



Vertua Limited ACN 108 076 295

2014 Annual Report

Contents

	Page
Chairman's Review	1
Directors' report	2
Corporate Governance Statement	10
Auditor's Independence Declaration	15
Statement of Comprehensive Income	16
Statement of Financial Position	17
Statement of Cash Flows	18
Statement of Changes in Equity	19
Notes to the financial statements	20
Directors' declaration	35
Independent Audit Report	36
Shareholder Information	38
Corporate Directory	39

Chairman's Review

Dear Shareholders,

This is my first report as Chairman of the Company following my appointment after the Annual General Meeting held last year. The most significant events for the Company this year were the sale of the last property owned by Vertua at Toowoomba and the announcement by Joe Public Property Management Pty Ltd "JPPM" on 5th June 2014 of its proportional offer to acquire shares in Vertua Limited "Vertua".

Just prior to the end of the financial year JPPM increased its stake in Vertua to 19.9% making it the largest shareholder. I believe the new major shareholder should have the right to make the appointment of the Chair so I have advised the Board that I will be retiring at the forthcoming Annual General Meeting. The current board is working well together in the transition of board control and management and I refer you to the paragraph on page 3 of this Annual Report entitled "Future Developments, Prospects and Business Strategies" where the intentions of JPPM have been set out.

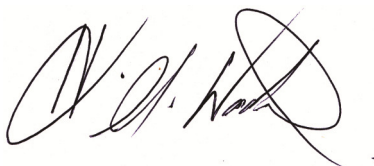
The recent purchase of Vertua shares by JPPM has resulted in increased activity in the trading of the Company's shares and a consequent increase in the price at which they have been traded. The share price of the last transaction at 30th June 2014 was 9 cents and the proportional offer from JPPM is at 12 cents per share.

During the year we sold the remaining property in Toowoomba and the Company has been in cash since the date of sale. After undertaking a feasibility in relation to the potential development of the property it was decided that the better option was to sell the property and look for investment opportunities in the Sydney market. Subsequent to our reporting date, Vertua has purchased three home unit properties in the Sydney suburb of Lane Cove. The Company intends to subdivide one of the properties and renovate them all with a view to sale early in the New Year. As the Company has limited cash available it was necessary to undertake this project in joint venture with Fiducia 2 Pty Ltd (an entity associated with director Ben Doyle), who will manage the project for a fee and profit share and an undertaking of funding from Manning Capital Limited (an entity associated with director James Manning) based on interest payments and a profit share. The Company previously announced it envisaged that any future development projects would have to be undertaken in joint venture and the independent directors believe that the arrangement entered into in this case, which was not voted on by the related party directors, is preferable to raising further capital, which would have substantially diluted the equity of existing shareholders.

The Board continued to take measures to reduce operating costs as outlined in the "Review of Operations" in this report.

The ensuing year heralds one of significant change for the Company and I wish the new Board every success in their future endeavours and thank shareholders for their continuing support.

Sincerely,



Howard Woolcott
Chairman

Directors' report

Your directors present their report on Vertua Limited Consolidated Entity ("Group") for the financial year ended 30 June 2014.

Directors

The names of directors in office at any time during or since the end of the year are:

- Peter John Spann (Resigned 19th November 2013)
- Benjamin Doyle
- Howard Woolcott
- Stephen Simonds (Appointed 20th November 2013)
- James Manning (Appointed 23rd June 2014)

Directors have been in office to the date of this report unless otherwise stated.

Principal Activities

The principal activities of the Group during the year were the development and sale of, either directly or through a subsidiary, parcels of residential real estate in accordance with the real estate mandate of the Group.

Operating Results

The net loss for the Group for the year ended 30 June 2014 after providing for income tax amounted to \$144,743 (2013 \$1,105,257 loss).

The remaining property held by the Company at 4 Healy Street, Toowoomba was sold during the year for \$679,000 showing a profit of \$105,298 before selling expenses.

The board has endeavoured to minimise costs and no director fees were paid during the year. Other expenses have been reduced or contained with the exception of a significant increase in legal expenses incurred during the last quarter. The legal fees related to obtaining advice in connection with various actions initiated by Joe Public Property Management Pty Ltd, the subject of which were disclosed in various releases to the National Stock Exchange and are referred to in more detail below in the Review of Operations.

Consequences of performance on shareholder wealth

In considering the Group's performance and benefits for shareholder wealth, the Board have regard to the following indices in respect of the current financial year and the previous four financial years:

	2014	2013	2012	2011	2010
EPS (cents)	(1.71)	(13.04)	(5.49)	(8.64)	(12.80)
Net profit/loss (\$000)	(144)	(1,105)	(437)	(543)	(574)
Share price (\$)	0.090	0.005	0.275	0.275	0.275

Dividends Paid or Recommended

A dividend was not declared or paid during the year ended 30 June 2014.

Directors' report continued

Review of Operations

The last property owned by the Company was sold in April 2014 resulting in the Company holding cash and no property investments. A feasibility was undertaken to develop this last property at 4 Healy Street, Toowoomba but after careful consideration the decision was made to sell and invest in the Sydney market. Although a number of potential property investments have been reviewed none have been acted upon at the date of this report.

The Board continued to take measures to reduce costs, which included no payment of director fees and keeping management and administration fees to an absolute minimum.

At the beginning of the financial year the Company's largest shareholder was Hammond & Simonds Pty Ltd and Mr. Stephen Simonds, a director of that Company, was appointed to the Vertua board following last year's Annual General Meeting. He was later appointed as Chairman of the Audit and Risk Committee.

Towards the end of the year JPPM started to acquire shares in the Company and submitted proposals for closer engagement with the Company and requests for a copy of the Company share register. These actions necessitated the Company to seek legal advice and consequently fees for legal expenses increased significantly. The board does not expect expense on legal advice to be ongoing, with the exception of advice required in connection with the proportional takeover offer received from JPPM.

In May 2014 the Company announced that all management and director positions would be non-executive following the reduced operational requirements of the Company.

Financial Position

The net assets of the Group as at 30 June 2014 are \$750,930 (2013: \$895,673).

Significant Changes in State of Affairs

The most significant changes in the state of affairs of the Group were:

- The sale of its last property holding at Toowoomba with the Company's remaining asset being cash;
- The announcement by JPPM of its proportional offer to acquire shares in Vertua Limited with recent acquisitions of shares making it the largest shareholder in the Company.

There were no additional significant changes, other than as described elsewhere in this Directors' Report.

After Balance Date Events

The directors are not aware of any other events that would have significant impact on the operations of the Group, other than as disclosed in note 19 on page 33.

Future Developments, Prospects and Business Strategies

The future of the Company will be under the control of a restructured board. Set out below are the intentions of Joe Public Property Management Pty Ltd (the major shareholder in Vertua Limited) as detailed in their Bidders Statement lodged with Australian Securities and Investments Commission on 24th of July 2014.

JOE PUBLIC'S INTENTIONS

Overview

This section 5 sets out the intentions of Joe Public for Vertua on the basis of facts and information concerning Vertua, which are known to Joe Public at the date of this bidder's

Directors' report continued

statement. Joe Public will only reach final decisions in light of material facts and circumstances at the relevant time. As such, the statements set out in this section 5 are statements of current intention only, which may vary as new information becomes available or circumstances change.

Intentions upon acquisition

This section 5 sets out Joe Public's current intentions for Vertua, irrespective of its level of acceptances under the Offer.

(a) Directors

Joe Public continues to support the former managing director, Benjamin Doyle, who Joe Public feels brings to the company significant expertise and considerable experience in the property market. Mr Doyle is a former director of Joe Public Limited.

In addition to Mr James Manning, Joe Public intends to appoint a further director to represent its interest and to subsequently complete a broad-based, general review of the property development opportunities available to Vertua, both in the Australian and New Zealand property sectors.

Joe Public intends to seek further representation on the Vertua Board to reflect its increased stake in Vertua.

(b) Vertua to remain listed

Joe Public intends to retain Vertua's listing on the NSX over the longer term.

(c) Continuation of Vertua's business; major changes to Vertua's business

Joe Public intends to complete a broad-based, general review of the property development opportunities available to Vertua, both in the Australian and New Zealand property sectors. How they are then progressed will depend on the results of that review as well as ready access to capital and development opportunities.

It is Joe Public's view that Vertua should continue to operate in the property development sector as it always has. The company has historically been a property developer, however has struggled to capitalise on the ventures it undertook. Joe Public believes that with access to transactions, which are available to Joe Public, there would provide significant opportunities for Vertua.

Vertua will need to raise additional funds in some manner to fund future projects and transactions. Fundraising may be in the form of debt or equity. The nature and manner of sourcing additional funds would be subject to the review of available market opportunities at the relevant time and a full review of Vertua's financial position.

(d) Location of head office

Joe Public currently intends to retain the Vertua head office operations in Sydney, Australia. The location of the head office and the operational costs will be reviewed as part of the intended wider review foreshadowed above.

Directors' report continued

(e) **Dividend policy**

Joe Public does not intend to cause Vertua to declare any dividends in the next 12 months. Joe Public will review the Vertua dividend policy as part of the reconstituted Vertua Board's ongoing operations.

(f) **Current and future employment**

Vertua currently has no full-time employees and no part-time employees. There may be a need to engage employees to facilitate the company's operations. Any such decision will depend on the outcome of the general review referred to above.

(g) **Post-bid Board composition**

It is Joe Public's intention to build a strong and robust Vertua Board with strong property experience. From conversations with Vertua's Mr Wolcott and Mr Simonds, Joe Public understands that both of them intend to resign shortly after the bid period has closed. Joe Public is currently canvassing selected suitable directors within Australia with a view to inviting identified directors to join the Vertua Board. Directors are being canvassed who have direct experience in real property development, who can assist with capital raising and who may identify new development sites and opportunities.

(h) **Why Joe Public is making this Offer**

Joe Public is in the midst of establishing its commercial property operations in Australia. As part of the establishment of this business, Joe Public wished to identify a suitable company or organisation to partner with to undertake development activities. Joe Public has identified Vertua as a potential partner, particularly with regards to the fact that Vertua is listed and has a property mandate. Transparency and access to capital markets are important to Joe Public and this is why the Offer is being made to Vertua Shareholders.

Information on Directors and Company Secretary

Howard Woolcott - Chairman and Company Secretary

Howard has an economics degree from The University of Sydney and is a Certified Practising Accountant and Member of the Australian Institute of Company Directors.

He was a founder and past director of listed public company, Tribeca Learning Limited, an industry leader in accredited financial services education, professional development and compliance solutions for the financial planning industry. Tribeca was subsequently bought by Kaplan Professional.

Howard is the Managing Director of Woolcott Corporate Development Pty Ltd, which provides management and strategic advice to businesses.

He is not currently on the board of any other listed entities.

Benjamin Doyle – Director

Ben is a director of the Fiducia Property Group and a licensed real estate agent in NSW. In the past ten years he has managed, developed and sold over \$140 million dollars' worth of residential real estate in Australia.

He has significant experience in the acquisition, renovation, project management, design and marketing of property. In 2002 he received the prestigious NSW Real Estate Rookie of The Year Award. Fiducia's recent success has gained the REINSW Finalist Award for Project Marketing 2008, HIA Building Awards Finalists in 2008 and 2010 for Renovations & Additions

He is not currently on the board of any other listed entities.

Directors' report continued

Stephen Simonds – Director

Stephen has over 12 years' experience in public practice as an accountant in Sydney. He has expertise in tax accounting, finance and investment banking. He provides accounting services for both corporate and individual clients from a variety of industries and backgrounds. His experience includes foreign subsidiaries and private client work for family groups.

His previous employers include Westpac Banking Corporation, Glebe Administration Board & Godfrey Pembroke.

He is not currently on the board of any other listed entities.

James Manning – Director

James holds a Bachelor of Accounting from the Australian Catholic University and a Masters of Finance from University of Technology Sydney. He is a Fellow of the Australian Institute of Company Directors and a Member of the New Zealand Institute of Directors.

James co-founded Joe Public Limited and is the current chairman of the company, which is a boutique property developer, primarily in Auckland. James founded Manning Property Development in Australia, which is focused on the development of small residential site between 4 – 50 dwellings. James is a member and Executive at Carrington Forsyth, a boutique investment-banking firm with a focus on the Asia-Pacific region; he is the head of New Zealand for the group.

He is not currently on the board of any other listed entities.

Shareholdings held by Directors

Directors	Balance 30/6/13	Net Change Other	Balance 30/6/14
James Manning	Nil	+1,686,181	1,686,181
Howard Woolcott	200,000	-	200,000
Stephen Simonds	1,751,820	-1,507,980	243,840
Benjamin Doyle	-	-	-
Total	1,951,820	+178,201	2,130,021

James Manning holds 1,686,181 shares indirectly through Joe Public Property Management Pty Ltd.

Howard Woolcott holds 200,000 shares indirectly through a family superannuation fund.

Stephen Simonds holds 176,820 shares indirectly through Hammond & Simonds Pty Ltd and 67,020 shares indirectly through UBS Wealth Management Australia Nominees Pty Ltd.

Remuneration Report (Audited)

This report details the nature and amount of remuneration for each key management person of Vertua Limited.

AASB 124 Related Party Disclosures defines key management personnel as “persons having authority and responsibility for the planning, directing and controlling activities of the entity”. The only persons that have this authority are the Directors of Vertua Limited.

Directors' report continued

Principles of remuneration

The board policy is to remunerate non-executive directors at market rates for time, commitment, experience and responsibilities. The remuneration committee determines payments to the non-executive directors and reviews their remuneration annually, based on market price, duties and accountability. Independent external advice is sought when required. The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders at an Annual General Meeting in a prior year. It is presently set at \$12,000 per annum for each director.

Directors' remuneration

Although the remuneration is a fixed fee not based on the performance of the Group, all directors elected that from 1st December 2012 they would not take a fee for acting as a director of the Company until all properties had been sold and the financial position of the Company improved. Consequently no director fees were paid during the period.

All remuneration paid to directors and executives is valued at the cost to the Group and expensed.

Directors' (Key Management Personnel) remuneration

2014 Total Compensation	Directors' Fees \$	Superannuation	Options \$	Total \$
Peter John Spann	-	-	-	-
Howard Woolcott *	-	-	-	-
Benjamin Doyle*	-	-	-	-
Stephen Simonds	-	-	-	-
James Manning	-	-	-	-
	Nil	Nil	Nil	Nil

2013 Total Compensation	Directors' Fees \$	Superannuation	Options \$	Total \$
Peter John Spann	-	-	-	-
Howard Woolcott *	11,000	-	-	11,000
Benjamin Doyle*	11,000	-	-	11,000
	22,000	-	-	22,000

* Howard Woolcott and Benjamin Doyle received \$5,500 in director's fees from Property Fox No 1 Limited.

Note: Director fees in the tables above include GST

Other than related party transactions detailed in note 16 of the financial statements the directors are not entitled and do not receive superannuation contributions, cash bonus, non cash benefits or any other benefits besides those noted above.

Voting and comments made at the company's 2013 Annual General Meeting

Vertua Limited received 95.8% of "yes" votes, excluding abstained votes, on its remuneration report for the 2013 financial year. The company did not receive any specific feedback at the AGM on its remuneration report.

This is the end of the remuneration report (Audited).

Directors' report continued

Meetings of Directors

During the year, 14 meetings of directors were held. Attendances by each director during the year were:

	Eligible to attend	Attended
Peter John Spann	4	1
Benjamin Doyle	14	14
Howard Woolcott	14	14
Stephen Simonds	10	10

Meetings of Audit & Risk Committee

The directors have formed an audit and risk committee. The committee met twice during the year.

	Eligible to attend	Attended
Howard Woolcott	1	1
Benjamin Doyle	2	2
Stephen Simonds	1	1

Indemnifying Officers and auditors

During the year the Group provided an indemnity to directors against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of director of the Group, other than conduct involving a wilful breach of duty in relation to the Group. The content of the insurance policy prohibits disclosure of the nature of the liability and the amount of the premium. The Group did not provide an indemnity to the auditors.

Proceedings on Behalf of Company

No person has applied for leave of Court to bring proceedings on behalf of the Group or intervene in any proceedings to which the Group is a party for the purpose of taking responsibility on behalf of the Group for all or any part of those proceedings.

Environmental Issues

The Group's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a state or territory of Australia.

Non-audit Services

The board of directors, in accordance with advice from the audit and risk committee, is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The directors are satisfied that the services disclosed below did not compromise the external auditor's independence for the following reasons:

- all non-audit services are reviewed and approved by the audit committee prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- the nature of the services provided do not compromise the general principles relating to auditor independence in accordance with APES 110: Code of Ethics for Professional Accountants set by the Accounting Professional and Ethical Standards Board.

The following fees for non-audit services were paid/payable to the external auditors during the year ended 30 June 2014:

Taxation compliance services - \$2,482.

Directors' report continued

Auditors' Independence Declaration

A copy of the independence declaration provided by the Group auditors in accordance with s307c of the Corporations Act 2001 in relation to the audit of the 30 June 2014 financial report is presented on page 15 and forms part of this Directors' Report.

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

A handwritten signature in black ink, appearing to read 'H. Woolcott', is written over a faint, light-colored rectangular stamp or watermark.

Howard Woolcott – Chairman
Dated this 30th day of July 2014

Corporate Governance Statement

The Group's corporate governance framework has been formulated in light of the best practice recommendations released by the Australian Stock Exchange Corporate Governance Council (ASX Corporate Governance Principles and Best Practice Recommendations 2nd Edition). The Group's framework largely complies with these principles. Consistent with the Group's approach to sound corporate governance, opportunities for improvement are regularly considered.

Day-to-day management of the affairs of the Group and its controlled entities are delegated by the Board to the Managing Director and the Directors. The Directors are responsible to shareholders for the performance of the Group and their focus is to enhance the interests of shareholders and other key stakeholders and to ensure the Group is properly managed. The main processes that the directors of the Group use in doing so are set out in this statement.

Principle 1: Lay solid foundations for management and oversight

The Directors must act in the best interest of the Group and in general are responsible for, and have the authority to determine, all matters relating to the policies, management and operations of the Group.

Specific responsibilities of the Board include;

- Protecting the reputation of the Group
- Appointment and removal of the Chief Executive Officer and any senior executives
- Ensuring appropriate resources are available to senior management
- Providing strategic direction for the Group's corporate strategy

Day to day management of the Group and implementation of Board policies and strategies is carried out by the Non- Executive Directors.

The Group's management comprises the Chairman (Howard Woolcott), Benjamin Doyle, Stephen Simonds and James Manning who are the Non-Executive Directors. Howard Woolcott is the Company Secretary.

The objective of the Group's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The board ensures that executive reward satisfies the following criteria for good reward governance practices:

- competitiveness and reasonableness
- acceptability to shareholders
- transparency
- capital management

The remuneration structure for directors, secretaries and any senior managers is based on the following factors:

- experience of the individual concerned

Performance of senior executives is reviewed by the Board as part of the ordinary course of meetings of the Directors.

There have been no departures from Principle 1 during the year ending 30 June 2014.

Corporate Governance Statement continued

Principle 2: Structure the board to add value

- The skills, experience and expertise relevant to the position of director and period of office held by each director is disclosed within the Directors' Report of the Group's Annual Report.
- Presently the board consists of 4 Non-Executive directors.
- With the prior approval of the Chairman, each director has the right to seek independent legal and other professional advice at the consolidated entity's expense concerning any aspect of the Group's operations or undertaking in order to fulfill their duties and responsibilities as directors.
- The Group does not presently have a nomination committee. Due to the size and nature of the activities of the Group, the nomination of new directors is conducted by the board by way of ongoing review and discussion in relation to experience deficiencies that may exist within the existing board structure.
- The performance of the board is reviewed as part of the ordinary course of meetings of the directors.

There have been the following departures from Principle 2 during the year ending 30 June 2014:

Recommendation 2.1 - As at the date of this report, all the directors act in a non-executive role but due to the small size and nature of operations of the Group, the Non-Executive directors carry out the operational needs of the Company as they arise.

Recommendation 2.2 and 2.3 – The Chairman is not an independent director. The reason for this is that due to the small size and nature of the activities of the Group, it is not cost effective to employ the services of an additional director who cannot make a contribution to routine activities.

Recommendation 2.4 – Due to the size of the Group, the Board has not yet established a nomination committee.

Principle 3: Promote ethical and responsible decision making

As part of the Board's commitment to the highest standard of conduct, the Group adopts a code of conduct to guide management in carrying out their duties and responsibilities as follows.

All directors and consultants of the Group have the following duties:

- To act honestly, fairly and without prejudice in all commercial dealings and to conduct business with professional courtesy and integrity
- To use the powers of their office for a proper purpose and in the best interest of the Group
- To comply with the letter and spirit of the law and with the principles of this Code
- Not to knowingly make any misleading statements to any person or to be a party to any improper practice in relation to dealings with or by the Group
- To ensure that the Group's resources and property are used properly, and
- Not to disclose information or documents relating to the Group or its business, other than as required by law, not to make any unauthorised public comment on the Group's affairs and not to misuse any information about the Group or its associates.

The board endeavours to ensure that the directors, officers of the Group act with integrity and observe the highest standards of behaviour and business ethics in relation to their corporate activities.

Specifically, that the directors and officers of the Group must:

- Comply with the law
- Act in the best interests of the Group

Corporate Governance Statement continued

- Be responsible and accountable for their actions, and
- Observe the ethical principles of fairness, honesty and truthfulness, including disclosure of potential conflicts.

The Group's policy regarding directors and officers trading in its securities is set by the board of directors. The policy restricts directors and officers from acting on material information until it has been released to the market and adequate time has been given for this to be reflected in the security's prices.

The Group has set the following windows for trading in the Group's securities by the directors and officers, being between one and twenty one days following:

- The release to the National Stock Exchange of the Group's preliminary full year financial statements
- The release to the National Stock Exchange of the Group's half year financial statements
- The date on which the Group holds its annual general meeting

There have been two departures from Principle 3 during the year ending 30 June 2014:

On 23rd June 2014 1,432,980 shares held by UBS Securities Australia Ltd as nominee for Hammond & Simonds Pty Ltd, a company associated with Stephen Simonds, were transferred to Joe Public Property Management Pty Ltd, a company associated with James Manning. The date of the transfer was outside the trading window referred to in Principle 3 but was part of an ongoing change in a substantial shareholder and conditional sale arrangement announced to the National Stock Exchange "NSX" on 17th June 2014.

Recommendation 3.2 and 3.3 – The Board has not established a policy on diversity or measurable objectives for achieving gender diversity. The reason for this departure is due to the small size of the Group but the Board will review these recommendations in due course. The Group has no employees and no women as members of the board.

Principle 4: Safeguard integrity in financial reporting

The Board has established an Audit and Risk Committee, which provides assistance to the Board in fulfilling its corporate governance responsibilities in relation to the Group's financial reporting, internal controls structure, risk management systems and external audit functions.

The Board has adopted a formal Charter for the Committee to assist in carrying out its duties. The members of the Audit, Risk Committee are: Mr. Stephen Simonds – (Non-Executive Director) and Mr. Benjamin Doyle – (Non-Executive Director).

The Audit and Risk Committee met twice during the year.

There has been one departure from Principle 4 during the year ending 30 June 2014:

Recommendation 4.2 – The Audit and Risk Committee consists of two Non-Executive directors but these directors perform operational duties as the need arises.

Also, it has only two members but it is chaired by a director who is not chair of the board.

The reason for this departure is due to the small size of the Group.

Principle 5: Make timely and balanced disclosure

A listed entity should make timely and balanced disclosure of all matters concerning it that a reasonable person would expect to have a material effect on the price or value of its securities.

Corporate Governance Statement continued

There have been the following departures from Principle 5 during the year ending 30 June 2014:

Recommendations 5.1 – Due to the size and nature of the Group, the Board does not have written policies on disclosure. However the Group has the following principles in place:

- The Group will not endorse reports on its operations prepared by third parties.
- The Group will not respond to speculation and rumour except as required by the NSX.
- The Chairman, who is also the Company Secretary, has been appointed as the person responsible for communications with the NSX.
- The Board is responsible for ensuring the compliance with the continuous disclosure requirements in the NSX listing rules and overseeing and co-ordinating information disclosure to the NSX.
- All material will be lodged as soon as practicable with the NSX.
- No undisclosed price sensitive information will be disclosed in any analyst meeting.

Principle 6: Respect the rights of shareholders

The Board and the Company Secretary are responsible for the communications strategy to promote effective communications with shareholders and encourage effective participation at general meetings. The Group adheres to best practice in its preparation of Notices of Meetings to ensure all shareholders are fully informed. Due to the size of the Group, all communications are prepared and administered in-house.

The Group actively encourages communications with their shareholders and have made available all forms of contact; phone, email, facsimile and post details on their website at www.vertua.com.au should any shareholder have a query.

The Group's Half and Full Year Reports are a significant means of communicating to shareholders the Group's activities, operations and performance over the past financial year. In accordance with the Group's disclosure principles, these are publicly available on the NSX website.

There have been no departures from Principle 6 during the year ending 30 June 2014.

Principle 7: Recognise and manage risk

The Board is responsible for oversight of the Group's management system of internal controls. The Board constantly monitors the operation and financial aspects of Group activities and considers the recommendations and advice of external auditors and other external advisers on the operations and financial aspect of the Group activities.

The Board ensures that recommendations made by the external auditors and other external advisers are investigated and, where considered necessary, appropriate action is taken to ensure that the Group has an appropriate internal control environment in place to manage the key risks identified.

In addition, the Board investigates ways of enhancing existing risk management strategies, including appropriate segregation of duties and the employment and training of suitably qualified and experienced personnel.

The Group obtains statements from directors who are delegated with specific responsibilities that:

- the Group's financial reports present a true and fair view in all material respects, of the Group's financial condition and operational results are in accordance with the relevant accounting standards. Furthermore, the board of directors does, in its role, state to shareholders in the Group's accounts that they are true and fair, in all material respects
- the integrity of the financial statements is founded on a sound system of risk management and internal compliance and control which implements policies adopted by the board

Corporate Governance Statement continued

- the Group's risk management and internal compliance and control system is operating efficiently and effectively in all material respects.

There have been no departures from Principle 7 during the year ending 30 June 2014. The Board believes the Group's risk management and internal compliance and control procedures are operating efficiently and effectively in all material aspects appropriate for a company of Vertua Limited's size and nature. The Board will continue to monitor this aspect of the Group closely, and will cause to be developed a comprehensive Risk Management Process and Policy document, additional to the material outlined above.

Principle 8: Remunerate fairly and responsible

The Group does not have any scheme for retirement benefits for any directors.

Further information on directors' and executives' remuneration, including principles used to determine remuneration, is set out in the Directors' Report under the heading "Remuneration Report".

There have been the following departures from Principle 8 during the year ending 30 June 2014:

Recommendations 8.1– Due to the size and nature of the Group, the Board has not yet established a remuneration committee. As a result, the functions ordinarily undertaken by a remuneration committee are undertaken by the Board.



Grant Thornton

Level 18
King George Central
145 Ann Street
Brisbane QLD 4000
Correspondence to:
GPO Box 1008
Brisbane QLD 4001

T + 61 7 3222 0200
F + 61 7 3222 0444
E info.qld@au.gt.com
W www.grantthornton.com.au

Auditor's Independence Declaration To the Directors of Vertua Limited

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of Vertua Limited for the year ended 30 June 2014, I declare that, to the best of my knowledge and belief, there have been:

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

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

A F Newman
Partner - Audit & Assurance

Brisbane, 30 July 2014

Grant Thornton Audit Pty Ltd ACN 130 913 594
a subsidiary or related entity of Grant Thornton Australia Ltd ABN 41 127 556 389

'Grant Thornton' refers to the brand under which the Grant Thornton member firms provide assurance, tax and advisory services to their clients and/or refers to one or more member firms, as the context requires. Grant Thornton Australia Ltd is a member firm of Grant Thornton International Ltd (GTIL). GTIL and the member firms are not a worldwide partnership. GTIL and each member firm is a separate legal entity. Services are delivered by the member firms. GTIL does not provide services to clients. GTIL and its member firms are not agents of, and do not obligate one another and are not liable for one another's acts or omissions. In the Australian context only, the use of the term 'Grant Thornton' may refer to Grant Thornton Australia Limited ABN 41 127 556 389 and its Australian subsidiaries and related entities. GTIL is not an Australian related entity to Grant Thornton Australia Limited.

Liability limited by a scheme approved under Professional Standards Legislation. Liability is limited in those States where a current scheme applies.

Statement of comprehensive income

For the year ended 30 June 2014

	Note	2014 \$	2013 \$
Revenue	2	730,423	2,082,231
Cost of sales		573,701	1,933,032
Gross profit		156,722	149,199
Management fees	16(i) (ii)	(71,498)	(101,521)
Directors fees		-	(22,000)
Finance costs		(15,890)	(86,049)
Professional fees		(125,513)	(75,076)
Property costs		(44,848)	(119,491)
Advertising and Promotion		-	(3,266)
Other expenses from ordinary activities		(43,714)	(47,053)
Inventory write down		-	(800,000)
Profit / (loss) from ordinary activities before income tax expense		(144,743)	(1,105,257)
Income tax (expense) / benefit relating to ordinary activities	5	-	-
Net profit / (loss) from ordinary activities after related income tax benefit		(144,743)	(1,105,257)
Other comprehensive income		-	-
Total comprehensive income		(144,743)	(1,105,257)
Continuing Operations:			
Basic loss per share (cents per share)	13	(1.71)	(13.04)
Diluted loss per share (cents per share)	13	(1.71)	(13.04)

The accompanying notes form part of these financial statements

Statement of financial position

As at 30 June 2014

	Note	2014 \$	2013 \$
Current assets			
Cash and cash equivalents	7	759,884	525,262
Accrued revenue		-	2,895
Total current assets		759,884	528,157
Non current assets			
Inventory	9	-	573,702
Total non current assets		-	573,702
Total assets		759,884	1,101,859
Current liabilities			
Trade and other payables	10	8,954	6,186
Total current liabilities		8,954	6,186
Non current liabilities			
Long term borrowings	11	-	200,000
Total non current liabilities		-	200,000
Total liabilities		8,954	206,186
Net assets		750,930	895,673
Equity			
Contributed equity	12	4,546,898	4,546,898
Retained profits/(accumulated losses)		(3,795,968)	(3,651,225)
Total equity		750,930	895,673

The accompanying notes form part of these financial statements

Statement of cash flows

For the year ended 30 June 2014

	Note	2014 \$	2013 \$
Cash flows from operating activities			
Income from real property related inventory		679,000	1,947,533
Inventory income		37,387	125,272
Interest received		14,035	3,629
Payments to suppliers, directors and director related entities		(279,910)	(471,572)
Payments for financing costs		(15,890)	(86,049)
Income tax (paid)/received		-	-
Net cash provided by / (used in) operating activities	14	434,622	1,518,813
Cash flows from financing activities			
Increase in borrowings		-	-
Repayment of borrowings		(200,000)	(1,190,000)
Proceeds from the issue of equity instruments		-	-
Expenses related to the issuance of equity instruments		-	-
Net cash provided by financing activities		(200,000)	(1,190,000)
Net increase in cash and cash equivalents held		234,622	328,813
Cash and cash equivalents at the beginning of the financial year		525,262	196,449
Cash and cash equivalents at the end of the financial year	7	759,884	525,262

The accompanying notes form part of these financial statements

Statement of changes in equity

For the year ended 30 June 2014

	Note	A class	Retained Profits /(Accumulated Losses)	Total
		\$	\$	\$
Balance at 01 July 2012		4,546,898	(2,545,968)	2,000,930
Total comprehensive Income		-	(1,105,257)	(1,105,257)
Sub total		4,546,898	(3,651,225)	895,673
Dividends paid or provided for		-	-	-
Balance at 30 June 2013		4,546,898	(3,651,225)	895,673
Total comprehensive Income		-	(144,743)	(144,743)
Sub total		4,546,898		750,930
Dividends paid or provided for		-	-	-
Balance at 30 June 2014		4,546,898	(3,795,968)	750,930

The accompanying notes form part of these financial statements

Notes to the financial statements

For the year ended 30 June 2014

1 Statement of significant accounting policies

The financial report is a general purpose financial report that has been prepared in accordance with Accounting Standards, Australian Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001. Vertua Limited is a for profit NSX listed public company incorporated and domiciled in Australia.

The financial report of Vertua Limited complies with all International Financial Reporting Standards (IFRS) in their entirety.

The following is a summary of the material accounting policies adopted by the Group in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

The financial statements have been authorised for issue by the Directors on 30th July 2014.

Basis of preparation

The following is a summary of the material accounting policies adopted by the Group in the preparation of the financial report.

Reporting basis and conventions

The financial report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected financial assets and financial liabilities for which the fair value basis of accounting has been applied.

Accounting policies

a. Revenue recognition

The activity of the Group is that of an investment company, returns being in the short term from rental and interest income and capital growth in the medium to long term. Rental income is recognised on an accruals basis in accordance with Australian Accounting Standards. Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Realised gains and losses arising from the disposal of assets are recognised in the income statement.

b. Inventory

To reflect the change in intention to develop the properties held at Toowoomba, it was determined that as from December 2010 they should be treated as inventories and carried at the lower of cost and net realisable value. The revaluation surplus previously recognised has been transferred to retained earnings.

c. Cash

For the purposes of the cash flow statement, cash includes cash on hand and at call with banks or financial institutions, net of bank overdrafts; and investments in money market instruments with less than 30 days to maturity.

d. Payables

Payables represent the principal amounts outstanding at balance date, plus where applicable, any accrued interest.

1 Statement of significant accounting policies (continued)**e. Income tax**

The charge for current income tax expense is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using the tax rates that have been enacted or are substantially enacted by the balance sheet date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the income statement except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the economic entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

f. Goods and services tax (GST)

Revenues, expenses and assets include the amount of goods and services tax (GST). Receivables and payables in the balance sheet are shown inclusive of GST.

g. Receivables

Trade accounts receivable, amounts due from related parties and other receivables represent the principal amounts due at balance date plus accrued interest and less, where applicable, any unearned income and provision for doubtful accounts.

h. Investments in associates

Investments in associates are recognised in the financial statements by applying the equity method of accounting.

i. Interests in joint ventures

The Group has no joint venture operations.

1 Statement of significant accounting policies (continued)

j. Financial instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument, and are measured initially at fair value adjusted by transactions costs, except for those carried at fair value through profit or loss “FVTPL”, which are measured initially at fair value. Subsequent measurement of financial assets and financial liabilities are described below.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

The category determines subsequent measurement and whether any resulting income and expense is recognised in profit or loss or in other comprehensive income.

All financial assets except for those at FVTPL are subject to review for impairment at least at each reporting date to identify whether there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described below.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

Classification and subsequent measurement of financial liabilities

The Group's financial liabilities include borrowings, and trade and other payables.

Financial liabilities are measured subsequently at amortised cost using the effective interest method, except for financial liabilities held for trading or designated at FVTPL, that are carried subsequently at fair value with gains or losses recognised in profit or loss.

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

k. Critical accounting estimates and judgments

The directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group.

The only significant estimate made by the directors at the date of this report relates to the cash flow requirements and expected return on the development project purchased at Lane Cove.

1 Statement of significant accounting policies (continued)

l. Capital Management Strategy

Management controls the capital of the Group in order to maintain a good debt to equity ratio, provide the shareholders with adequate returns and ensure that the Group can fund its operations and continue as a going concern. Following the sale of the properties owned by the Group at Toowoomba, the proceeds of sale were used to repay the loan from National Australia Bank Limited and the mortgage it held over all the properties owned by the Group was subsequently discharged.

The Group's debt and capital includes ordinary share capital and financial liabilities, supported by financial assets. There are no externally imposed capital requirements.

Management effectively manages the Group's capital by assessing the Company's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels, distributions to shareholders and share issues.

To conserve the Group's cash the directors elected to cease payment for directors' fees from 1st December 2012 and reduced consulting payments.

There have been no changes in the strategy adopted by management to control the capital of the Group since the prior year.

m. New and Revised Accounting Standards that are effective for these financial statements

A number of new and revised standards are effective for annual periods beginning on or after 1 July 2013. Information on these new standards is presented below.

AASB 10 Consolidated Financial Statements

AASB 10 supersedes AASB 127 *Consolidated and Separate Financial Statements* (AASB 127) and AASB Interpretation 112 *Consolidation - Special Purpose Entities*. AASB 10 revises the definition of control and provides extensive new guidance on its application. These new requirements have the potential to affect which of the Group's investees are considered to be subsidiaries and therefore to change the scope of consolidation. The requirements on consolidation procedures, accounting for changes in non-controlling interests and accounting for loss of control of a subsidiary are unchanged.

Management has reviewed its control assessments in accordance with AASB 10 and has concluded that there is no effect on the classification (as subsidiaries or otherwise) of any of the Group's investees held during the period or comparative periods covered by these financial statements.

AASB 11 Joint Arrangements

AASB 11 supersedes AASB 131 *Interests in Joint Ventures* (AAS 131) and AASB Interpretation 113 *Jointly Controlled Entities- Non-Monetary-Contributions by Venturers*. AASB 11 revises the categories of joint arrangement, and the criteria for classification into the categories, with the objective of more closely aligning the accounting with the investor's rights and obligations relating to the arrangement. In addition, AASB 131's option of using proportionate consolidation for arrangements classified as jointly controlled entities under that Standard has been eliminated. AASB 11 now requires the use of the equity method for arrangements classified as joint ventures (as for investments in associates).

This amendment has had no impact on the Group.

1 Statement of significant accounting policies (continued)

AASB 12 Disclosure of interests in Other Entities

AASB 12 integrates and makes consistent the disclosure requirements for various types of investments, including unconsolidated structured entities. It introduces new disclosure requirements about the risks to which an entity is exposed from its involvement with structured entities.

This amendment has had no impact on the Group.

Consequential amendments to AASB 127 Separate Financial Statements and AASB 128 Investments in Associates and Joint Ventures

AASB 127 now only addresses separate financial statements. AASB 128 brings investments in joint ventures into its scope. However, AASB 128's equity accounting methodology remains unchanged.

AASB 13 Fair Value Measurement

AASB 13 clarifies the definition of fair value and provides related guidance and enhanced disclosures about fair value measurements. It does not affect which items are required to be fair-valued. The scope of AASB 13 is broad and it applies for both financial and non-financial items for which other Australian Accounting Standards require or permit fair value measurements or disclosures about fair value measurements, except in certain circumstances.

AASB 13 applies prospectively for annual periods beginning on or after 1 January 2013. Its disclosure requirements need not be applied to comparative information in the first year of application.

This amendment has had no impact on the Group.

Amendments to AASB 119 Employee Benefits

The 2011 amendments to AASB 119 made a number of changes to the accounting for employee benefits, the most significant relating to defined benefit plans. The amendments:

- Eliminate the 'corridor method' and requires the recognition of re-measurements (including actuarial gains and losses) arising in the reporting period in other comprehensive income;
- Change the measurement and presentation of certain components of the defined benefit cost. The net amount in profit or loss is affected by the removal of the expected return on plan assets and interest cost components and their replacement by a net interest expense or income based on the net defined benefit asset or liability; and
- Enhance disclosures, including more information about the characteristics of defined benefit plans and related risks.

Under the amendments, employee benefits 'expected to be settled wholly' (as opposed to 'due to be settled' under the superseded version of AASB 119) within 12 months after the end of the reporting period are short-term benefits, and are therefore not discounted when calculating leave liabilities. As the Group does not expect all annual leave for all employees to be used wholly within 12 months of the end of reporting period, annual leave is included in 'other long-term benefit' and discounted when calculating the leave liability. This change has had no impact on the presentation of annual leave as a current liability in accordance with AASB 101 *Presentation of Financial Statements*.

Vertua Limited has no employees and therefore this amendment has had no impact on the Group.

1 Statement of significant accounting policies (continued)

n. Accounting Standards issued but not yet effective and not been adopted early by the Group

The AASB has issued new, revised and amended standards and interpretations that have mandatory application dates for future reporting periods. The company has decided against early adoption of these standards. A discussion of those future requirements which impact on the company follows:

(i) AASB 9 *Financial Instruments, Amendments to Australian Accounting Standards arising from AASB 9* (effective from 1 January 2015). AASB 9 *Financial Instruments* introduces new requirements for the classification and measurement of financial assets and liabilities.

These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. The main changes are:

- (a) Financial assets that are debt instruments will be classified based on (1) the objective of the entity's business model for managing the financial assets; and (2) the characteristics of the contractual cash flows.
- (b) Allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income (instead of in profit or loss). Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument.
- (c) Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases.
- (d) Where the fair value option is used for financial liabilities the change in fair value is to be accounted for as follows:

When adopted, this standard is expected to have no impact on the Group's financial statements.

(ii) AASB 10 *Consolidated Financial Statements* (must also apply AASB11 and AASB12) (effective from 1 January 2013). AASB 10 establishes a new control model that applies to all entities. It replaces parts of AASB 127 *Consolidated and Separate Financial Statements* dealing with the accounting for consolidated financial statements and SIC-12 *Consolidation – Special Purpose Entities*. The new control model broadens the situations when an entity is considered to be controlled by another entity and includes new guidance for applying the model to specific situations, including when acting as a manager may give control, the impact of potential voting rights and when holding less than a majority voting rights may give control. This is likely to lead to more entities being consolidated into the group.

It is not expected that the application of this standard will have any effect on the financial statements.

(iii) AASB 2012-3 *Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities*.

(iv) AASB 2013-3 *Recoverable Amount Disclosures for Non-Financial Assets*.

(v) AASB 2013-4 *Amendments to Australian Accounting Standards – Novation of Derivatives and Continuation of Hedge Accounting*.

(vi) AASB 2013-5 *Amendments to Australian Accounting Standards – Investment Entities*.

(vii) AASB 2013-7 *Amendments to AASB 1038 arising from AASB 10 in relation to Consolidation and Interests of Policyholders*.

(viii) AASB 1031 *Materiality* (December 2013)

(ix) 2013-9 *Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments (Part B: Materiality)*.

(x) AASB 2013-9 *Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments (Part C: Financial Instruments)*.

1 Statement of significant accounting policies (continued)

(xi) AASB 1056 *Auperannuation Entities*.

(xii) AASB 14 *Regulatory Deferral Accounts*.

(xiii) AASB 2014-1 *Amendments to Australian Accounting Standards (Part A: Annual Improvements 2010–2012 and 2011–2013 Cycles)*

(xiv) AASB 2014-1 *Amendments to Australian Accounting Standards (Part B: Defined Benefit Plans: Employee Contributions (Amendments to AASB 119))*.

(xv) AASB 2014-1 *Amendments to Australian Accounting Standards (Part C: Materiality)*

(xvi) AASB 2014-1 *Amendments to Australian Accounting Standards (Part D: Consequential Amendments arising from AASB 14)*.

(xvii) AASB 2014-1 *Amendments to Australian Accounting Standards (Part E: Financial Instruments)*.

(xviii) AASB *Interpretation 21 Levies*.

(xix) IFRS 15 *Revenue from Contracts with Customers*.

(xx) *Clarification of Acceptable Methods of Depreciation and Amortisation (amendments to IAS 16 and IAS 38)*.

(xxi) *Accounting for Acquisitions of Interests in Joint Operations (Amendments to IFRS 11)*.

(xxii) AASB 11 *Joint Arrangements*.

(xxiii) AASB 12 *Disclosure of Interests in Other Entities*.

(xxiv) AASB 127 *Separate Financial Statements* and AASB 128 *Investments in Associates and Joint Ventures*.

(xxv) AASB 2011-7 *Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards*.

(xxvi) AASB 1055 *Budgetary Reporting* and AASB 2013-1 *Amendments to AASB 1049 – Relocation of Budgetary Reporting Requirements*.

The amendments set out in (iii) to (xxvi) will have no impact on the Group.

2 Profit / (loss) from ordinary activities

	Note	2014 \$	2013 \$
Operating revenue:			
Rental income		33,931	122,374
Interest received from cash held in bank accounts		14,035	3,629
Miscellaneous income		3,457	2,898
Property sales		679,000	1,953,330
Total revenues from ordinary activities		730,423	2,082,231

3 Dividends

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

Balance of franking account at year end adjusted for franking credits arising from payment of provision for income tax and dividends recognised as receivables, franking debits arising from payment of proposed dividends and franking credits that may be prevented from distribution in subsequent financial years.

- -

4 Segment information

The Group operates an investment company acquiring and developing either directly or indirectly, parcels of residential real estate in accordance with the Group's real estate mandate.

The Group currently does not hold any property assets but is seeking further property investments.

5 Income Tax Expense

	2014 \$	2013 \$
(a) The components of tax expense comprise:		
Current tax	-	-
Under/(over) provision in respect of prior years	-	-
Deferred tax	-	-
	-	-
The prima facie tax on profit/ (loss) from ordinary activities before tax is reconciled to the income tax as follows:		
Prima facie tax payable on profit / (loss) from ordinary activities before income tax at 30%	(43,423)	(331,577)
Add:		
Share of loss / (profit) of associate		
Legal and consultants fees	22,908	4,721
Impairment of investments	-	1,889
Other non-deductible amounts	2,587	3,578
Less:		
Other deductible amounts	(27,283)	(23,323)
Under/(over) provision in respect of prior years (franking deficits)	(3,657)	-
Future income tax benefit on tax loss not brought to account	48,868	344,712
Income tax expense/(refund) attributable to profit from ordinary activities before income tax	-	-
The applicable weighted average effective tax rates are as follows:	(0%)	(0%)

6 Auditor's Remuneration

Remuneration of the auditor for :

- Audit or reviewing the financial reports	30,720	40,693
- Preparation of taxation return and other services	2,482	2,145
	33,202	42,838

7 Cash & Cash Equivalents

Cash at bank	19,884	525,262
Short term/At call deposits	740,000	-
	759,884	525,262

8 Tax

Deferred tax assets not brought to account, the benefits of which will only be realised if the conditions for deductibility set out in Note 1e occur.

Other deductible temporary differences	23,495	33,611
Tax losses (operating)	1,189,876	1,141,008
	1,213,371	1,174,619

9 Inventory

	Note	2014 \$	2013 \$
Inventory at cost		-	573,702

The remaining property owned by the Group situated at Toowoomba was sold on 11th April 2014.

10 Trade & Other Payables

Trade creditors	10(a)	8,954	6,186
Accrued expenses		-	-
		8,954	6,186

(a). Trade creditors include:

- \$6,204 payable to Woolcott Corporate Development Pty Ltd (related entity) in relation to services provided to the Group
- \$2,750 payable to Fiducia Estate Agents Pty Ltd (related entity) in relation to services provided to the Group.

11 Long Term Borrowings

Secured Liability

- Secured loan	-	200,000
	-	200,000

The secured loan of \$200,000 from Hammond and Simonds Pty Ltd (a related party) was repaid in full on 16th April 2014.

The loan was secured by a General Security Agreement that granted a fixed charge to the lender over the Group's estate and interest in its property. The loan incurred interest at the rate of 10% per annum payable quarterly. There were no breaches of the agreement with Hammond and Simonds Pty Ltd during the year.

12 Contributed Equity

8,473,275 (2012 8,473,275) fully paid A class shares	5,132,750	5,132,750
Capital raising costs	(585,852)	(585,852)
	4,546,898	4,546,898

Effective 1 July 1998, the Corporations legislation in place abolished the concepts of authorised capital and par value shares. Accordingly, the Group does not have authorised capital or par value in respect of its issued shares.

"A" Class 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.

13 Earnings/(loss) per Share

Earnings used in the calculation of earnings per share and dilutive earnings per share is the net profit after tax.	(144,743)	(1,105,257)
Weighted average number of ordinary shares outstanding during the year used in calculating basic and diluted EPS	8,473,275	8,473,275

14 Cash Flow Information

	2014 \$	2013 \$
Reconciliation of Cash Flow from Operations with Profit/(Loss) from ordinary activities after Income Tax		
Profit/(loss) from ordinary activities after income tax	(144,743)	(1,105,257)
Inventory write down	-	800,000
Changes in assets and liabilities:		
(Increase)/decrease in other assets	2,895	(2,895)
(Increase)/decrease in inventory	-	-
(Increase)/decrease in property	573,702	1,927,235
Increase/(decrease) in payables	2,768	(100,270)
Cash flows from operations	<u>434,622</u>	<u>1,518,813</u>

15 Financial Instruments

The Group is exposed to a variety of financial risks including market risk (price risk and 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 portfolio.

Financial Risk Management Policies

The Audit and Risk Committee (ARC) has been delegated responsibility by the Board of Directors for, amongst other issues, 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 commodity price risk, counter party credit risk, currency risk, financing risk and interest rate risk. The ARC met twice during the year and its minutes are reviewed by the Board.

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

a. Credit risk

The maximum exposure to credit risk is limited to the carrying amount of financial assets recognised at the balance sheet date as summarised below:

	2014 \$	2013 \$
Classes of financial assets – carrying amounts		
Cash and cash equivalents	759,884	525,262
	<u>759,894</u>	<u>525,262</u>

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 ARC in accordance with approved Board policy. Surplus funds are only invested with Australian major financial institutions.

15 Financial Instruments (continued)

b. Market Risk

Market price risk is the risk that the value of the Group's property portfolio will fluctuate as a result of changes in market values. The Group aims to manage its risk in line with the investment mandate and ensures that valuations are undertaken on a regular basis. The Group ensures that none of its property investments are highly geared and in general avoids borrowing more than 65% of any property's market value. At the date of this report the Group did not hold any property investments.

c. 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.

At 30 June 2014 the Group had no secured or unsecured debt.

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

30 June 2014		Variable Interest rate \$	Fixed Interest rate \$
Financial assets			
Cash at bank	0.00%	19,884	-
Term Deposit at National Australia Bank	3.50%	-	740,000
		<u>19,884</u>	<u>740,000</u>
Financial liabilities			
		-	-
		<u>-</u>	<u>-</u>
30 June 2013		\$	\$
Financial assets			
Cash at bank	2.60%	521,042	-
		<u>521,042</u>	<u>-</u>
Financial liabilities			
Secured loan *	10.00%	-	200,000
		<u>1,190,000</u>	<u>200,000</u>

*This was a secured loan from Hammond and Simonds Pty Ltd which was repaid on 16th April 2014. Refer Note 11.

d. 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:

- preparing forward looking cash flow analysis in relation to its operational, investing and financing activities
- maintaining a reputable credit profile
- managing credit risk related to financial assets
- investing only in surplus cash with major financial institutions
- comparing the maturity profile of financial liabilities with the realisation profile of financial assets

15 Financial Instruments (continued)

The Group's policy is to ensure that the majority of its borrowings for real estate investment should mature beyond 12 months at all times

The Group has no debt which has been initially borrowed on a short term (less than 12 months) basis.

e. Sensitivity analysis

The following tables illustrate sensitivities to the Group's exposures to changes in interest rates and property prices. The tables indicate the impact on how profit and equity values reported at balance date would have been affected by changes in the relevant risk variable that management considers to be reasonably possible. These sensitivities assume that the movement in a particular variable is independent of other variables.

At 30 June 2014, if interest rates had moved, as illustrated in the table below, with all other variables held constant, the Group's post tax profit/loss and equity would have been affected as follows:

	Net Loss for Group Higher / (Lower) 30 June		Equity for Group Higher / (Lower) 30 June	
	2014	2013	2014	2013
	\$	\$	\$	\$
Cash and cash equivalents				
+ 1% (100 basis points)	7,400	5,210	7,400	5,210
- 1% (100 basis points)	(7,400)	(5,210)	(7,400)	(5,210)
Borrowings				
+ 1% (100 basis points)	-	(2,000)	-	(2,000)
- 1% (100 basis points)	-	2,000	-	2,000

16 Related Party Details

	2014	2013
	\$	\$
Transactions between related parties are on normal commercial terms and conditions no more favourable than those otherwise available to other parties unless stated otherwise.		
(i) Management and Administration fee		
Vertua Limited paid an annual management fee to Woolcott Corporate Development Pty Ltd, a company associated with Howard Woolcott. The management fees are calculated and paid monthly. These fees cover the provision of administration, accounting and company secretarial services to the Group. The amount paid includes GST at 10%.	38,498	57,063
(ii) Consulting fee		
Vertua Limited paid consulting fees to Fiducia Estate Agents Pty Ltd, a company associated with Benjamin Doyle, for the provision of Mr. Doyle's services as Managing Director including making available the office premises from which the Group operates. The amount paid includes GST at 10%.	33,000	44,458
(iii) Tax advice		
Vertua Limited paid fees to Younis & Co Pty Ltd, a company associated with Stephen Simonds, for the provision of taxation advice.	4,950	-

16 Related Party Details (continued)

	2014 \$	2013 \$
<hr/>		
(iv) Interest payments		
Vertua Limited made interest payments to Hammond & Simonds Pty Ltd on a secured loan of \$200,000 on which interest was payable at 10% per annum. The loan was repaid in full on 16 th April 2014.		
Hammond & Simonds Pty Ltd is a company associated with Stephen Simonds.	15,890	-
Legal fees		
In 2012 Vertua Limited paid legal and consulting fees to Whittens Lawyers and Consultants a related entity of the former Company Secretary Andrew Whitten. Andrew Whitten resigned as Company Secretary on 31 st December 2012 and ceased to be a related party. The amount paid includes GST at 10%.	-	12,133

See Note 10(a) for further disclosure on related party transactions.

17 Vertua Limited Parent Information

Current Assets	759,884	525,262
Total Assets	759,884	1,101,859
Current Liabilities	8,954	6,186
Total Liabilities	8,954	206,186
Net Assets	750,930	895,673
<hr/>		
Issued Capital	4,546,898	4,546,898
(Loss) for the year	(144,743)	(1,105,257)
Accumulated losses	(3,651,225)	(2,545,968)
Total Equity	750,930	895,673

The Group's assets are represented by cash, \$750,930. The property inventory, which was sold this year, was held as tenants in common with Property Fox No 1 Limited holding 30% and Vertua Limited holding 70%. Following the 100% takeover of Property Fox No 1 Limited by Vertua Limited in June 2010 all revenues and expenses relating to properties have been accounted for in the financial statements of Vertua Limited.

18 Controlled Entities

Controlled Entities Consolidated

	Country of Incorporation	Percentage Owned (%)*	
		2014	2013
Subsidiaries of Vertua Limited			
Property Fox No 1 Limited	Australia	100.00	100.00

* Percentage of voting power is in proportion to ownership

(a) Deed of Cross Guarantee

A deed of cross guarantee between the Company and Property Fox No 1 Limited has been enacted and an application for relief has been made from preparing financial statements for Property Fox No 1 Limited under ASIC Class Order 98/1418. Under the deed, Vertua Limited guarantees to support the liabilities and obligations of Property Fox No 1 Limited. Property Fox No 1 Limited is the only party to the Deed of Cross Guarantee and is a member of the Closed Group. The Statement of Financial Position and Income Statement presented in the Financial Statements reflect that of the closed group.

19 Subsequent Events

1.

On 30th July 2014 the financial statements were authorised for issue by a resolution of the board of directors.

2.

On 9 July 2014, the Directors resolved to enter into a joint venture arrangement with Fiducia 2 Pty Limited ACN 152 129 121 (Fiducia), in respect of the development of a property known as 446 Pacific Highway, Lane Cove NSW 2047 (Project).

Benjamin Doyle is a director of Fiducia and therefore did not participate in the decision-making process undertaken by Vertua when deciding whether to proceed with the Project or not.

James Manning has agreed to underwrite the funding necessary for the Project to proceed, on terms that provide interest payments and a profit share, and therefore he has also declined to participate in the decision-making process.

An announcement regarding the Project was released to the NSX on 17th July 2014 after the contract for sale was exchanged.

Vertua will be responsible for funding the development of the property at Lane Cove and Fiducia will develop it in return for a fee which will include a profit share.

It is expected that the Project will take approximately 12 months to complete and will provide a return for Vertua in the vicinity of \$250,000.

Vertua has no other projects currently on foot.

The continued appropriateness of the going concern assumption will be dependent upon the successful completion of this project, including appropriate funding being obtained and the identification of further projects. The directors believe that there is a reasonable basis for this assessment.

19 Subsequent Events (continued)

3.

On the 29th July 2014 the Company was advised that Joe Public Property Management Pty Ltd ACN 164 964 712 had sent a Replacement Bidders Statement to Vertua Limited shareholders for three (3) out of every (8) shares shareholders own in Vertua Limited.

The Bidder's Statement set out the intentions of Joe Public, which have been detailed on page 3 of this report. The statement of intent from Joe Public, the subsequent purchase of a property for development together with the undertaking from Manning Capital Limited to underwrite the funding required, demonstrate that the Company intends to continue with its existing business of acquiring and redeveloping property.

4.

The Group registered for GST in July 2014, which will be effective from 15th May 2014. This was done on the basis that, although the nature of the business has not changed, there are now transactions within the Group where an input credit can be claimed. The Group expects to receive a refund in respect of input credits from 15th May to 30th June 2014 in the amount of \$5,424.

There were no other events subsequent to reporting date to bring into account in the 30 June 2014 financial report.

20 Commitments and Contingencies

The Group did not have any commitments or contingent liabilities at year end.

21 Company details

The registered office of the Group is:

Level 26, 44Market Street

Sydney NSW 2000

Phone: 02 9089 8863 Fax: 02 9089 8864

Email: info@vertua.com.au

Directors' declaration

The directors of the Company declare that:

1. The financial statements and notes, as set out in pages 16 to 34, are in accordance with the Corporations Act 2001:
 - a. comply with Accounting Standards and the Corporations Regulations 2001; and
 - b. include an explicit statement in the notes to the financial statements that the financial statements comply with International Financial Reporting Standards (IFRS); and
 - c. give a true and fair view of the financial position as at 30 June 2014 and of the performance for the year ended on that date of the Group.
2. The Directors have declared that:
 - a. The financial records of the Group for the financial year have been properly maintained in accordance with section 286 of the Corporations Act 2001;
 - b. The financial statements and notes for the financial year comply with the Accounting Standards;
 - c. The financial statements and notes for the financial year give a true and fair view;
3. In the directors' opinion there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

The company and a wholly-owned subsidiary, Property Fox No 1 Ltd, have entered into a deed of cross guarantee under which the company and its subsidiary guarantee the debts of each other.

At the date of this declaration, there are reasonable grounds to believe that the companies which are party to this deed of cross guarantee will be able to meet any obligations or liabilities to which they are, or may become subject to, by virtue of the deed

This declaration is made in accordance with a resolution of the Board of Directors:



Howard Woolcott – Non-Executive Chairman
Dated this 30th day of July 2014.

Level 18
King George Central
145 Ann Street
Brisbane QLD 4000
Correspondence to:
GPO Box 1008
Brisbane QLD 4001

T + 61 7 3222 0200
F + 61 7 3222 0444
E info.qld@au.gt.com
W www.grantthornton.com.au

**Independent Auditor's Report
To the Members of Vertua Limited
Report on the financial report**

We have audited the accompanying financial report of Vertua Limited (the "Company"), which comprises the consolidated statement of financial position as at 30 June 2014, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the consolidated entity comprising the Company and the entity it controlled at the year's end and during the financial year.

Directors' responsibility for the financial report

The Directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001. The Directors' responsibility also includes 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. The Directors also state, in the notes to the financial report, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, the financial statements comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require us to comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material

Grant Thornton Audit Pty Ltd ACN 130 913 594
a subsidiary or related entity of Grant Thornton Australia Ltd ABN 41 127 556 389

'Grant Thornton' refers to the brand under which the Grant Thornton member firms provide assurance, tax and advisory services to their clients and/or refers to one or more member firms, as the context requires. Grant Thornton Australia Ltd is a member firm of Grant Thornton International Ltd (GTIL). GTIL and the member firms are not a worldwide partnership. GTIL and each member firm is a separate legal entity. Services are delivered by the member firms. GTIL does not provide services to clients. GTIL and its member firms are not agents of, and do not obligate one another and are not liable for one another's acts or omissions. In the Australian context only, the use of the term 'Grant Thornton' may refer to Grant Thornton Australia Limited ABN 41 127 556 389 and its Australian subsidiaries and related entities. GTIL is not an Australian related entity to Grant Thornton Australia Limited.

Liability limited by a scheme approved under Professional Standards Legislation. Liability is limited in those States where a current scheme applies.

misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

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

Auditor's opinion

In our opinion, the financial report of Vertua Limited is 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 June 2014 and of its performance for the year ended on that date; and
- b complying with Australian Accounting Standards and the Corporations Regulations 2001; and
- c the financial report also complies with International Financial Reporting Standards as disclosed in the notes to the financial statements.

Emphasis of matter

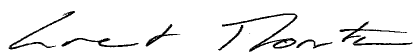
Without qualifying our opinion, we draw attention to Note 19.2 in the financial report. The conditions as set forth in Note 19.2, indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern and therefore, the company may be unable to realise its assets and discharge its liabilities in the normal course of business, and at the amounts stated in the financial report.

Report on the remuneration report

We have audited the remuneration report included in pages 6 to 7 of the directors' report for the year ended 30 June 2014. 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.

Auditor's opinion on the remuneration report

In our opinion, the remuneration report of Vertua Limited for the year ended 30 June 2014, complies with section 300A of the Corporations Act 2001.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



A F Newman
Partner - Audit & Assurance
Brisbane, 30 July 2014

Shareholder Information at 30 June 2014

Share Capital

Vertua Limited has on issue 8,473,275 fully paid "A" Class shares held by 334 holders as at 30 June 2014. All "A" Class shares of the Company carry one vote per share.

Twenty Largest Shareholders

Rank	Investor Name	Total Shares	% of Issued Capital
1	Joe Public Property Management Pty Ltd	1,686,181	19.90%
2	I.C. Maxwell & P. J. Maxwell	200,000	2.36%
3	Woolcott Corporate Development Pty Ltd	200,000	2.36%
4	Hammond & Simonds Pty Ltd	176,820	2.09%
5	Minara Pty Ltd	120,000	1.42%
6	William Lyon	100,000	1.18%
7	Mirus Vita Pty Ltd	100,000	1.18%
8	Peter Schaap & Pauline Schaap	90,000	1.06%
9	Joanne Maree Baulch	80,000	0.94%
10	Stephen Richard Stiles	75,000	0.89%
11	Craig Alexander Godham	72,000	0.85%
12	Property Fox No. 1 Limited	68,499	0.81%
13	UBS Wealth Management Australia Nominees Pty Ltd	67,020	0.79%
14	C & AC Pty Ltd	64,800	0.76%
15	Michael Brown	60,000	0.71%
16	Christopher P. Eldridge & Ann E. Eldridge	60,000	0.71%
17	David Oliver	60,000	0.71%
18	Alan Graham Hinde	55,000	0.65%
19	Damien Negus	54,000	0.64%
20	D.W. Searle & R. A. Searle	54,000	0.64%
	Total	3,443,320	40.64%

Distribution of Equity Securities

Analysis of number of shareholders by size of holding

Range	No. of holders	Shares	% of Issued Capital
1 – 1,000	0	0	0.00%
1,001 – 5,000	4	20,000	0.24%
5,001 – 10,000	95	940,800	11.10%
10,001 – 100,000	230	5,129,474	60.54%
100,001 and over	5	2,383,001	28.12%
Total	334	8,473,275	100.00%

There were 7 shareholders with less than a marketable parcel at 30 June 2014

Corporate Directory

Directors	Howard Woolcott Benjamin Doyle Stephen Simonds James Manning
Company Secretary	Howard Woolcott
Registered office in Australia	Level 26, 44 Market Street Sydney NSW 2000 Phone: 02 9089 8863 Fax: 02 9089 8864
Share registry	Link Market Services Rhodes Corporate Park 1A Homebush Bay Drive Rhodes NSW 2138 Tel: (02) 8571 6000
Auditor	Grant Thornton King George Central Level 18 145 Ann Street Brisbane QLD 4000
Solicitors	K&L Gates Level 31, 1 O'Connell Street Sydney NSW 2000
Bankers	National Australia Bank Limited 308-322 Queen Street Brisbane QLD 4000
Website address	www.vertua.com.au