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 2018
Previous period:	For the half-year ended 30 September 2017

2. Results for announcement to the market

Revenues from ordinary activities – continuing operations	up	40%	to	$2,495,387
Profit from ordinary activities after tax attributable to the Owners of Vertua Limited	up	125%	to	$70,041
Profit for the half-year attributable to the Owners of Vertua Limited	up	160%	to	$167,667

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 $167,667 (30 September 2017: loss of $279,288).

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	26.19	28.04

4. Control gained over entities

Not applicable.

5. Loss of control over entities

During the period, the Group sold its entire shareholding in Horizon Print Management Pty Ltd and Horizon Media Pty Ltd, and consequently its full interest in the Printing segment of the Group. Further, FPG No. 2 Pty Ltd and FPG No. 3 Pty Ltd were sold or wound up during the period as a result of the completion of the associated property development projects.

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.

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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: 14 December 2018

Vertua Limited

ACN 108 076 295

Half Yearly Report - 30 September 2018

Vertua Limited
Directors' report
30 September 2018

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 2018.

Directors

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 Bregenhoj (Chairman and Company Secretary)
Mr James Manning (Managing Director)
Mr Benjamin Doyle

Principal activities

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

- Property development
- Print services
- Professional services

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

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

On 14 August 2018, the Group also exchanged a contract to sell its interest in Level 5, 97 Pacific Highway, North Sydney for $4.9m, representing a realised gain of $2.5m on the initial cost of $2.6m. Settlement in full occurred on 15 October 2018. The group occupied a portion of the premises itself, resulting in gains attributable to the owner-occupied portion accumulating in a revaluation reserve. On realisation, the applicable accounting standards requires the recognition of the reserve directly against retained earnings within the statement of changes in equity without reclassification through profit and loss. Full details are outlined in Note 8 to the financial statements.

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

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

The Professional Services division is performing under budget. The tightening property market has resulted in limited opportunities for the real estate advisory aspect to acquire new sites for clients. Furthermore, the bank Royal Commission and the softening in the property market has impacted the property sales division. The Board is of the view that the property division will stabilise once the market adapts to the tightening bank rules. Furthermore, the tax and accounting division is performing under budget due to the loss of some key customers. As such, the Group has recognised an impairment to the intangible assets associated with Locumsgroup.

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 profit of $167,667 (30 September 2017: loss of $279,288).

The Board sets out an extract of the management accounts for user purposes which better reflects the profitable activities of the Group and adjusts for certain accounting standard requirements, relating to the treatment of realised fair value gains arising from the sale of owner-occupied property, during the period.

The applicable accounting standards dictate that the revaluation reserve on disposal of property plant and equipment is not to be reclassified through the profit and loss.

The Board believes that management's view, outlined below, better illustrates the business activities of the Group through the period, as in the Board's view, the application of the accounting standards does not accurately reflect the performance for the period and sought to clarify the Group's position with the management account's profit and loss extract, set out below.

	Continuing Operations	**Printing Segment**	**Sale of Property**	**Total**
Revenue	1,308,623	2,781,865	-	4,090,488
Other income	1,186,764	-	-	1,186,764
Cost of sales	(369,386)	(2,225,212)	-	(2,594,598)
Gross profit	2,126,001	556,653	-	2,682,654
Expenses				
Salaries and wages	(1,047,347)	(306,013)	-	(1,353,360)
Management fees	(87,028)	(20,000)	-	(107,028)
Director fees	(39,000)	-	-	(39,000)
Professional fees	(189,903)	(112,114)	-	(302,017)
Property costs	(158,467)	(4,624)	-	(163,091)
Advertising and promotion	(2,077)	(15,362)	-	(17,439)
Other expenses from ordinary activities	(144,934)	(74,386)	-	(219,320)
Depreciation and amortisation expense	(274,882)	(9,285)	-	(284,167)
Impairment loss	(520,000)	-	-	(520,000)
Operating profit / (loss)	(337,637)	14,869	-	(322,768)
Finance costs	(482,461)	(809)	-	(483,270)
Profit/(Loss) before income tax benefit for the half year	(820,098)	14,060	-	(806,038)
Gain on disposal before income tax	-	733,439	1,571,829	2,305,268
Profit before income tax expense	(820,098)	747,499	1,571,829	1,499,230
Tax (charge) / benefit	88,202	(205,562)	(432,254)	(549,614)
Profit after tax expense	(731,896)	541,937	1,139,575	949,616

On a fully diluted basis, the earnings per share for the Group as whole using the profit after tax as outlined above, equates to 1.60 cents

Operating and financial review (continued)

Weighted average number of Class A shares used in calculating diluted earnings per share	59,252,822
Diluted earnings per share	1.60 cents

Refer to note 26 for a detailed reconciliation of the earnings per share calculation.

The financial report as presented has been prepared in full compliance with all applicable accounting standard. The transfer of the revaluation reserve is reflected within the statement of changes in equity.

Reconciliation between Management Extracts and Financial Report as presented:

Location with in financial report:	Reference	Profit after tax expenses
Directors report	Management account extracts, above	949,616
Statement of Change in Equity	Revaluation reserve reclassified through profit and loss on realisation	1,078,551
	Tax effect recognised during the period, recognised through profit and loss	(296,602)
Statement of profit and loss and other comprehensive income	Total comprehensive income for the period	167,667

The information has been presented in accordance with RG230 and has been subject to review in accordance with Australian Auditing Standards.

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.

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.

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

Printing:

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

Operating and financial review (continued)

Professional Services:

The Locumsgroup business is underperforming against expectations. The mortgage division has been impacted by tightening bank procedures, the property division impacted by a regressing property market, and the tax and accounting division is underperforming due to the loss of some key customers.

Changes in the state of affairs

Sale and Deconsolidation of Horizon Print Management Pty Ltd:

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

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

Matters subsequent to the end of the reporting date

Effective 1 October 2018, the Group has entered into an agreement to purchase a Tax, Audit and Advisory business to further increase scale and exposure of the Professional Services division of the Group, and to compensate for the deconsolidation of the Printing division.

The Group has also entered into a finance syndicate with Defender No. 2 Fund Pty Ltd as trustee for the Defender No. 2 Fund (“Defender No. 2”), which had coordinated and syndicated a debt facility for American Patriot Oil & Gas Limited (ASX: AOW) (“AOW”). The Group initially believed that the debt syndicate provided a solid investment for the medium term on attractive terms and consistent with its stated objective to maximise shareholder returns. Subsequent to entering into the syndicated debt facility, the Group identified an opportunity to subscribe for 50,000,000 shares in AOW at $0.025 per share. This represents 8.14% of the issued capital of AOW (based on 614,557,563 shares on issue in AOW).

Give the pre-existing relationship with Defender No. 2, it was the company’s lawyers opinion that we were associated for the purpose of the AOW transaction. Accordingly the Group, in conjunction with the existing 70,212,121 shares held by Defender No. 2 and its associates holds an interest in 19.56% of AOW based on its issued capital as at 10 December 2018.

The Group has not formed an opinion on its strategy for the stake, and intends to equity account the investment for the period to 31 March 2019. Should the control of AOW materially change, the Group reserves its rights to change the treatment of this investment.

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

Christopher Bregenhoj
Chairman

14 December 2018

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 2018 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

William Buck
Chartered Accountants
ABN: 16 021 300 521

Rainer Ahrens

Rainer Ahrens
Director
Sydney, 14 December 2018

CHARTERED 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
Statement of profit or loss and other comprehensive income
For the half-year ended 30 September 2018

	Note	Consolidated 30 September 2018 $	Consolidated 30 September 2017 $
Revenue from continuing operations		1,308,623	1,652,220
Other income	4	1,186,764	135,351
Cost of sales		(369,386)	167,430
Gross profit		2,126,001	1,955,001
Expenses			
Salaries and wages		(1,047,347)	(1,043,165)
Management fees		(87,028)	(61,091)
Director fees		(39,000)	(42,889)
Professional fees		(189,903)	(302,192)
Property costs		(158,467)	(142,798)
Advertising and promotion		(2,077)	(19,200)
Other expenses from ordinary activities		(144,934)	(284,282)
Depreciation and amortisation expense		(274,882)	(278,233)
Impairment loss	11	(520,000)	-
Operating profit / (loss)		(337,637)	(218,849)
Finance costs		(482,461)	(791,169)
Loss before income tax benefit for the half year from continuing operations		(820,098)	(1,010,018)
Income tax benefit		88,202	483,788
Profit/(loss) after income tax expense / benefit from continuing operations, net of tax		(731,896)	(526,230)
Profit/(loss) after income tax expense / benefit from discontinued operations, net of tax		541,937	246,942
Profit after income tax benefit for the half-year		(189,959)	(279,288)
Items that will not be reclassified subsequently to profit or loss			
Current period revaluation gain on owner-occupied property, net of tax	8	357,626	-
Total comprehensive income for the year		167,667	(279,288)
Profit after income tax benefit for the half-year:			
Non-controlling interest		(260,000)	-
Owners of Vertua Limited		70,041	(279,288)
		(189,959)	(279,288)
Total comprehensive income for the half-year is attributable to:			
Continuing operations		(260,000)	-
Discontinued operations		-	-
Non-controlling interests		(260,000)	-
Continuing operations		(114,270)	(526,230)
Discontinued operations		541,937	246,942
Owners of Vertua Limited		427,667	(279,288)
		167,667	(279,288)

The above statement of financial position 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 2018

	30 September 2018 Cents	30 September 2017 Cents
Earnings per share for profit from continued operations attributable to the owners of Vertua Limited		
Basic earnings per share	(1.2)	-
Diluted earnings per share	-	-
Earnings per share for profit from discontinued operations attributable to the owners of Vertua Limited		
Basic earnings per share	1.7	2.4
Diluted earnings per share	0.9	-
Earnings per share for profit attributable to the owners of Vertua Limited		
Basic earnings per share	0.5	(2.7)
Diluted earnings per share	0.3	-

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 2018

	Note	Consolidated 30 September 2018 $	31 March 2018 $
Assets			
Current assets			
Cash and cash equivalents		1,553,624	1,077,044
Trade and other receivables	5	2,728,378	3,836,081
Inventories and work in progress	6	11,659,411	46,896
Investment property	8	-	1,139,253
Asset held for sale	8	4,900,000	2,727,414
Financial assets	7	1,736,310	1,819,674
Net present value of trail commission income		406,341	401,324
Total current assets		22,984,064	11,047,686
Non-current assets			
Receivables	9	1,066,314	1,065,150
Property, plant and equipment	10	415,530	425,829
Intangibles	11	1,571,999	3,397,970
Deferred tax	12	931,168	1,394,949
Net present value of trail commission income		739,873	730,739
Total non-current assets		4,724,884	7,014,637
Total assets		27,708,948	18,062,323
Liabilities			
Current liabilities			
Trade and other payables	13	11,187,500	1,803,269
Provisions		131,588	190,106
Other current liabilities	14	207,992	1,266,629
Financial liabilities	15	1,350,000	-
Total current liabilities		12,877,080	3,260,004
Non-current liabilities			
Payables	17	137,513	104,841
Financial liabilities measured at amortised cost	16	4,677,988	6,612,446
Financial liabilities	15	-	1,350,000
Total non-current liabilities		4,815,501	8,067,287
Total liabilities		17,692,581	11,327,291
Net assets		10,016,367	6,735,032
Equity			
Issued capital	18	8,193,597	4,917,116
Convertible notes	19	3,399,209	3,265,420
Reserves	20	-	1,078,551
Accumulated losses		(2,847,150)	(4,056,766)
Equity attributable to the Owners of Vertua Limited		8,745,656	5,204,321
Non-controlling interest	21	1,270,711	1,530,711
Total equity		10,016,367	6,735,032

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 2018

Consolidated	Issued capital $	Convertible notes $	Revaluation Reserve $	Accumulated losses $	Non-controlling interest $	Total equity $
Balance at 1 April 2017	4,746,557	3,265,420	445,504	(3,435,568)	2,251,693	7,273,606
Loss after income tax expense for the half-year	-	-	-	(279,288)	-	(279,288)
Other comprehensive income for the half-year, net of tax	-	-	-	-	-	-
Total comprehensive income for the half-year	-	-	-	(279,288)	-	(279,288)
Non-controlling interest movements during the period	-	-	-	-	(720,982)	(720,982)
Balance at 30 September 2017	4,746,557	3,265,420	445,504	(3,714,856)	1,530,711	6,273,336

Consolidated	Issued capital $	Convertible notes $	Revaluation reserve $	Accumulated losses $	Non-controlling interests $	Total equity $
Balance at 1 April 2018	4,917,116	3,265,420	1,078,551	(4,056,766)	1,530,711	6,735,032
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 year	-	-	-	70,041	(260,000)	(189,959)
Other comprehensive income for the year, net of tax	-	-	357,626	-	-	357,626
Total comprehensive income for the 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 year	-	-	-	-	-	-
Transfer on sale of owner-occupied property	-	-	(1,139,575)	1,139,575	-	-
Balance at 30 September 2018	8,193,597	3,399,209	-	(2,847,150)	1,270,711	10,016,367

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

Vertua Limited
Statement of cash flows
For the half-year ended 30 September 2018

	Consolidated	
	6 months to 30 September 2018 $	**6 months to 30 September 2017 $**
Cash flows from operating activities		
Cash receipts from customers	5,845,104	7,259,671
Payments to suppliers & employees	(5,037,085)	(7,044,367)
	808,019	215,304
Payments for finance costs	(108,001)	(512,706)
Income taxes paid	-	(26,474)
Net cash (used in) / from operating activities	700,018	(323,876)
Cash flows from investing activities		
Payments for property plant & equipment	(88,215)	(53,188)
Payments for intangibles	(28,081)	(14,622)
Payment made as part of property developments	(1,464,748)	(200,313)
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	207,258	1,700,000
Net cash (used in) investing activities	52,595	1,431,877
Cash flows from financing activities		
Payment of lease liability	(12,374)	(38,910)
Proceeds from issued capital	260,000	-
Net proceeds received from loans provided by related party	-	(1,005,102)
Net proceeds received from by external parties and bank loans	430,000	50,000
Net repayments on related party loans	(953,659)	(28,505)
Net cash (used in) / from financing activities	(276,033)	(1,022,517)
Net increase in cash and cash equivalents	476,580	85,484
Cash and cash equivalents at the beginning of the financial half-year	1,077,044	581,075
Cash and cash equivalents at the end of the financial half-year	1,553,624	666,559

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

Note 1. General information

The financial statements cover Vertua Limited as a Group consisting of Vertua Limited and the entities it controlled at the end of, or during, the 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.

The financial statements were authorised for issue, in accordance with a resolution of Directors, on 14 December 2018.

Note 2. Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 30 September 2018 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 2018 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 15 Revenue from Contracts with Customers
The Group has adopted AASB 15 Revenue from Contracts with Customers with the initial date of application for the Group being 1 April 2018. The new standard establishes a single, comprehensive framework for revenue recognition, and replaces the previous revenue Standards AASB 118 Revenue and AASB 111 Construction Contracts, and the related Interpretations on revenue recognition: Interpretation 13 Customer Loyalty Programmes, Interpretation 15 Agreements for the Construction of Real Estate, Interpretation 18 Transfers of Assets from Customers, and Interpretation 131 Revenue—Barter Transactions Involving Advertising Services.

The policy outlined below has been applied during for the half-year ended 30 September 2018.

Printing
Printing revenue has been recorded after the commencement of the production cycle, which commences only after explicit written instructions are received from the customer confirming that the quote provided for works is acceptable and that production of the work order should commence. The new revenue recognition policy for the Printing division has not had material impact on the business, as each printing project typically has a term of 1 – 3 months.

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.

Note 2. Significant accounting policies (continued)

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.

AASB 9 Financial Instruments
The Group has adopted AASB 9 Financial Instruments with the initial date of application for the Group being 1 April 2018. The new standard includes requirements for the classification and measurement of financial assets, the accounting requirements for financial liabilities, impairment testing requirements and hedge accounting requirements. The new requirements have had minimal and immaterial impact on the Group's operations.

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:

Printing (discontinued operations)	Relates to the value-added print management services provided by Horizon Print Management.
Property	Relates to the identification, acquisition, development and sale of development sites by Fiducia Group.

Vertua Limited
Notes to the financial statements
30 September 2018

Note 3. Operating segments (continued)

Professional services	Relates to: - the accounting, financial planning, mortgage brokerage, real estate advisory and other services provided by Locumsgroup; - the AFSL of Defender Asset Management; and - the accounting and finance advice provided by Vertua.
Other	Relates to the Group's corporate assets.

All of the Group's segments operate in Australia.

Operating segment information

Consolidated - 6 months to 30 September 2018	Printing (discontinued operations) $	Property $	Professional services $	Other $	Total $
Revenue					
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
Total revenue	3,515,304	1,334,318	1,156,446	4,624	6,010,692
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)
Impairment of intangibles	-	-	(520,000)	-	(520,000)
Profit/(loss) before income tax expense	747,499	318,452	(384,237)	(754,313)	(72,599)
Income tax expense					(117,360)
Profit after income tax expense					(189,959)
Other comprehensive income for the half-year, net of tax	-	357,626	-	-	357,626
Total comprehensive income for the half-year					167,667
Assets					
Segment assets	-	20,157,431	4,057,747	3,493,770	27,708,948
Total assets					27,708,948
Liabilities					
Segment liabilities	-	16,829,321	440,268	422,992	17,692,581
Total liabilities					17,692,581

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

Note 3. Operating segments (continued)

Consolidated - 6 months to 30 September 2017	Printing $	Property $	Professional services $	Other $	Total $
Revenue					
Revenue	5,493,540	530,332	1,120,388	1,500	7,145,760
Other income	1,779	102,989	30,486	1,876	137,130
Total revenue	5,495,319	633,321	1,150,874	3,376	7,282,890
Cost of sales	(4,558,497)	213,494	(42,934)	(3,130)	(4,391,067)
Employee costs	(479,483)	(309,714)	(598,674)	(134,777)	(1,522,648)
Management fees	(30,000)	15,909	-	(77,000)	(91,091)
Director fees	-	-	(2,027)	(40,862)	(42,889)
Finance costs	(242)	(510,657)	(5,822)	(274,690)	(791,411)
Professional fees	(24,228)	(121,463)	(4,750)	(175,979)	(326,420)
Property costs	(8,991)	(58,496)	(84,302)	-	(151,789)
Advertising and promotion	(14,392)	(3,010)	(7,000)	(9,190)	(33,592)
Other expenses	(117,073)	(43,655)	(134,805)	(105,822)	(401,355)
Depreciation and amortisation expense	(15,471)	(126,454)	(98,886)	(52,893)	(293,704)
Profit/(loss) before income tax expense	246,942	(310,725)	171,674	(870,967)	(763,076)
Income tax expense					483,788
Loss after income tax expense					(279,288)
Consolidated – 31 March 2018					
Assets					
Segment assets	2,854,374	9,213,706	3,979,470	2,014,773	18,062,323
Total assets					18,062,323
Liabilities					
Segment liabilities	3,194,560	5,200,528	576,032	2,356,171	11,327,291
Total liabilities					11,327,291

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

Note 4. Other income

	Consolidated 30 September 2018 $	Consolidated 30 September 2017 $
Interest received	66,761	30,487
Gain on disposal	540,055	(8,018)
Disbursement recovery	319,917	95,052
Insurance claim income	250,000	-
Other	10,031	17,830
	1,186,764	135,351

Gain on disposal consists of the net gain realised from the disposal of the investment property - refer to Note 8.

Note 5. Current assets - trade and other receivables

	Consolidated	
	30 September 2018 $	31 March 2018 $
Trade receivables	1,362,368	2,825,607
Less: allowance for doubtful debts	-	(150,000)
Real estate commissions receivable	240,317	221,365
	1,602,685	2,896,972
Prepayments	58,965	27,851
Accrued income	397,315	402,498
	456,280	430,349
HPM sale receivable	250,000	-
Insurance claim receivable	193,197	-
Short-term loan advances	226,216	508,760
	2,728,378	3,836,081

Impairment of receivables
The Group had recognised a provision of $150,000 in the prior financial year in respect of impairment of receivables against an invoice valued at $384,154, relating to profit shares in a property project located at Rushcutters Bay. A resolution has been reached with regards to the ongoing dispute and the provision extinguished at 30 September 2018, with the total amount payable to the Property division of $340,000. The remaining balance of $44,154 was written off during the period.

HPM sale receivable
The Group sold its entire shareholding in Horizon Print Management Pty Ltd and its subsequent interests in the Printing segment (refer to Note 24). 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.

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 $193,197. Negotiations are ongoing, and we expect to have a resolution within the next 6-12 months.

Short term loan advances
The Group has extended short term loan advances to 37 Powell Road unit trust (a Property segment development) representing bridge financing to cover incidental costs to completion. The Group has also provided mezzanine funding for the Northbridge project. Full settlement of both is expected within this financial year.

Note 6. Current assets - inventories and work in progress

	Consolidated	
	30 September 2018 $	**31 March 2018 $**
Work in progress – print services	-	46,896
Work in progress – property stock	11,659,411	-
Total inventories and work in progress	11,659,411	46,896

Properties held for redevelopment are inventory and represented by work-in-progress. During the period, the Group acquired 3 sites in Neutral Bay, NSW, for the development apartments. The Group is the underlying principal in this development. Settlement of one site occurred in October 2018 with the remaining two sites expected to settle in January 2019. The Group has entered into a finance agreement with a large funds management group which will facilitate the settlement of the sites on a non-recourse basis to the Group. The settlement liabilities relating to the property stock is reflected in current liabilities – refer to Note 13.

The Group sold its interest in the Printing segment during the period – refer to Note 24.

Note 7. Current assets - financial assets

	Consolidated	
	30 September 2018 $	**31 March 2018 $**
Financial assets: interests in residential development entities held at fair value	1,736,310	1,819,674
Total financial assets	1,736,310	1,819,674

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

The value of uncalled capital commitments as at 30 September 2018 is $372,685 (31 March 2018: $560,478).

Note 8. Current assets - investment property and asset held for sale

	Consolidated	
	30 September 2018 $	**31 March 2018 $**
Current		
Asset held for sale	4,900,000	2,727,414
Investment property	-	1,139,253

During the period, the Group sold its interest in Horizon Print Management Pty Ltd (refer to Note 24). The lease to Horizon Print Management Pty Ltd has converted to a third-party lease, and an adjustment to the investment property was recorded proportionate to the lease space occupied by Horizon Print Management Pty Ltd.

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

Note 8. Current assets - investment property and asset held for sale (continued)

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

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

To illustrate the significant gains generated by the group on the sale of the property, the table below outlines the accumulation of the revaluation reserve relating to the owner-occupied property and its subsequent transfer directly to retained earnings:

Asset held for sale:	**Total $**
Owner occupied portion	
Original cost of owner-occupied property	1,648,863
Fair value gain in revaluation reserve within the statement of changes in equity	1,078,551
Balance at 1 April 2018	2,727,414
HPM-occupied space transferred to investment property at cost	(881,600)
Fair value gain, recorded net of tax in revaluation reserve within the statement of changes in equity for the period.	493,278
	2,339,092
Comprising of:	
Original cost of owner-occupied property	767,263
Accumulated fair value gain	1,571,829
Balance on date of exchange	2,339,092
Add: transfer from investment property on date of exchange	2,560,908
Balance at 30 September 2018	4,900,000

Impact arising from sale:
The revaluation reserve balance (net of tax), at date of exchange, amounted to $1,139,575, of which only the current period gain (net of tax) of $357,626 is recognised within the statement of profit and loss and other comprehensive income. The total balance transferred directly within the statement of changes in equity.

The opening revaluation reserve amounting to $1,078,551, whilst also realised as part of the transaction is therefore not reflected within the half-year results but taken directly to retained earnings reducing accumulated losses accordingly.

The tax effect of this transaction has been reflected as per Note 12.

Note 8. Current assets - investment property and asset held for sale (continued)

Reconciliations
Reconciliations of the investment property at the beginning and end of the current financial half-year are set out below:

Investment property	**Total $**
Balance at 1 April 2018	1,139,253
HPM-occupied space transferred from asset held for sale	881,600
Fair value gain on sale of investment property – recognised in ‘other income’ (see Note 4)	540,055
Transfer to asset held for sale	(2,560,908)
Balance at 30 September 2018	-

Note 9. Non-current assets – receivables

	Consolidated	
	30 September 2018	**31 March 2018**
	$	**$**
Security deposits	116,354	115,190
Related party loans		
Lily Bordeaux Pty Ltd	949,960	949,960
	1,066,314	1,065,150

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 FY19 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.

Note 10. Non-current assets - property, plant and equipment

	Consolidated	
	30 September 2018 $	31 March 2018 $
Fixtures and fittings - at cost	393,419	432,873
Less: Accumulated depreciation	(73,449)	(72,212)
	319,970	360,661
Computer equipment - at cost	62,739	71,765
Less: Accumulated depreciation	(53,666)	(65,721)
	9,073	6,044
Office equipment - at cost	58,431	60,494
Less: Accumulated depreciation	(39,878)	(38,611)
	18,553	21,883
Motor vehicle - at cost	78,281	40,576
Less: Accumulated depreciation	(10,347)	(3,335)
	67,934	37,241
	415,530	425,829

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

	Fixtures and fittings	Computer equipment	Office equipment	Motor vehicles	Total
Balance at 1 April 2018	360,661	6,044	21,883	37,241	425,829
Additions	27,199	14,570	8,741	37,705	88,215
Disposals	(66,654)	(23,596)	(10,804)	-	(101,054)
Writeback of depreciation on disposal	24,986	18,107	2,290	-	45,383
Depreciation expense	(26,222)	(6,052)	(3,557)	(7,012)	(42,843)
Balance at 30 September 2018	319,970	9,073	18,553	67,934	415,530

Note 11. Non-current assets - intangible assets

	Consolidated	
	30 September 2018	**31 March 2018**
	$	**$**
Goodwill	1,035,096	2,039,280
Less: Impairment loss	(260,000)	-
	775,096	2,039,280
Contractual rights	1,683,068	1,683,068
Less: Accumulated amortisation	(1,683,068)	(1,602,619)
	-	80,449
Customer relationships	1,504,435	1,592,977
Less: Accumulated amortisation	(510,485)	(413,530)
Less: Impairment loss	(260,000)	-
	733,950	1,179,447
Software - at cost	140,497	116,956
Less: Accumulated amortisation	(80,184)	(20,802)
	60,313	96,154
Trademark - at cost	2,640	2,640
	1,571,999	3,397,970

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

Consolidated	**Goodwill** $	**Contractual rights** $	**Customer relationships** $	**Software** $	**Trademarks** $	**Total** $
Balance at 1 April 2018	2,039,280	80,449	1,179,447	96,154	2,640	3,397,970
Additions	-	-	-	28,081	-	28,081
Disposals	-	-	-	(4,540)	-	(4,540)
Sale of HPM	(1,004,184)	-	(88,542)	-	-	(1,092,726)
Amortisation expense	-	(80,449)	(96,955)	(63,922)	-	(241,326)
Impairment loss	(260,000)	-	(260,000)	-	-	(520,000)
Writeback of amortisation on disposal	-	-	-	4,540	-	4,540
Balance at 30 September 2018	775,096	-	733,950	60,313	2,640	1,571,999

Note 11. Non-current assets - intangible assets (continued)

	Printing (discontinued operations) $	Property $	Professional services $	Other $	Total $
Goodwill	-	-	775,096	-	775,096
Contractual rights	-	-	-	-	-
Customer relationships	-	-	733,950	-	733,950
Computer software	-	-	-	60,313	60,313
Trademarks	-	-	-	2,640	2,640
	-	-	1,509,046	62,953	1,571,999

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

The fair value recorded on the balance sheet as at 30 September 2018 totalling $1,571,999 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.

Contractual rights during the period have been fully amortised. This is in line with the Northbridge development being in its final stages, with a completion date forecast for December 2018 (original forecast of September 2018).

Goodwill has been reduced due to the sale of Horizon Print Management Pty Ltd. In addition, there has been an impairment of goodwill and customer relationships relating to the Locumsgroup business. The Locumsgroup business has been performing below budget, specifically, its property division and tax and accounting division. The business was assessed as a whole based on an acquisition multiple analysis with a reasonableness test conducted based on expected revenues to the end of the year. On acquisition, the customer relationships refer to the tax and accounting client list acquired, and goodwill recorded relates to the property sales division. The impairment therefore has been apportioned equally against the two underperforming divisions respectively.

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

The Directors will closely monitor the performance of Locumsgroup and will reassess the value of its intangible assets at year-end.

Note 12. Non-current assets - deferred tax

	Consolidated	
	30 September 2018	**31 March 2018**
	$	**$**
Deferred tax asset comprises temporary differences attributable to:		
Amounts recognised in profit or loss:		
Tax losses recognised	1,555,159	1,762,546
Tax losses utilised	(647,432)	(445,587)
Employee benefits	33,705	67,324
Accrued expenses	-	39,836
Revenue received in advance	-	4,127
Accounts receivable	(10,264)	(20,401)
Deductible capitalised expenses	-	(12,896)
Deferred tax asset	931,168	1,394,949

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

The Group relies upon the Modified Continuity of Ownership ("COT") provisions for its ability to utilise the losses of Vertua Limited and its subsidiaries. Should the Group breach the Modified COT provisions then it is unlikely that the Group would be able to access the losses and this would result in a likely impairment of the deferred tax asset relating to recognised tax losses.

Note 13. Current liabilities - trade and other payables

	Consolidated	
	30 September 2018	**31 March 2018**
	$	**$**
Trade payables	574,550	1,306,749
Finance lease liabilities	79,550	124,598
Settlement liability	10,440,000	-
BAS payable	(16,717)	193,386
Other payables	110,117	178,536
	11,187,500	1,803,269

The settlement liability relates to the acquisition of three properties in Neutral Bay, NSW. Refer to Note 6 for further details.

The finance lease liabilities relate to the current portion of the purchase of the Group’s accounting software, office fitout, two vehicles and directors and officer’s insurance. The non-current portion of the finance lease liabilities is disclosed in Note 17.

Note 14. Current liabilities - other current liabilities

	Consolidated	
	30 September 2018	31 March 2018
	$	$
Loan: Wexford Family Trust	207,992	401,652
Loan: Esplanade Super Pty Ltd	-	278,771
Loan: Holicarl Pty Ltd	-	293,103
Loan: Woodville Super Pty Ltd	-	293,103
	207,992	1,266,629

The loans from Esplanade Super Pty Ltd, Holicarl Pty Ltd and Woodville Super Pty Ltd were converted to shares in April 2018 in line with the option agreement attached to these loans.

Note 15. Financial liabilities

	Consolidated	
	30 September 2018	31 March 2018
	$	$
Current		
NAB loan - property investment	1,350,000	-
Non-current		
NAB loan - property investment	-	1,350,000

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

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

	Consolidated	
	30 September 2018	31 March 2018
	$	$
Manning Capital Holdings Pty Ltd	4,227,988	4,718,745
Mackin Money Trust	450,000	-
Convertible note instruments	-	1,893,701
	4,677,988	6,612,446

Note 16. Non-current liabilities - financial liabilities measured at amortised cost (continued)

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

The liability in relation to the convertible notes is the present value of the deemed interest flow arising under the terms of the convertible note agreement, which represents the liability component of $778,701 as determined on the date of acquisition with an opening balance for the period of $1,893,701. A deemed interest component of $149,568 has been recorded during the period. The remaining balance of the liability portion of the convertible note instrument has been reclassified to equity as a variation in the terms underlying the instrument which has granted the Group the ability to convert the entire balance of convertible notes within twelve months from the date of this report (refer to Note 19 for reconciliation).

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

	Consolidated	
	30 September 2018	31 March 2018
	$	$
Finance lease liabilities	137,513	104,841

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

	30 September 2018	31 March 2018	30 September 2018	31 March 2018
	Shares	Shares	$	$
Class A shares - fully paid	32,242,979	11,902,821	8,193,597	4,917,116

Movements in issued capital

Details	Date	Shares	$
Balance	1-Apr-18	11,902,821	4,917,116
Issue of shares	17-Apr-18	1,300,000	260,000
Issue of shares (option conversion)	24-Apr-18	4,050,000	810,000
Issue of shares (convertible note conversion)	24-Apr-18	1,950,000	253,457
Issue of shares (option conversion)	28-Sep-18	2,000,000	297,000
Issue of shares (convertible note conversion)	28-Sep-18	11,040,158	1,656,024
Balance 30 September 2018		32,242,979	8,193,597

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

	Consolidated	
	30 September 2018	31 March 2018
	$	$
Convertible note instruments	3,399,209	3,265,420

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

	Total $
Convertible notes - debt	
Balance as at 31 March 2018	1,893,701
Deemed interest expense	149,570
Convertible notes converted to shares	(94,269)
Convertible notes reclassified to equity – refer to Note 16	(1,949,002)
Balance as at 30 September 2018	-

	Total $
Convertible notes - equity	
Balance as at 31 March 2018	3,265,420
Convertible notes converted to shares	(1,815,213)
Convertible notes reclassified from debt	1,949,002
Balance as at 30 September 2018	3,399,209

Due to a variation in the terms of the convertible note agreement, the debt portion of the convertible note instrument has been reclassified to equity during the period as the Group intends to convert all convertible notes within 12 months of the date of this report, thereby extinguishing any interest liability and subsequent debt.

Note 20. Equity - reserves

	Consolidated	
	30 September 2018	31 March 2018
	$	$
Revaluation reserve	-	1,078,551

The revaluation reserve has been adjusted during the period due to the sale of the Level 5, 97 Pacific Highway, North Sydney property. Refer to Note 8 for further details.

Note 20. Equity - reserves (continued)

The reconciliations of the revaluation reserve balances at the beginning and end of the current financial half-year are set out below:

Opening balance at 31 March 2018	1,078,551
Tax effect of revaluation reserve opening balance recognised during the period upon sale of owner-occupied property (Note 8)	(296,602)
Fair value gain recognised during the period (Note 8)	357,626
	1,139,575
Re-allocated to retained earnings upon sale of building (Note 8)	(1,139,575)
Closing balance at 30 September 2018	-

Note 21. Equity - non-controlling interest

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

	Consolidated	
	30 September 2018 $	31 March 2018 $
Non-controlling interest	1,270,711	1,530,711

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

Note 22. Dividends

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

Note 23. Contingent liabilities

There are no contingent liabilities in the current accounting period.

Note 24. Discontinued operations - Horizon Print Management Pty Ltd & Horizon Media Pty Ltd

Effective 31 July 2018, the Group finalised the full disposal of its entire shareholding in Horizon Print Management Pty Ltd and subsequent interests in the Printing division. The proceeds from the sale of the shares totalled $2,100,000, plus a minimum working capital allowance to be left in the business on settlement of $250,000 as per the terms of the sale contract. In addition, the terms of the sale allow for a deferred consideration (recorded as a receivable of $250,000) to be paid in 11 equal monthly instalments commencing from 15 October 2018.

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

(a) The financial performance of the Printing segment for the period is as follows:

	4 months to 31 July 2018 $	**6 months to 30 September 2017** $
Revenue	2,781,865	5,493,540
Other income	-	1,779
Cost of sales	(2,225,212)	(4,558,497)
Gross profit	556,653	936,822
Expenses		
Salaries and wages	(306,013)	(479,483)
Management fees	(20,000)	(30,000)
Professional fees	(112,114)	(24,228)
Property costs	(4,624)	(8,991)
Advertising and promotion	(15,362)	(14,392)
Other expenses from ordinary activities	(74,386)	(117,073)
Depreciation and amortisation expense	(9,285)	(15,471)
Operating profit	14,869	247,184
Finance costs	(809)	(242)
Profit before income tax benefit	14,060	246,942
Income tax expense	-	-
Profit after income tax expense for the year	14,060	246,942
Gain on disposal before income tax (Note 24 (d))	733,439	-
Income tax expense	(205,562)	-
Profit after income tax expense from discontinued operations	541,937	246,942

(b) Cash flow information

	4 months to 31 July 2018 $	6 months to 30 September 2017 $
Net cash from operating activities	724,570	108,603
Net cash used in investing activities	(11,512)	-
Net cash from financing activities	(990,522)	134,639
Net increase in cash and cash equivalents from discontinued operations	(277,464)	243,242

(c) At the time of disposal, the assets and liabilities were recognised as follows:

	Fair Value $
Cash and cash equivalents	524,671
Work in progress	312,871
Trade receivables	908,976
Other receivables	93,777
Property, plant and equipment	55,671
Intangibles	1,092,726
Trade payables	(1,496,518)
Other payables	(190,098)
Employee entitlements	(105,530)
Net assets of discontinued operations	1,196,546

(d) Details of the disposal

	30 September 2018 $
Total sale consideration	2,100,000
Carrying amount of net assets disposed	(1,196,546)
Loss on sale of Horizon Media Pty Ltd	(100,000)
Disposal costs	(70,015)
Loss on disposal after income tax	733,439

Note 25. Events after the reporting period

The Group has entered into a heads of agreement to acquire First Equity Associates Pty Ltd ATF First Equity Associates Unit Trust (“First Equity”) with an effective date of 1 October 2018.

First Equity is a tax, audit and advisory business consisting of three partners and six staff and will form part of the Professional Services division. Consideration for the acquisition will be a combination of issued capital in the Group and a convertible note.

It is expected that First Equity will contribute annual revenue in excess of $2.0m. The settlement of the deal is expected to occur in December 2018. The convertible note has been issued and the final consideration will be subject to 30 June 2019 results and performance.

It is the Group's intention to integrate the two businesses, Locumsgroup and First Equity under the single brand, First Equity. We expect that we will achieve some of these integrations over the next 12-18 months. The Group is actively seeking additional professional services practices or individuals wishing to migrate to the First Equity brand and business.

American Patriot Oil & Gas Limited (ASX: AOW) ("AOW")

The Group has also entered into a finance syndicate with Defender No. 2 Fund Pty Ltd as trustee for the Defender No. 2 Fund ("Defender No. 2"), which had coordinated and syndicated a debt facility for AOW. The Group initially believed that the debt syndicate provided a solid investment for the medium term on attractive terms and consistent with its stated objective to maximise shareholder returns. Subsequent to entering into the syndicated debt facility, the Group identified an opportunity to subscribe for 50,000,000 shares in AOW at $0.025 per share. This represents 8.14% of the issued capital of AOW (based on 614,557,563 shares on issue in AOW).

Give the pre-existing relationship with Defender No. 2, it was the company's lawyers opinion that we were associated for the purpose of the AOW transaction. Accordingly the Group, in conjunction with the existing 70,212,121 shares held by Defender No. 2 and its associates holds an interest in 19.56% of AOW based on its issued capital as at 10 December 2018.

The Group has not formed an opinion on its strategy for the stake, and intends to equity account the investment for the period to 31 March 2019. Should the control of AOW materially change, the Group reserves its rights to change the treatment of this investment.

Note 26. 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.

	30 September 2018 $	30 September 2017 $
Profit/(loss) after income tax from continuing operations	(114,270)	(526,230)
Profit/(loss) after income tax from discontinued operations	541,937	246,942
Profit/(loss) after income tax	427,667	(279,288)
Non-controlling interest	(260,000)	-
Profit/(loss) after income tax attributable to the Owners of Vertua Limited	167,667	(279,288)

	Number	Number
Weighted average number of Class A shares used in calculating basic earnings per share	32,242,979	10,475,548
Adjustments for calculation of diluted earnings per share:		
Potential conversion of convertible notes	27,009,843	40,000,001
Weighted average number of Class A shares used in calculating diluted earnings per share	59,252,822	50,475,549

As the group was loss making in the comparative period, potential ordinary shares arising from convertible notes were not been included in the calculation of diluted earnings per share as they are considered anti-dilutive.

	Cents	Cents
Earnings per share for profit from continuing operations attributable to the owners of Vertua Limited		
Basic earnings per share	(1.2)	-
Diluted earnings per share	-	-
Earnings per share for profit from discontinued operations attributable to the owners of Vertua Limited		
Basic earnings per share	1.7	2.4
Diluted earnings per share	0.9	-
Earnings per share for profit attributable to the owners of Vertua Limited		
Basic earnings per share	0.5	(2.7)
Diluted earnings per share	0.3	-

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:

Name	Principal place of business / Country of incorporation	30 September 2018	31 March 2018
		%	%
Corporate			
Vertua Investments Limited	Australia	100.00%	100.00%
Vertua Nominees Pty Ltd	Australia	100.00%	100.00%
Defender Asset Management Pty Ltd	Australia	100.00%	100.00%
Vertua Opportunities Pty Ltd	Australia	100.00%	100.00%
Print Segment			
Horizon Print Management Pty Ltd	Australia	0.00%	100.00%
Horizon Media Pty Ltd	Australia	0.00%	100.00%
Professional Services Segment			
Locumsgroup Asset Management Pty Ltd	Australia	50.00%	50.00%
Locumsgroup Sydney Pty Ltd	Australia	50.00%	50.00%
Locumsgroup Core Unit Trust	Australia	50.00%	50.00%
Locumsgroup Administrative Services Trust	Australia	50.00%	50.00%
Locumsgroup Finance Trust No. 2	Australia	50.00%	50.00%
Braxton Unit Trust	Australia	50.00%	50.00%
Locumsgroup Private Accounting Services Pty Ltd	Australia	50.00%	50.00%
Property Segment			
Joe Public Holdings Pty Ltd	Australia	100.00%	100.00%
Fiducia Group Pty Ltd	Australia	100.00%	100.00%
Fiducia Development Group Pty Ltd	Australia	100.00%	100.00%
Fiducia Property Group Pty Ltd	Australia	100.00%	100.00%
Fiducia Development Management Trust	Australia	100.00%	100.00%
Fiducia Project Management Trust	Australia	100.00%	100.00%
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
Directors' declaration
30 September 2018

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 2018 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

Christopher Bregenhoj
Chairman

14 December 2018

Vertua Limited
Shareholder information
30 September 2018

Vertua limited has on issue 32,242,979 full paid Class A shares held by 317 holders as at 30 September 2018. 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	0.05
5,001 to 10,000	121	1,018,125	3.16
10,001 to 100,000	178	3,695,301	11.46
100,001 and over	15	27,514,553	85.34
	317	32,242,979	100.00

The names of the twenty largest security holders of quoted equity securities as at 30 September 2018 are listed below:

Investor Name	Total shares	% of issued capital
HOLICARL PTY LTD	5,590,900	17.34
MANNING CAPITAL HOLDINGS PTY LTD	4,681,883	14.52
A C N 623 179 680 PTY LTD	3,150,000	9.77
LILY BORDEAUX PTY LTD	3,070,451	9.52
MR DAVID LEON	2,801,410	8.69
WOODVILLE SUPER PTY LIMITED	2,624,646	8.14
ESPLANADE SUPER FUND PTY LTD	1,577,273	4.89
HOLICARL PTY LTD	1,350,000	4.19
FRANCIS PACE & DIANNA PACE	1,300,000	4.03
CALVERT INVESTMENTS PTY LTD	601,681	1.87
MR STUART PAGE	277,273	0.86
KIZUN PTY LTD	125,400	0.39
BENJAMIN JOHN DOYLE & MARIE CHRISTINA ASHLEY	125,000	0.39
MR IAN CRAWFORD MAXWELL & MRS PHILIPPA JANE MAXWELL	125,000	0.39
WEXFORD SUPER PTY LTD	113,636	0.35
MR WILLIAM LYON	100,000	0.31
PETER SCHAAP & PAULINE SCHAAP	90,000	0.28
MS JOANNE MAREE BAULCH	80,000	0.25
MR CRAIG ALEXANDER GODHAM	72,000	0.22
DR T HANSEN & MS Z GREENWOOD	52,050	0.16
MR TREVOR JOHN O'SHEA & MRS JOANNE ELSIE O'SHEA	50,000	0.16
	27,958,603	86.72

Vertua Limited
Shareholder information
30 September 2018

Vertua Group options on issue

Investor name	Closing 31-Mar-18	Net movement during period	Closing 30-Sep-18
Manning Capital Holdings Pty Ltd	9,100,000	4,089,247	13,189,247
Holicarl Pty Ltd	1,350,000	(1,350,000)	-
Esplanade Super Fund Pty Ltd	1,350,000	(1,350,000)	-
Woodville Super Pty Ltd	1,350,000	(1,350,000)	-
Total	13,150,000	39,247	13,189,247

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

Vertua Group convertible notes on issue

Investor name	Closing 31-Mar-18	Convertibles notes added/ subtracted	Convertible notes converted	Convertible notes transferred by note holder	Closing 30-Sep-18
Holicarl Pty Ltd	15,468,458	-	(4,000,000)	-	11,468,458
Lily Bordeaux Pty Ltd	6,032,699	-	(2,450,000)	-	3,582,699
Woodville Super Pty Ltd	843,733	-	(843,733)	-	-
Manning Capital Holdings Pty Ltd	15,114,953	-	(3,156,267)	-	11,958,686
Wealth Holdings Trustees Ltd	2,540,158	-	(2,540,158)	-	-
Total	40,000,001	-	(12,990,158)	-	27,009,843

William Buck

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 8 to 34, which comprises the consolidated condensed statement of financial position as at 30 September 2018, 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 8 to 34 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 2018 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 2018 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.

CHARTERED 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

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

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

Independence

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

William Buck

William Buck
Chartered Accountants
ABN 16 021 300 521

Rainer Ahrens

Rainer Ahrens
Director

Sydney, 14 December 2018