**

<b>Consolidated</b>	<b>Issued capital \$</b>	<b>Convertible notes \$</b>	<b>Revaluation Reserve \$</b>	<b>Accumulated losses \$</b>	<b>Non-controlling interest \$</b>	<b>Total equity \$</b>
Balance at 1 April 2018	4,917,116	3,265,420	1,078,551	(4,056,766)	1,530,711	6,735,032
Tax effect of revaluation reserve opening balance recognised during the period upon sale of owner-occupied property	-	-	(296,602)	-	-	(296,602)
Loss after income tax benefit for the half-year	-	-	-	70,041	(260,000)	(189,959)
Other comprehensive income for the half-year, net of tax	-	-	357,626	-	-	357,626
Total comprehensive income for the half-year	-	-	357,626	70,041	(260,000)	167,667
Shares issued	1,461,268	-	-	-	-	1,461,268
Convertible notes converted to shares	1,815,213	(1,815,213)	-	-	-	-
Convertible notes converted from debt to equity	-	1,949,002	-	-	-	1,949,002
Non-controlling interest movements during the period	-	-	-	-	-	-
Transfer on sale of owner-occupied property	-	-	(1,139,575)	1,139,575	-	-
Balance at 30 September 2018	<u>8,193,597</u>	<u>3,399,209</u>	<u>-</u>	<u>(2,847,150)</u>	<u>1,270,711</u>	<u>10,016,367</u>

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

**Vertua Limited**  
**Statement of changes in equity**  
**For the half-year ended 30 September 2019**

	Issued capital	Convertible notes	Accumulated losses	Non-controlling interests	Total equity
<b>Consolidated</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Balance at 1 April 2019	8,706,194	4,119,209	(3,182,807)	1,270,711	10,913,307
Adjustment for change in accounting policy (Note 2)	-	-	(48,427)	-	(48,427)
Balance at 1 April 2019 - restated	8,706,194	4,119,209	(3,231,234)	1,270,711	10,864,880
Profit (Loss) after income tax benefit for the year	-	-	(27,856)	-	(27,856)
Other comprehensive income for the year, net of tax	-	-	-	-	-
Total comprehensive income for the year	-	-	(27,856)	-	(27,856)
Shares issued	20,000	-	-	-	20,000
Convertible notes converted to shares	3,399,208	(3,399,208)	-	-	-
Balance at 30 September 2019	<u>12,125,402</u>	<u>720,000</u>	<u>(3,259,090)</u>	<u>1,270,711</u>	<u>10,857,024</u>

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

**Vertua Limited**  
**Statement of changes in equity**  
**For the half-year ended 30 September 2019**

	<b>Consolidated</b>	
	<b>6 months to</b>	<b>6 months to</b>
	<b>30 September</b>	<b>30 September</b>
	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
<b>Cash flows from operating activities</b>		
Cash receipts from customers	4,147,436	5,845,104
Payments to suppliers & employees	(2,491,320)	(5,037,085)
	<u>1,656,116</u>	<u>808,019</u>
Net Payments for finance costs	105,516	(108,001)
Income taxes paid	(57,552)	-
	<u>1,704,080</u>	<u>700,018</u>
Net cash from operating activities		
<b>Cash flows from investing activities</b>		
Payments for property plant & equipment	(14,857)	(88,215)
Payments for intangibles	(15,631)	(28,081)
Payment made as part of property developments	(17,905)	(1,464,748)
Payment made for investments	(1,355,854)	-
Receipts for property, plant & equipment disposed	-	101,054
Receipts from sales of discontinued operations, net of cash	-	1,325,327
Receipts for projects undertaken / completed	849,053	207,258
	<u>(555,194)</u>	<u>52,595</u>
Net cash (used in) investing activities		
<b>Cash flows from financing activities</b>		
Payment of lease liability	(189,802)	(12,374)
Proceeds from issued capital	-	260,000
Net loans (provided to)/received from loans provided by related party	(194,277)	-
Net loans (provided to)/received from by external parties and bank	(737,955)	430,000
Net repayments on related party loans	-	(953,659)
	<u>(1,122,034)</u>	<u>(276,033)</u>
Net cash (used in) / from financing activities		
Net increase in cash and cash equivalents	26,852	476,580
Cash and cash equivalents at the beginning of the financial half-year	1,194,714	1,077,044
	<u>1,221,566</u>	<u>1,553,624</u>
Cash and cash equivalents at the end of the financial half-year		

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

**Vertua Limited**  
**Notes to the financial statements**  
**30 September 2019**

**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 half-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.

**Note 2. Significant accounting policies (continued)**

The financial statements were authorised for issue, in accordance with a resolution of Directors, on 13 December 2019.

**Note 2. Significant accounting policies**

These general purpose financial statements for the interim half-year reporting period ended 30 September 2019 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 31 March 2019 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the policies stated below.

**AASB 16 Leases**

*New or amended Accounting Standards and Interpretations adopted*

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

**AASB 16 Leases**

The consolidated entity has adopted AASB 16 from 1 April 2019. The standard replaces AASB 117 'Leases' and for lessees eliminates the classifications of operating leases and finance leases. Except for short-term leases and leases of low-value assets, right-of-use assets and corresponding lease liabilities are recognised in the statement of financial position. Straight-line operating lease expense recognition is replaced with a depreciation charge for the right-of-use assets (included in operating costs) and an interest expense on the recognised lease liabilities (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 improve as the operating expense is now replaced by interest expense and depreciation in profit or loss. For classification within the statement of cash flows, the interest portion is disclosed in operating activities and the principal portion of the lease payments are separately disclosed in financing activities. For lessor accounting, the standard does not substantially change how a lessor accounts for leases.



**Note 2. Significant accounting policies (continued)**

*Impact of adoption*

AASB 16 was adopted using the modified retrospective approach and as such the comparatives have not been restated. The impact of adoption on opening retained profits as at 1 April 2019 was as follows:

	<b>1 April 2019 \$</b>
Finance lease commitments as at 1 April 2019 (AASB 116)	836,066
Operating lease commitments discount based on the weighted average incremental borrowing rate of 6% (AASB 16)	(210,304)
Accumulated depreciation as at 1 April 2019 (AASB 16)	247,555
Right-of-use assets (AASB 16)	<u>873,317</u>
Lease liabilities - current (AASB 16)	(249,232)
Lease liabilities - non-current (AASB 16)	(586,834)
Tax effect on the above adjustments	<u>11,176</u>
Reduction in opening retained profits as at 1 April 2019	<u><u><b>48,427</b></u></u>

**Right-of-use assets**

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the consolidated entity expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The consolidated entity has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

**Lease liabilities**

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, and the consolidated entity's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

**Note 2. Significant accounting policies (continued)**

**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').

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').

**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 JV agreement. Profit share revenue is recorded only when the stock from development assets have exchanged and the revenue entitlement is both measurable and payable. A conservative approach is taken with accrued revenue in order to safeguard potential negative impacts to the revenue recognition by way of unexpected costs or timeline extensions.

**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 recorded when time has accrued and 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, however larger engagements have an interim billing clause outlined in the engagement letter allowing for interim billing based on hours worked.

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.

### **Note 3. 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 EBITDA (earnings before interest, tax, depreciation and amortisation). 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:

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"><li>- the accounting, financial planning, mortgage brokerage, real estate advisory and other services provided by Locumsgroup;</li><li>- the tax, accounting, audit and business services provided by First Equity</li></ul>
Investments	Relates to: <ul style="list-style-type: none"><li>- the Group's interests in assets held as managed investments; and</li><li>- principal investments made by the Group.</li></ul>
Corporate	Relates to the <ul style="list-style-type: none"><li>- the Group's corporate assets</li><li>- the accounting and finance advice provided by Vertua</li><li>- the AFSL of Defender Asset Management;</li></ul>

All of the Group's segments operate in Australia.

**Note 3. Operating segments (continued)**

*Operating segment information:*

	Property	Professional services	Investments	Corporate	Total
Consolidated – 6 months to 30 September 2019	\$	\$	\$	\$	\$
<b>Revenue</b>					
Revenue	521,954	1,970,411	182,846	167,310	2,842,521
Fair value on Gain (loss) on investments	-	-	376,751	-	376,751
Other	20,044	20,959	-	157,480	198,483
<b>Total revenue</b>	<b>541,998</b>	<b>1,991,370</b>	<b>559,597</b>	<b>324,790</b>	<b>3,417,755</b>
<b>Cost of sales</b>	<b>(19,590)</b>	<b>(64,145)</b>	<b>-</b>	<b>(36,300)</b>	<b>(120,035)</b>
Salaries and wages	(319,365)	(992,829)	-	(116,036)	(1,428,230)
Management fees	-	-	-	(87,028)	(87,028)
Director fees	-	-	-	(39,000)	(39,000)
Finance costs	(109,494)	(25,758)	-	(120,701)	(255,953)
Professional fees	(27,937)	(148,418)	-	(8,564)	(184,919)
Property costs	(29,023)	(127,068)	-	(18,650)	(42,147)
Advertising and promotion	(7,726)	-	-	-	(7,726)
Other expenses	(70,550)	(299,968)	-	(231,763)	(602,281)
Depreciation and amortisation expense	(3,505)	(22,375)	-	(191,229)	(349,703)
Impairment of intangibles	-	-	-	-	-
<b>Profit/(Loss) before income tax benefit</b>	<b>(45,192)</b>	<b>310,809</b>	<b>559,597</b>	<b>(524,481)</b>	<b>300,733</b>
Income tax (expense) benefit	(9)	(6,343)	-	(322,238)	(328,590)
<b>Profit/(Loss) after income tax benefit</b>					<b>(27,856)</b>
Other comprehensive income					-
<b>Total comprehensive income/(loss)</b>					<b>(27,856)</b>
<b>Consolidated Assets</b>					
Segment assets	5,261,697	5,690,040	6,175,210	421,026	17,548,773
<b>Total assets</b>					<b>17,548,773</b>
<b>Consolidated Liabilities</b>					
Segment liabilities	2,615,120	1,318,091	361,130	2,397,408	6,691,749
<b>Total liabilities</b>					<b>6,691,749</b>

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

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**Note 3. Operating segments (continued)**

	Printing	Property	Professional services	Other	Total
Consolidated - 6 months to 30 September 2018	\$	\$	\$	\$	\$
<b>Revenue</b>					
Revenue	2,781,865	177,811	1,126,190	4,624	4,090,490
Other income	733,439	1,156,507	30,256	-	1,920,202
<b>Total revenue</b>	<u>3,515,304</u>	<u>1,334,318</u>	<u>1,156,446</u>	<u>4,624</u>	<u>6,010,692</u>
Cost of sales	(2,225,212)	(279,511)	(89,876)	-	(2,594,599)
Employee costs	(306,013)	(308,695)	(587,664)	(150,986)	(1,353,358)
Management fees	(20,000)	-	-	(87,028)	(107,028)
Director fees	-	-	-	(39,000)	(39,000)
Finance costs	(809)	(316,061)	(13,801)	(152,599)	(483,270)
Professional fees	(112,114)	(44,385)	(12,264)	(133,255)	(302,018)
Property costs	(4,624)	(46,575)	(111,893)	-	(163,092)
Advertising and promotion	(15,362)	(2,077)	-	-	(17,439)
Other expenses	(74,386)	68,446	(102,882)	(110,497)	(219,319)
Depreciation and amortisation expense	(9,285)	(87,008)	(102,303)	(85,572)	(284,168)
	-	-	(520,000)	-	(520,000)
<b>Profit/(loss) before income tax expense</b>	<u>747,499</u>	<u>318,452</u>	<u>(384,237)</u>	<u>(754,313)</u>	<u>(72,599)</u>
Income tax expense					(117,360)
<b>Profit/(loss) after income tax expense</b>					<u>(189,959)</u>
<b>Other comprehensive income/(loss) for the half-year, net of tax</b>	-	357,626	-	-	357,626
<b>Total comprehensive income/(loss) for the half-year</b>					<u>167,667</u>

Liabilities included in the "other" operating segment relate to investment and corporate portion of the Group's operations.

**Note 4. Other income**

	<b>Consolidated</b>	
	<b>30 September 2019</b>	<b>30 September 2018</b>
	\$	\$
Interest received	149,445	66,761
Gain on disposal	-	540,055
Disbursement recovery	44,433	319,917
Insurance claim income	-	250,000
Other	4,605	10,031
	<u>198,483</u>	<u>1,186,764</u>

**Note 5: Other expenses**

	<b>Consolidated</b>	
	<b>30 September</b>	<b>30 September</b>
	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
Profit before income tax from continuing operations includes the following specific expenses:		
Cost of sales	120,035	369,386
Amortisation (Note 12)	295,180	236,116
Depreciation (Note 11)	54,523	38,765
Total amortisation and depreciation	<u>349,703</u>	<u>274,882</u>
<i>Finance costs</i>		
Interest and finance charges paid/payable on borrowings	223,205	471,836
Interest and finance charges paid/payable on lease liabilities	23,581	-
Total Finance costs	<u>246,786</u>	<u>471,836</u>
<i>Other</i>		
Superannuation expense	115,587	85,649
Bad debts and allowance for credit losses expense	188,837	(109,000)
Other expenses from ordinary activities	<u>297,857</u>	<u>168,285</u>
Total other	<u>602,281</u>	<u>144,934</u>

First Equity wrote off \$91,636 in non-recoverable invoices. Vertua wrote off \$105,000 in the insurance claim receivable after negotiations finalised for a payout of \$55,000 only.

**Note 6. Current assets - trade and other receivables**

	<b>Consolidated</b>	
	<b>30 September</b>	<b>31 March</b>
	<b>2019</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Trade receivables	912,772	939,121
Less: allowance for doubtful debts	-	(7,800)
Real estate commissions receivable	151,267	155,992
	<u>1,064,039</u>	<u>1,087,313</u>
Prepayments	108,533	69,408
Accrued income	318,707	1,507,105
	<u>427,240</u>	<u>1,576,513</u>
HPM sale receivable	-	113,636
Insurance claim receivable	55,000	160,000
Short-term loan advances	585,955	206,216
	<u>640,955</u>	<u>479,852</u>
	<u>2,132,234</u>	<u>3,143,678</u>

*HPM sale receivable*

The Group sold its entire shareholding in Horizon Print Management Pty Ltd and its subsequent interests in the Printing segment. As part of the sale, a deferred consideration of \$250,000 (recognised as a receivable) is to be paid in 11 equal instalments commencing from 15 October 2018. This has been fully recovered on 15 August 2019.

*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 with regard to the Ortega insurance claim. Legal advice suggests that the Group is entitled to \$160,000. Negotiations have finalised, with a payout of \$55,000 expected by January 2020.

*Short term loan advances*

The Group has extended short term, interest free loan advances to 37 Powell Road Unit Trust, FPG No 4 Unit Trust and FPG No 5 Unit Trust (all Property segment development) representing bridge financing to cover incidental costs to completion. It is expected that these short term loans will be paid back in full within 12 months from the report period.

**Note 7. Current assets - financial assets**

	<b>Consolidated</b>	
	<b>30 September 2019</b>	<b>31 March 2019</b>
	<b>\$</b>	<b>\$</b>
Financial assets: interests in residential development entities held at fair value	-	520,000
Total financial assets	-	520,000

The \$520,000 was the equity portion of the Northbridge project and was received in full upon completion of the development during June 2019.

**Note 8. Non-current assets – receivables**

	<b>Consolidated</b>	
	<b>30 September 2019</b>	<b>31 March 2019</b>
	<b>\$</b>	<b>\$</b>
Security deposits	118,865	116,354
Loan – FE Management Pty Ltd	463,308	194,308
<b>Related party loans</b>		
Loan – Defender No.2 Fund Pty Ltd	2,156,115	1,325,261
Lily Bordeaux Pty Ltd	949,960	949,960
	<u>3,688,248</u>	<u>2,585,883</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, ending during FY19. 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 are likely to 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 loan advances 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, however all transactions are on a commercial arm’s length basis. The Group participates in the syndicate on the same terms as other

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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.

During the period to this report, the Group advanced an additional \$830,854 to Defender No.2.

*Loan – FE Management Pty Ltd*

FE Management Pty Ltd as trustee for the FE Management Trust is a special purpose vehicle, established 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 are not to any of the directors of Vertua Limited.

**Note 9. Non-current assets - financial assets**

	<b>Consolidated</b>	
	<b>30 September 2019</b>	<b>31 March 2019</b>
	<b>\$</b>	<b>\$</b>
Financial assets: Interests in residential development entities held at fair value	2,322,015	2,453,273
Financial assets: Equities held at fair value	2,860,140	1,916,227
	<u>5,182,155</u>	<u>4,369,500</u>

The investments in development projects represents the net exposure to the underlying projects held by the Group as at the reporting date. The Group may be called upon 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 30 September 2019 amount to \$354,780 (September 2018: \$372,865).

**Note 10. Non-current assets - Right-of-use asset (Land & Building)**

	<b>Consolidated</b>	
	<b>30 September 2019</b>	<b>31 March 2019</b>
	<b>\$</b>	<b>\$</b>
Right of Use - Asset (Land & Building)	1,046,369	-
Less: Accumulated depreciation	(380,149)	-
	<u>666,220</u>	<u>-</u>

*Reconciliations*

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

	<b>Right-of-use asset</b>
Balance at 1 April 2019	-
Additions brought forward – opening balance adjustments	1,046,369
Accumulated depreciation prior years – opening balance adjustment	<u>(247,555)</u>
Restated opening balance at 1 April 2019	798,817
Depreciation expense	<u>(132,594)</u>
Balance at 30 September 2019	<u>666,220</u>



**Note 11. Non-current assets - property, plant and equipment**

	<b>Consolidated</b>	
	<b>30 September 2019</b>	<b>31 March 2019</b>
	<b>\$</b>	<b>\$</b>
Fixtures and fittings - at cost	393,417	393,417
Less: Accumulated depreciation	(120,977)	(97,285)
	<u>272,440</u>	<u>296,132</u>
Computer equipment - at cost	93,956	80,538
Less: Accumulated depreciation	(93,956)	(75,129)
	<u>-</u>	<u>5,409</u>
Office equipment - at cost	59,870	58,431
Less: Accumulated depreciation	(45,844)	(43,207)
	<u>14,026</u>	<u>15,224</u>
Motor vehicle - at cost	78,281	78,281
Less: Accumulated depreciation	(29,083)	(19,715)
	<u>49,198</u>	<u>58,566</u>
	<u>335,664</u>	<u>375,331</u>

*Reconciliations*

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

	<b>Fixtures and fittings</b>	<b>Computer equipment</b>	<b>Office equipment</b>	<b>Motor vehicles</b>	<b>Total</b>
Balance at 1 April 2019	296,132	5,409	15,224	58,566	375,331
Additions	-	13,418	1,439	-	14,857
Disposals	-	-	-	-	-
Depreciation expense	<u>(23,692)</u>	<u>(18,828)</u>	<u>(2,636)</u>	<u>(9,368)</u>	<u>(54,525)</u>
Balance at 30 September 2019	<u>272,440</u>	<u>-</u>	<u>14,027</u>	<u>49,198</u>	<u>335,664</u>

**Note 12. Non-current assets - intangible assets**

	<b>Consolidated</b>	
	<b>30 September 2019</b>	<b>31 March 2019</b>
	<b>\$</b>	<b>\$</b>
Goodwill	775,096	1,035,096
Less: Impairment loss	-	(260,000)
	<u>775,096</u>	<u>775,096</u>
Customer relationships	2,164,361	2,424,361
Less: Accumulated amortisation	(739,972)	(648,226)
Less: Impairment loss	-	(260,000)
	<u>1,424,389</u>	<u>1,516,135</u>
Software - at cost	178,684	163,053
Less: Accumulated amortisation	(93,984)	(23,144)
	<u>84,700</u>	<u>139,909</u>
Trademark - at cost	2,640	2,640
	<u>2,286,825</u>	<u>2,433,780</u>

**Note 12. Non-current assets - intangible assets (continued)**

*Reconciliations*

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

	<b>Goodwill</b>	<b>Customer relationships</b>	<b>Software</b>	<b>Trademarks</b>	<b>Total</b>
<b>Consolidated</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Balance at 1 April 2019	775,096	1,516,135	139,909	2,640	2,433,780
Additions	-	-	15,631	-	15,631
Amortisation expense	-	(91,746)	(70,840)	-	(162,586)
Balance at 30 September 2019	<u>775,096</u>	<u>1,424,389</u>	<u>84,700</u>	<u>2,640</u>	<u>2,286,825</u>
	<b>Property</b>	<b>Professional services</b>	<b>Investments</b>	<b>Corporate</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Goodwill	-	706,079	-	69,017	775,096
Customer relationships	-	1,424,389	-	-	1,424,389
Computer software	-	-	-	84,700	84,700
Trademarks	-	-	-	2,640	2,640
	<u>-</u>	<u>2,130,468</u>	<u>-</u>	<u>156,357</u>	<u>2,286,825</u>

The fair value recorded on the balance sheet as at 30 September 2019 totalling \$2,286,825 reflects the Directors' view on the fair value between knowledgeable, independent parties and is considered an accurate reflection of their recoverable amounts in the context of the Group's business model.

The Directors have assessed the Goodwill held on the balance sheet for the period of this report and deemed that no revaluation was required during the period.

**Note 13. Non-current assets - deferred tax**

<b>Consolidated</b>	
<b>30 September</b>	<b>31 March</b>
<b>2019</b>	<b>2019</b>
<b>\$</b>	<b>\$</b>

*Deferred tax asset comprises temporary differences attributable to:*

Amounts recognised in profit or loss:

Tax losses recognised	726,049	636,640
Employee benefits	90,351	69,099
Revenue received in advance	1,352	902
Accounts receivable	(14,899)	(54,010)
Deferred tax asset	<u>802,853</u>	<u>652,631</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.

**Note 14. Current liabilities - trade and other payables**

Consolidated	
30 September 2019	31 March 2019
\$	\$
125,775	262,894
43,635	76,977
-	90,000
127,070	95,838
950,239	387,300
<hr/> 1,246,719	<hr/> 913,009

The finance lease liabilities relate to the current portion of the purchase of the Group's accounting software, office fit out, two vehicles and directors and officer's insurance. The non-current portion of the finance lease liabilities is disclosed in Note 16.

**Note 15. Current liabilities - other current liabilities**

	<b>Consolidated</b>	
	<b>30 September 2019</b>	<b>31 March 2019</b>
	<b>\$</b>	<b>\$</b>
Loan: Wexford Family Trust	306,604	500,882
Lease Liability	261,237	-
	<u>567,841</u>	<u>500,882</u>

Lease liability arises from the mandatory adoption of AASB 16 standard, being for the premises of Vertua limited and the premises of Locumsgroup.

**Note 16. Non-current liabilities - financial liabilities measured at amortised cost**

	<b>Consolidated</b>	
	<b>30 September 2019</b>	<b>31 March 2019</b>
	<b>\$</b>	<b>\$</b>
Manning Capital Holdings Pty Ltd	3,614,248	3,434,972
Mackin Money Trust	450,000	450,000
	<u>4,064,248</u>	<u>3,884,972</u>
Lease Liability	453,993	-
	<u>4,518,241</u>	<u>3,884,972</u>

The Manning Capital Holdings Pty Ltd loan was extended to provide additional working capital for the Group. Manning Capital Holdings Pty Ltd is considered a related party.

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

**Note 17. Non-current liabilities - payables**

	<b>Consolidated</b>	
	<b>30 September 2019</b>	<b>31 March 2019</b>
	<b>\$</b>	<b>\$</b>
Finance lease liabilities	<u>79,631</u>	<u>92,667</u>

The finance lease liabilities relate to the non-current portion of the purchase of the Group's accounting software, office fit out and two vehicles. The current portion of the finance lease liabilities is disclosed in Note 13.

**Note 18. Equity - issued capital**

	<b>30 September 2019</b>	<b>31 March 2019</b>	<b>30 September 2019</b>	<b>31 March 2019</b>
	<b>Shares</b>	<b>Shares</b>	<b>\$</b>	<b>\$</b>
Class A shares - fully paid	<u>61,907,822</u>	<u>34,817,979</u>	<u>12,125,402</u>	<u>8,706,194</u>

*Movements in issued capital*

<b>Details</b>	<b>Date</b>	<b>Shares</b>	<b>\$</b>
Balance	1-Apr-19	34,817,979	8,706,194
Issue of shares	18-Jun-19	80,000	20,000
Issue of shares (convertible note conversion)		<u>27,009,843</u>	<u>3,399,208</u>
Balance 30 September 2019		<u>61,907,822</u>	<u>12,125,402</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.

**Note 19. Equity - convertible notes**

	<b>Consolidated</b>	
	<b>30 September 2019</b>	<b>31 March 2019</b>
	<b>\$</b>	<b>\$</b>
Convertible note instruments (Tranche A)	-	3,399,209
Convertible note instruments (Tranche B)	<u>720,000</u>	<u>720,000</u>
	<u>720,000</u>	<u>4,119,209</u>

The Tranche A convertible note instruments were converted to shares in April 2019. Tranche B convertible note instruments are expected to be converted by March 2020.

*Reconciliations*

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

	<b>Total \$</b>
<b>Convertible notes - equity</b>	
Balance as at 31 March 2019	4,119,209
Convertible notes converted to shares	<u>(3,399,209)</u>
Balance as at 30 September 2019	<u>720,000</u>

**Note 19. Equity - non-controlling interest**

The non-controlling interest relates to 50% shareholding in the Locumsgroup held by external parties.

	<b>Consolidated</b>	
	<b>30 September</b>	<b>31 March</b>
	<b>2019</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Non-controlling interest	<u>1,270,711</u>	<u>1,270,711</u>

There has been no movement in non-controlling interests for the period.

**Note 20. Dividends**

No dividends have been declared or paid for this financial period.

**Note 21. Contingent liabilities**

There are no contingent liabilities in the current accounting period.

**Note 23. Earnings per share**

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

	<b>30 September 2019 \$</b>	<b>30 September 2018 \$</b>
Profit/(loss) after income tax from continuing operations	(27,856)	(114,270)
Profit/(loss) after income tax from discontinued operations	-	541,937
Profit/(loss) after income tax	(27,856)	427,667
Non-controlling interest	-	(260,000)
Profit/(loss) after income tax attributable to the Owners of Vertua Limited	(27,856)	167,667
	<b>Number</b>	<b>Number</b>
Weighted average number of Class A shares used in calculating basic earnings per share	61,907,822	32,242,979
Adjustments for calculation of diluted earnings per share:		
Potential conversion of convertible notes	3,600,000	27,009,843
Potential conversion of options	28,892,003	13,161,019
Weighted average number of Class A shares used in calculating diluted earnings per share	94,399,825	72,413,841
	<b>Cents</b>	<b>Cents</b>
<b>Earnings per share for profit from continuing operations attributable to the owners of Vertua Limited</b>		
Basic earnings per share	(0.045)	(1.20)
<b>Earnings per share for profit from discontinued operations attributable to the owners of Vertua Limited</b>		
Basic earnings per share	-	1.70
<b>Earnings per share for profit attributable to the owners of Vertua Limited</b>		
Basic earnings per share	(0.045)	0.052

**Vertua Limited**  
**Notes to financial statements**  
**30 September 2019**

**Note 27. Interests in controlled entities**

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

<b>Name</b>	<b>Principal place of business / Country of incorporation</b>	<b>30 September 2019 %</b>	<b>31 March 2019 %</b>
<b>Corporate</b>			
Vertua Investments Limited	Australia	100.00%	100.00%
Vertua Nominees Pty Ltd	Australia	100.00%	100.00%
<b>Investment Segment</b>			
Defender Asset Management Pty Ltd	Australia	100.00%	100.00%
Vertua Opportunities Pty Ltd	Australia	100.00%	100.00%
<b>Professional Services Segment</b>			
First Equity Associates Pty Ltd	Australia	100.00%	100.00%
First Equity Tax Pty Ltd	Australia	100.00%	100.00%
First Equity Audit Pty Ltd	Australia	100.00%	100.00%
First Equity Advisory Pty Ltd	Australia	100.00%	100.00%
First Equity Services Pty Ltd	Australia	100.00%	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%
<b>Property Segment</b>			
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%
FPG No. 2 Pty Ltd	Australia	0.00%	100.00%
FPG No. 3 Pty Ltd	Australia	0.00%	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%



**Vertua Limited**  
**Notes to financial statements**  
**30 September 2019**

In the Directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the Group's financial position as at 30 September 2019 and of its performance for the financial half-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.

Signed in accordance with a resolution of Directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the Directors



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Christopher Bregenhoj  
Chairman

13 December 2019

## Vertua Limited

### Independent auditor's review report to shareholders

## Report on the Review of the Half-Year Financial Report

### Conclusion

We have reviewed the accompanying half-year financial report of Vertua Limited ("the company") and the entities it controlled at the half-year's end or from time to time during the half-year ("the group") on pages 6 to 29, which comprises the consolidated condensed statement of financial position as at 30 September 2019, the consolidated condensed statement of profit or loss and other comprehensive income, consolidated condensed statement of changes in equity and consolidated condensed statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the group on pages 6 to 29 is not in accordance with the Corporations Act 2001 including:

- a) giving a true and fair view of the consolidated entity's financial position as at 30 September 2019 and of its performance for the half-year ended on that date; and
- b) complying with Australian Accounting Standard 134 Interim Financial Reporting, and the Corporations Regulations 2001.

### Responsibilities of the Directors for the Half-Year Financial Report

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

### Auditor's Responsibilities for the Review of the Half-Year Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with the Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the Corporations Act 2001 including:

- giving a true and fair view of the consolidated entity's financial position as at 30 September 2019 and its performance for the half-year ended on that date; and
- complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

#### ACCOUNTANTS & ADVISORS

Sydney Office  
Level 29, 66 Goulburn Street  
Sydney NSW 2000

Parramatta Office  
Level 7, 3 Horwood Place  
Parramatta NSW 2150

Telephone: +61 2 8263 4000  
[williambuck.com](http://williambuck.com)

As the auditor of the group, ASRE 2410 requires that we comply with the ethical requirements relevant to the review of the annual financial report.

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

## **Independence**

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



**William Buck**  
Accountants & Advisors  
ABN 16 021 300 521



**Rainer Ahrens**  
Director

Sydney, 13 December 2019

**Vertua Limited**  
**Shareholder information**  
**30 September 2019**

**Shareholder Information**

Vertua limited has on issue 61,907,822 full paid Class A shares held by 315 holders as at 30 September 2019. All Class A shares of the Company carry one vote per share.

**Distribution of equitable securities**

Analysis of number of equitable security holders by size of holding:

	Number of holders	Shares	% of issued capital
1,001 to 5000	3	15,000	0.02
5,001 to 10,000	117	983,875	1.59
10,001 to 100,000	179	3,754,061	6.06
100,001 and over	16	57,154,886	92.32
	<u>315</u>	<u>61,907,822</u>	<u>100.00</u>

The names of the twenty largest security holders of quoted equity securities as at 30 September 2019 are listed below:

Investor Name	Total shares	% of issued capital
HOLICARL PTY LTD	17,059,358	27.56
MANNING CAPITAL HOLDINGS PTY LTD	16,640,569	26.88
LILY BORDEAUX PTY LTD	6,653,150	10.75
A C N 623 179 680 PTY LTD	3,200,000	5.17
WEALTH HOLDING TRUSTEES LIMITED	2,774,850	4.48
WOODVILLE SUPER PTY LIMITED	2,624,646	4.24
WOLTER MR PTY LTD	2,552,050	4.12
ESPLANADE SUPER FUND PTY LTD	1,577,273	2.55
HOLICARL PTY LTD	1,350,000	2.18
FRANCIS PACE & DIANNA PACE	1,300,000	2.10
CALVERT INVESTMENTS PTY LTD	601,681	0.97
MR STUART PAGE	332,273	0.54
KIZUN PTY LTD	125,400	0.20
BENJAMIN JOHN DOYLE & MARIE CHRISTINA ASHLEY	125,000	0.20
MR IAN CRAWFORD MAXWELL & MRS PHILIPPA JANE MAXWELL	125,000	0.20
WEXFORD SUPER PTY LTD	113,636	0.18
MR WILLIAM LYON	100,000	0.16
PETER SCHAAP & PAULINE SCHAAP	90,000	0.15
HANK CORPORATION PTY LTD	80,000	0.13
MS JOANNE MAREE BAULCH	80,000	0.13
MR CRAIG ALEXANDER GODHAM	72,000	0.12
MR RICHARD JAMES STENLAKE	67,470	0.11
	<u>57,644,356</u>	<u>93.11</u>

**Vertua Limited**  
**Shareholder information**  
**30 September 2019**

**Major Shareholders**

MANNING FAMILY GROUP  
HOLICARL GROUP  
LILY BORDEAUX PTY LTD  
A C N 623 179 680 PTY LTD

<b>Shares held</b>	<b>% of issued capital</b>
19,265,215	31.12%
18,409,358	29.74%
6,653,150	10.75%
3,200,000	5.17%
<u>47,527,723</u>	<u>76.77%</u>

The Manning Family Group consist of Manning Capital Holdings Pty Ltd as trustee for the Manning Capital Holdings Unit Trust and Woodville Super Pty Ltd as trustee for the Woodville Ave Superannuation Fund.

The Holicarl Group consists of Holicarl Pty Ltd as trustee for the Spring Ridge Trust and Holicarl Pty Ltd as trustee for the Holicarl Pty Ltd Hunter Grain Super Fund.

**Vertua Group options on issue**

<b>Investor Name</b>	<b>Closing FY19</b>	<b>Transfer</b>	<b>Grant/Issue</b>	<b>Exercised</b>	<b>Closing</b>
Manning Capital Holdings Pty Ltd	13,161,019	-	15,730,984	-	28,892,003
Total	<u>13,161,019</u>	<u>-</u>	<u>15,730,984</u>	<u>-</u>	<u>28,892,003</u>

Vertua has had a maximum liability of 32,416,425 options with a strike price of \$0.1485 per share. As at 31 March 2019 the group had recognised a total of 15,161,019 options. Under the terms of the option agreement the options cannot exceed 49.9% of the issued capital of Vertua at any time. Accordingly, we have recognised an additional 15,730,984 options during the period. Subject to further shares being issued there exists a further liability to issue up to a maximum of 1,542,422 additional options to Manning Capital Holdings.

**Vertua Group convertible notes on issue**

<b>Investor name</b>	<b>Closing 31 March 2019</b>	<b>Convertibles notes added/subtracted</b>	<b>Convertible notes converted</b>	<b>Convertible notes transferred by note holder</b>	<b>Closing 30 September 2019</b>
Holicarl Pty Ltd	11,468,458	-	(11,468,458)	-	-
Lily Bordeaux Pty Ltd	3,582,699	-	(3,582,699)	-	-
Woodville Super Pty Ltd	-	-	-	-	-
Manning Capital Holdings Pty Ltd	11,958,686	-	(11,958,686)	-	-
Calvert Investments Pty Ltd	3,600,000	-	-	-	3,600,000
Wealth Holdings Trustees Ltd	-	-	-	-	-
Total	<u>30,609,843</u>	<u>-</u>	<u>(27,009,843)</u>	<u>-</u>	<u>3,600,000</u>