



VERTUA LTD

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15 June 2016

By E-Lodgment

National Stock Exchange  
Level 2, 117 Scott Street  
Newcastle, NSW 2300

**Preliminary Financial Report - Period ending 31 March 2016**

Vertua Limited is pleased to attach its preliminary financial report for the period ended 31 March 2016.

The preliminary report is currently under review by the company's auditors, Grant Thornton, and as such is subject to review. The company is currently discussing a number of significant accounting policies which have the ability to materially impact the current treatment presented in the preliminary report.

Regards



James Manning  
Managing Director

Acquisition 3:  
CFL Property Pty Ltd  
RB Partners Pty Ltd

Acquisition 1: 1 December 2015

Acquisition 2: 1 March 2016

Acquisition 3: 31 March 2016

Date control gained

\$

Contribution of such entities to the reporting entity's profit/(loss) from ordinary activities before income tax during the period (380,884)

Profit/(loss) from ordinary activities before income tax of the controlled entity (or group of entities) for the whole of the previous period (where material) 334,941

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## 5. Loss of control over entities

Not applicable.

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## 6. Dividends

### *Current period*

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

### *Previous period*

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

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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 are in the process of being audited.

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11. Signed

Signed

  
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Director / Company Secretary

Date: 15 June 2016

# **Vertua Limited – Preliminary final report**

**ACN 108 076 295**

**Annual Report - 31 March 2016  
[ Unaudited ]**

**Vertua Limited**  
**Contents**  
**31 March 2016**

**Contents**

Statement of profit or loss and other comprehensive income	3
Statement of financial position	4
Statement of changes in equity	5
Statement of cash flows	6
Notes to the financial statements	7

**Vertua Limited**  
**Statement of profit or loss and other comprehensive income - unaudited**  
**For the year ended 31 March 2016**

		<b>Consolidated</b>	
	<b>Note</b>	<b>2016</b>	<b>2015</b>
		<b>\$</b>	<b>(9 month)</b>
		<b>\$</b>	<b>\$</b>
Revenue		15,501,269	755,362
Cost of sales		(13,041,643)	(639,831)
Gross profit		2,459,626	115,531
<b>Expenses</b>			
Salaries and wages		(850,284)	-
Management fees		(301,810)	(5,000)
Director fees		(58,487)	(42,480)
Finance costs		(162,929)	(17,374)
Professional fees		(613,767)	(217,161)
Property costs		(222,935)	(5,882)
Advertising and promotion		(11,106)	(18,085)
Other expenses from ordinary activities		(194,075)	(81,801)
Share based payment expense		-	(7,500)
Depreciation and amortisation expense		(36,192)	(299)
<b>Profit/(loss) before income tax benefit</b>		8,041	(280,051)
Income tax benefit	5	497,758	196,500
<b>Profit/(loss) after income tax benefit for the year</b>		505,799	(83,551)
Other comprehensive income for the year, net of tax		-	-
<b>Total comprehensive income for the year</b>		<u>505,799</u>	<u>(83,551)</u>
Profit/(loss) for the year is attributable to:			
Non-controlling interest		27,974	-
Owners of Vertua Limited	21	477,825	(83,551)
		<u>505,799</u>	<u>(83,551)</u>
Total comprehensive income for the year is attributable to:			
Non-controlling interest		27,974	-
Owners of Vertua Limited		477,825	(83,551)
		<u>505,799</u>	<u>(83,551)</u>
		<b>Cents</b>	<b>Cents</b>
Basic earnings per share	35	5.16	(0.90)
Diluted earnings per share	35	5.16	(0.90)

*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 - unaudited**  
**As at 31 March 2016**

	<b>Note</b>	<b>Consolidated 2016 \$</b>	<b>2015 \$</b>
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	6	840,244	351,879
Trade and other receivables	7	4,276,351	3,711,925
Inventories and work in progress	8	232,947	3,075,373
Financial assets	9	3,368,959	-
Total current assets		<u>8,718,501</u>	<u>7,139,177</u>
<b>Non-current assets</b>			
Property, plant and equipment	10	2,755,799	16,015
Intangibles	11	8,846,611	1,004,184
Deferred tax	12	753,165	196,500
Total non-current assets		<u>12,355,575</u>	<u>1,216,699</u>
<b>Total assets</b>		<u>21,074,076</u>	<u>8,355,876</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	13	3,272,049	4,351,214
Borrowings	14	1,380,000	1,983,652
Income tax	15	301,033	-
Provisions	16	164,166	35,872
Deferred settlement liability	17	839,090	55,000
Total current liabilities		<u>5,956,338</u>	<u>6,425,738</u>
<b>Non-current liabilities</b>			
Borrowings	18	<u>4,834,981</u>	<u>1,105,259</u>
Total non-current liabilities		<u>4,834,981</u>	<u>1,105,259</u>
<b>Total liabilities</b>		<u>10,791,319</u>	<u>7,530,997</u>
<b>Net assets</b>		<u>10,282,757</u>	<u>824,879</u>
<b>Equity</b>			
Issued capital	19	4,704,398	4,704,398
Equity reserve	20	5,860,858	-
Accumulated losses	21	<u>(3,401,694)</u>	<u>(3,879,519)</u>
Equity attributable to the Owners of Vertua Limited		<u>7,163,562</u>	<u>824,879</u>
Non-controlling interest	22	<u>3,119,195</u>	<u>-</u>
<b>Total equity</b>		<u>10,282,757</u>	<u>824,879</u>

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



**Vertua Limited**  
**Statement of changes in equity - unaudited**  
**For the year ended 31 March 2016**

<b>Consolidated</b>	<b>Issued capital \$</b>	<b>Retained profits \$</b>	<b>Non-controlling interest \$</b>	<b>Total equity \$</b>
Balance at 1 July 2014	4,546,898	(3,795,968)	-	750,930
Loss after income tax benefit for the period	-	(83,551)	-	(83,551)
Other comprehensive income for the period, net of tax	-	-	-	-
Total comprehensive income for the period	-	(83,551)	-	(83,551)
<i>Transactions with owners in their capacity as owners:</i>				
Share-based payments	7,500	-	-	7,500
Shares issued upon conversion	150,000	-	-	150,000
Balance at 31 March 2015	<u>4,704,398</u>	<u>(3,879,519)</u>	<u>-</u>	<u>824,879</u>

<b>Consolidated</b>	<b>Issued capital \$</b>	<b>Equity reserve \$</b>	<b>Retained profits \$</b>	<b>Non-controlling interest \$</b>	<b>Total equity \$</b>
Balance at 1 April 2015	4,704,398	-	(3,879,519)	-	824,879
Profit after income tax benefit for the year	-	-	477,825	27,974	505,799
Other comprehensive income for the year, net of tax	-	-	-	-	-
Total comprehensive income for the year	-	-	477,825	27,974	505,799
Non-controlling interest upon acquisition	-	-	-	3,091,221	3,091,221
<i>Transactions with owners in their capacity as owners:</i>					
Deemed shares on conversion	-	5,860,858	-	-	5,860,858
Balance at 31 March 2016	<u>4,704,398</u>	<u>5,860,858</u>	<u>(3,401,694)</u>	<u>3,119,195</u>	<u>10,282,757</u>

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

**Vertua Limited**  
**Statement of cash flows - unaudited**  
**For the year ended 31 March 2016**

		<b>Consolidated</b>	
	<b>Note</b>	<b>2016</b>	<b>2015</b>
		<b>\$</b>	<b>(9 month)</b>
			<b>\$</b>
<b>Cash flows from operating activities</b>			
Receipts from customers (inclusive of GST)		17,227,317	1,311,172
Payments to suppliers and employees (inclusive of GST)		<u>(13,793,955)</u>	<u>(3,798,384)</u>
		3,433,362	(2,487,212)
Interest received		94,702	9,666
Interest and other finance costs paid		(286,268)	(6,473)
Income taxes refunded		<u>(82,324)</u>	<u>-</u>
Net cash from/(used in) operating activities	34	<u>3,159,472</u>	<u>(2,484,019)</u>
<b>Cash flows from investing activities</b>			
Payment for purchase of business, net of cash acquired	31	(1,262,511)	(412,293)
Payments for property, plant and equipment	10	(232,931)	(336)
Payments for intangibles	11	<u>(125,000)</u>	<u>-</u>
Net cash used in investing activities		<u>(1,620,442)</u>	<u>(412,629)</u>
<b>Cash flows from financing activities</b>			
Proceeds from borrowings		-	2,488,643
Repayment of borrowings		<u>(1,050,665)</u>	<u>-</u>
Net cash from/(used in) financing activities		<u>(1,050,665)</u>	<u>2,488,643</u>
Net increase/(decrease) in cash and cash equivalents		488,365	(408,005)
Cash and cash equivalents at the beginning of the financial year		<u>351,879</u>	<u>759,884</u>
Cash and cash equivalents at the end of the financial year	6	<u><u>840,244</u></u>	<u><u>351,879</u></u>

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

**Vertua Limited**  
**Notes to the financial statements - unaudited**  
**31 March 2016**

**Note 1. General information**

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

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

Level 5, 97 Pacific Highway, North Sydney, NSW, Australia,  
2060

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

**Note 2. Significant accounting policies**

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

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

- AASB 2014-1 Amendments to Australian Accounting Standards (Parts A to C)

**Basis of preparation**

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

*Historical cost convention*

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

*Critical accounting estimates*

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

**Parent entity information**

In accordance with the Corporations Act 2001, these financial statements present the results of the Group only. Supplementary information about the parent entity is disclosed in note 30.

**Principles of consolidation**

The consolidated financial statements incorporate the assets and liabilities of all controlled entities of Vertua Limited (the 'Company') as at 31 March 2016 and the results of all controlled entities for the year then ended.

Controlled entities are all those entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Entities are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

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

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

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

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

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

**Operating segments**

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

**Revenue recognition**

Revenue arises from the sale of goods and rendering of services plus the Group's share of revenue of its joint ventures or investments. It is measured by reference to the fair value of consideration received or receivable, excluding sales taxes, rebates, and trade discounts.

The Group often enters into sales transactions involving a range of the Group's products and services, for example for the sale of property by Vertua Ltd or the Print Management and Brokerage functions of Horizon. The Group applies the revenue recognition criteria set out below to each separately identifiable component of the sales transaction in order to reflect the substance of the transaction. The consideration received for these multiple-component transactions are allocated to the separately identifiable component in proportion to its relative fair value.

*Print management*

Sale of goods or services provided by the Print services are recognised when the Group has transferred to the buyer the significant risks and rewards of ownership, generally when the customer has taken undisputed delivery of the goods.

*Property development*

Pursuant to the accounting standard, revenue is recognised on settlement of the sale of property, except where the Group can apply the provisions associated with the sale of a property under an off the plan contract. Under this latter scenario the Group will apply accounting for a "for construction" contract, whereby we can elect to use the % completion methodology. Rental income is recognised on an accruals basis in accordance with the Australian Accounting Standards.

*Professional financial services*

Revenue is recognised with reference to the stage of completion of the transaction at the end of the reporting period, where the outcome can be estimated reliably. Stage of completion is determined with reference to the services performed to date as a percentage of total anticipated services to be performed. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent that related expenditure is recoverable.

*Interest, dividends, gains and losses*

Interest income and expenses are reported on reported on an accrual basis using the effective interest method. Dividends other than those from investments in associates are recognised in the income statement when they occur.

*Other revenue*

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

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

**Income tax**

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

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

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

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

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

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

**Current and non-current classification**

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

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

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

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

**Cash and cash equivalents**

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

**Trade and other receivables**

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

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off by reducing the carrying amount directly. A provision for impairment of trade receivables is raised when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 60 days overdue) are considered indicators that the trade receivable may be impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

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

Other receivables are recognised at amortised cost, less any provision for impairment.

**Inventories**

Raw materials, work in progress and finished goods are stated at the lower of cost and net realisable value on a 'first in first out' basis. Cost comprises of direct materials and delivery costs, direct labour, import duties and other taxes, an appropriate proportion of variable and fixed overhead expenditure based on normal operating capacity, and, where applicable, transfers from cash flow hedging reserves in equity. Costs of purchased inventory are determined after deducting rebates and discounts received or receivable.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Properties held for redevelopment are inventory and represented by work-in-progress. Work performed but not yet invoiced with Horizon and Locumsgroup is carried as work-in-progress.

**Investments and other financial assets**

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. They are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on the purpose of the acquisition and subsequent reclassification to other categories is restricted.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

*Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the asset is derecognised or impaired.

*Impairment of financial assets*

The Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired. Objective evidence includes significant financial difficulty of the issuer or obligor; a breach of contract such as default or delinquency in payments; the lender granting to a borrower concessions due to economic or legal reasons that the lender would not otherwise do; it becomes probable that the borrower will enter bankruptcy or other financial reorganisation; the disappearance of an active market for the financial asset; or observable data indicating that there is a measurable decrease in estimated future cash flows.

The amount of the impairment allowance for loans and receivables carried at amortised cost is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. If there is a reversal of impairment, the reversal cannot exceed the amortised cost that would have been recognised had the impairment not been made and is reversed to profit or loss.

**Property, plant and equipment**

Land and buildings are shown at fair value, based on periodic, at least every 3 years, valuations by external independent valuers, less subsequent depreciation and impairment for buildings. The valuations are undertaken more frequently if there is a material change in the fair value relative to the carrying amount. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Increases in the carrying amounts arising on revaluation of land and buildings are credited in other comprehensive income through to the revaluation surplus reserve in equity. Any revaluation decrements are initially taken in other comprehensive income through to the revaluation surplus reserve to the extent of any previous revaluation surplus of the same asset. Thereafter the decrements are taken to profit or loss.

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

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

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

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

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

Leasehold improvements and plant and equipment under lease are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

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

**Intangible assets**

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

*Goodwill*

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

*Customer relationships*

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

*Intellectual property*

Significant costs associated with intellectual property are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life of 10 years.

*Future trailing commission income*

Future trailing commission income acquired in a business combination are amortised on a straight-line basis over the period of their expected benefit, being their finite life of 20 years.

*Contractual rights*

Contractual rights acquired in a business combination are amortised in line with the embedded contractual milestones ending on contract completion.

**Impairment of non-financial assets**

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

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

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

### **Trade and other payables**

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

### **Borrowings**

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

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

### **Finance costs**

Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

### **Employee benefits**

#### *Short-term employee benefits*

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

#### *Share-based payments*

Equity-settled and cash-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services. Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using either the Binomial or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the Group receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

### **Fair value measurement**

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.



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

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

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

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

**Issued capital**

Class A shares are classified as equity.

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

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.

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

**Business combinations**

The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

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

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

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

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

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

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

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

**Earnings per share**

*Basic earnings per share*

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

*Diluted earnings per share*

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

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

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

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

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

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

**New Accounting Standards and Interpretations not yet mandatory or early adopted**

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Group for the annual reporting period ended 31 March 2016. The Group has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

**Note 3. Critical accounting judgements, estimates and assumptions**

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

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

*Provision for impairment of receivables*

The provision for impairment of receivables assessment requires a degree of estimation and judgement. The level of provision is assessed by taking into account the recent sales experience, the ageing of receivables, historical collection rates and specific knowledge of the individual debtor's financial position.

*Provision for impairment of inventories*

The provision for impairment of inventories assessment requires a degree of estimation and judgement. The level of the provision is assessed by taking into account the recent sales experience, the ageing of inventories and other factors that affect inventory obsolescence.

*Fair value measurement hierarchy*

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

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

*Estimation of useful lives of assets*

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

*Goodwill and other indefinite life intangible assets*

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

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

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

*Income tax*

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

*Recovery of deferred tax assets*

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

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

*Employee benefits provision*

As discussed in note 2, the liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

*Lease make good provision*

A provision has been made for the present value of anticipated costs for future restoration of leased premises. The provision includes future cost estimates associated with closure of the premises. The calculation of this provision requires assumptions such as application of closure dates and cost estimates. The provision recognised for each site is periodically reviewed and updated based on the facts and circumstances available at the time. Changes to the estimated future costs for sites are recognised in the statement of financial position by adjusting the asset and the provision. Reductions in the provision that exceed the carrying amount of the asset will be recognised in profit or loss.

*Business combinations*

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

*Accounting for business combinations under common control*

The acquisition by the Company of Joe Public Holdings Pty Ltd is regarded as a business combination involving companies under common control.

Common control transactions are specifically scoped out of AASB3 Business Combinations and management therefore have applied their best judgement to develop an accounting policy to accurately disclose the nature of the acquisition in accordance with AASB 108: Accounting policies, changes in accounting estimates and errors.

Although common control combinations are specifically outside the scope of AASB 3: Business Combinations, in management's view, its principles can nevertheless be applied by analogy. The directors have therefore applied the acquisition method principles in accordance with AASB 3: Business Combinations in accounting for the acquisition of Joe Public Holdings Pty Ltd.

The above policy is considered to be consistent with other business combinations that have taken place during and previous years.

**Note 4. Operating segments**

*Identification of reportable operating segments*

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.

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.

*Types of products and services*

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

Printing  
Property  
Professional services

**Note 4. Operating segments (continued)**

*Operating segment information*

	Printing	Property	Professional services	Other	Total
<b>Consolidated - 2016</b>	\$	\$	\$	\$	\$
<b>Revenue</b>					
Revenue	11,617,546	3,358,740	213,407	231,175	15,420,868
Other	-	80,401	-	-	80,401
<b>Total revenue</b>	<u>11,617,546</u>	<u>3,439,141</u>	<u>213,407</u>	<u>231,175</u>	<u>15,501,269</u>
	11,617,546	3,439,141	213,407	231,175	15,501,269
Cost of sales	(10,343,191)	(2,638,070)	(60,382)	-	(13,041,643)
Salaries and wages	(549,714)	(189,140)	(44,777)	(66,653)	(850,284)
Management fees	(60,000)	(60,000)	(5,115)	(176,695)	(301,810)
Director fees	-	-	-	(58,487)	(58,487)
Finance costs	(125,314)	(291)	(788)	(36,536)	(162,929)
Professional fees	(83,058)	(23,412)	(7,423)	(499,874)	(613,767)
Property costs	(48,976)	(145,002)	-	(28,957)	(222,935)
Advertising and promotion	(10,054)	(1,052)	-	-	(11,106)
Other expenses	(108,904)	(43,501)	(39,873)	(1,797)	(194,075)
Depreciation and amortisation expense	(8,072)	(6,713)	(198)	(21,209)	(36,192)
<b>Profit/(loss) before income tax benefit</b>	<u>280,263</u>	<u>331,960</u>	<u>54,851</u>	<u>(659,033)</u>	<u>8,041</u>
Income tax benefit					497,758
<b>Profit after income tax benefit</b>					<u>505,799</u>
<b>Assets</b>					
Segment assets	4,740,902	8,773,030	6,324,599	1,235,545	21,074,076
<b>Total assets</b>					<u>21,074,076</u>
<b>Liabilities</b>					
Segment liabilities	2,404,986	1,650,197	1,305,486	5,430,650	10,791,319
<b>Total liabilities</b>					<u>10,791,319</u>

**Note 4. Operating segments (continued)**

	Printing	Property	Other	Total
	\$	\$	\$	\$
<b>Consolidated – 2015 (9 months)</b>				
<b>Revenue</b>				
Revenue	728,598	-	-	728,598
Other	38	17,853	8,873	26,764
<b>Total revenue</b>	<u>728,636</u>	<u>17,853</u>	<u>8,873</u>	<u>755,362</u>
	728,636	17,853	8,873	755,362
Cost of sales	(639,831)	-	-	(639,831)
Management fees	(5,000)	-	-	(5,000)
Director fees	-	(42,480)	-	(42,480)
Finance costs	(1,662)	(15,712)	-	(17,374)
Professional fees	(40,134)	(177,027)	-	(217,161)
Property costs	(4,183)	(1,699)	-	(5,882)
Advertising and promotion	(537)	(17,548)	-	(18,085)
Other expenses	(4,417)	(76,933)	(451)	(81,801)
Depreciation and amortisation expense	-	(299)	-	(299)
Share based payment expense	-	-	(7,500)	(7,500)
<b>Profit/(loss) before income tax benefit</b>	<u>32,872</u>	<u>(313,845)</u>	<u>922</u>	<u>(280,051)</u>
Income tax benefit				196,500
<b>Loss after income tax benefit</b>				<u>(83,551)</u>
<b>Assets</b>				
Segment assets	3,504,138	4,851,738	-	8,355,876
<b>Total assets</b>				<u>8,355,876</u>
<b>Liabilities</b>				
Segment liabilities	3,307,995	4,223,002	-	7,530,997
<b>Total liabilities</b>				<u>7,530,997</u>

**Note 5. Income tax benefit**

	<b>Consolidated</b>	
	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
<i>Numerical reconciliation of income tax benefit and tax at the statutory rate</i>		
Profit/(loss) before income tax benefit	8,041	(280,051)
Tax at the statutory tax rate of 30%	2,412	(84,015)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Legal expenses	110,826	-
Other non-deductible amounts	1,561	11,425
Other deductible amounts	-	(13,903)
Future income tax benefits on tax losses brought to account	(597,984)	(196,500)
Future income tax benefit not brought to account	(14,573)	86,493
Income tax benefit	<u>(497,758)</u>	<u>(196,500)</u>

**Vertua Limited**  
**Notes to the financial statements - unaudited**  
**31 March 2016**

**Note 6. Current assets - cash and cash equivalents**

	<b>Consolidated</b>	
	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
Cash at bank	840,244	351,879

**Note 7. Current assets - trade and other receivables**

	<b>Consolidated</b>	
	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
Trade receivables	3,546,054	3,570,117
Prepayments	30,919	9,726
Sundry debtors	38,128	132,082
Accrued income	180,626	-
Security deposits	15,000	-
	264,673	141,808
Loan: Special Purpose Vehicles for development	121,500	-
Loan: Employee advances	8,032	-
Loan: Vendor related loans	336,092	-
	4,276,351	3,711,925

*Impairment of receivables*

The Group has recognised a loss of \$0.00 (2015: \$0.00) in profit and loss respect of impairment of receivables for the year ended 31 March 2016. Horizon insures its receivables, and as such considers the risk of loss to be nil.

The ageing of the impaired receivables provided for above are as follows:

	<b>Consolidated</b>	
	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
0 to 3 months overdue	3,495,427	3,498,595
3 to 6 months overdue	50,627	71,522
	3,546,054	3,570,117

**Note 8. Current assets - inventories and work in progress**

	<b>Consolidated</b>	
	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
Print services work in progress	232,947	452,758
Property stock	-	2,622,615
	232,947	3,075,373

**Note 9. Current assets – Financial Assets**

	<b>Consolidated</b>	
	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
Financial Assets: Interests in residential developments held at fair value	3,368,959	-
	<u>3,368,959</u>	<u>-</u>

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. 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 cashflows as well as the projects ability to secure third party funding.

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

	<b>Consolidated</b>	
	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
Land and buildings at revaluation	2,072,072	-
	<u>2,072,072</u>	<u>-</u>
Fixtures and fittings - at cost	471,553	11,655
Less: Accumulated depreciation	(8,650)	-
	<u>462,903</u>	<u>11,655</u>
Computer equipment - at cost	169,926	2,307
Less: Accumulated depreciation	(4,858)	-
	<u>165,068</u>	<u>2,307</u>
Office equipment - at cost	57,497	2,053
Less: Accumulated depreciation	(2,943)	-
	<u>54,554</u>	<u>2,053</u>
Low value pool	1,202	299
Less: Accumulated depreciation	-	(299)
	<u>1,202</u>	<u>-</u>
	<u>2,755,799</u>	<u>16,015</u>



**Note 10. Non-current assets - property, plant and equipment (continued)**

*Reconciliations*

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

	Land and buildings	Fixtures and fittings	Computer equipment	Office equipment	Low value pool	Total
<b>Consolidated</b>	\$	\$	\$	\$	\$	\$
Balance at 1 July 2014	-	-	-	-	-	-
Additions	-	336	-	-	-	336
Additions through business combinations (note 31)	-	11,319	2,307	2,053	299	15,978
Depreciation expense	-	-	-	-	(299)	(299)
Balance at 31 March 2015	-	11,655	2,307	2,053	-	16,015
Additions	-	26,910	163,339	55,444	-	245,693
Additions through business combinations (note 31)	2,072,072	432,988	4,280	-	1,202	2,510,542
Depreciation expense	-	(8,650)	(4,858)	(2,943)	-	(16,451)
Balance at 31 March 2016	<u>2,072,072</u>	<u>462,903</u>	<u>165,068</u>	<u>54,554</u>	<u>1,202</u>	<u>2,755,799</u>

**Note 11. Non-current assets - intangibles**

	<b>Consolidated</b>	
	<b>2016</b>	<b>2015</b>
	\$	\$
Goodwill	4,476,564	1,004,184
Contractual rights	1,683,069	-
Customer Relationships	1,592,971	-
Less: Accumulated amortisation	(15,291)	-
	<u>1,577,680</u>	<u>-</u>
Future trailing income	1,113,718	-
Less: Accumulated amortisation	(4,420)	-
	<u>1,109,298</u>	<u>-</u>
	<u>8,846,611</u>	<u>1,004,184</u>

**Note 11. Non-current assets - intangibles (continued)**

*Reconciliations*

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

<b>Consolidated</b>	Goodwill \$	Contractual rights \$	Customer relationships \$	Future trailing income \$	Total \$
Balance at 1 July 2014	600,000	-	-	-	600,000
Additions	404,184	-	-	-	404,184
Balance at 31 March 2015	1,004,184	-	-	-	1,004,184
Additions	-	-	125,000	-	125,000
Additions through business combinations (note 31)	3,472,380	1,683,069	1,467,971	1,113,718	7,737,138
Amortisation expense	-	-	(15,291)	(4,420)	(19,711)
Balance at 31 March 2016	<u>4,476,564</u>	<u>1,683,069</u>	<u>1,577,680</u>	<u>1,109,298</u>	<u>8,846,611</u>

Intangible assets, other than goodwill, have finite useful lives. The current period amortisation charge for intangible assets is included under the depreciation and amortisation expense in the statement of profit and loss and other comprehensive income. For further information on finite useful lives of intangible assets refer to Note 2: Significant accounting policies.

The intangible asset additions arising from the three acquisitions concluded during the financial year ended 31 March 2016 amount to \$7,737,138, as outlined in detail in Note 31: Business combinations. The directors' consider the fair value of these acquisitions to be confirmed by the arm's length nature of the specific transaction occurring between knowledgeable, independent parties and an accurate reflection of their recoverable amounts in context of the Vertua business model.

The fair value purchase price allocation relating to the current year's acquisitions, namely customer relationships, contractual rights, future trailing income and goodwill have been provisionally determined by the directors based on available information.

The goodwill acquired on the Locumsgroup acquisition has based on a market rate multiple of EBITDA on an arms length basis for similar sized entities in similar industries.

**Note 12. Non-current assets - deferred tax**

	<b>Consolidated</b>	
	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
<i>Deferred tax asset comprises temporary differences attributable to:</i>		
Amounts recognised in profit or loss:		
Tax losses	698,017	185,738
Employee benefits	70,618	10,762
Accrued expenses	5,701	-
Revenue received in advance	594	-
Accounts payable	11,075	-
Accounts receivable	(32,840)	-
Deferred tax asset	<u>753,165</u>	<u>196,500</u>

**Note 12. Non-current assets - deferred tax (continued)**

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.

Excluding the above the Group has remaining unrecognised tax losses of \$4,647,884, subject to the ability to meet the continuity of ownership or the same business test.

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 large impairment of the deferred tax asset.

**Note 13. Current liabilities - trade and other payables**

	<b>Consolidated</b>	
	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
Trade payables	2,906,307	2,251,426
Deferred income	87,091	2,099,788
BAS payable	164,391	-
Other payables	114,260	-
	<u>3,272,049</u>	<u>4,351,214</u>

Refer to note 24 for further information on financial instruments.

**Note 14. Current liabilities - borrowings**

	<b>Consolidated</b>	
	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
Bank loans	-	1,182,174
CommBank Mortgages Bill Line	1,380,000	-
Woodville Super Pty Ltd	-	132,067
Joe Public Holdings	-	153,935
Calvert investments	-	515,476
	<u>1,380,000</u>	<u>1,983,652</u>

Refer to note 24 for further information on financial instruments.

The CommBank Mortgage Bill Line is repayable within 12 months, however the company has post balance date agreed with NAB to replace.

**Note 15. Current liabilities - income tax**

	<b>Consolidated</b>	
	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
Provision for income tax	<u>301,033</u>	<u>-</u>

**Note 16. Current liabilities - provisions**

	<b>Consolidated</b>	
	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
Annual leave	84,239	35,872
Long service leave	79,927	-
	<u>164,166</u>	<u>35,872</u>

**Note 17. Current liabilities - deferred settlement liability**

	<b>Consolidated</b>	
	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
Deferred settlement liability	<u>839,090</u>	<u>55,000</u>

The deferred settlement liability relates to the tranche payable for a further 1% in the Locumsgroup. Refer to Note 31: Business combinations and Note 32: Interest in subsidiaries.

**Note 18. Non-current liabilities - borrowings**

	<b>Consolidated</b>	
	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
Manning Group	2,339,345	1,105,259
Esplanade Super Pty Ltd	265,212	-
Holicarl Pty Ltd	265,212	-
Manning Capital Pty Ltd	1,700,000	-
Woodville Super Pty Ltd	265,212	-
	<u>4,834,981</u>	<u>1,105,259</u>

Refer to note 24 for further information on financial instruments.

The convertible note was issued to purchase the net assets of Joe Public Holdings Pty Ltd during the year.

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

The loan from Manning Capital Pty Ltd has been used to purchase the net assets of RB Partners Pty Ltd during the year

The loan from Esplanade Super Pty Ltd, Holicarl Pty Ltd and Woodville Super Pty Ltd has been used to purchase 80% of the net assets of CFL Property Pty Ltd during the year. Esplanade Super Pty Ltd and Woodville Super Pty Ltd are considered related parties.

Refer to Note 31: Business combinations for further information.

**Note 18. Non-current liabilities - borrowings (continued)**

*Total secured liabilities*

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

	<b>Consolidated</b>	
	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
Westpac Banking Corporation	-	1,182,174
Manning Group	2,339,345	1,105,259
Esplanade Super Pty Ltd	265,212	-
Holicarl Pty Ltd	265,212	-
Woodville Super Pty Ltd	265,212	132,067
Joe Public Holdings	-	153,935
Calvert Investments	-	515,476
CommBank Mortgage Bill Line	1,380,000	-
	<u>4,514,981</u>	<u>3,088,911</u>

*Assets pledged as security*

The CommBank Mortgages Bill Line is secured by first mortgages over the Group's property at 97 Pacific Highway, North Sydney.

The loans from Holicarl Pty Ltd, Esplanade Super Pty Ltd, Woodville Super Pty Ltd and The Manning group loan have a General Security Agreement over the assets of Vertua Limited and Vertua Investments Limited.

**Note 19. Equity - issued capital**

	<b>Consolidated</b>			
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
	<b>Shares</b>	<b>Shares</b>	<b>\$</b>	<b>\$</b>
Class A shares - fully paid	<u>9,873,275</u>	<u>9,873,275</u>	<u>4,704,398</u>	<u>4,704,398</u>

*Class A shares*

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

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

*Share buy-back*

There is no current on-market share buy-back.

*Capital risk management*

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

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

The Group would look to raise capital when an opportunity to invest in a business or company was seen as value adding relative to the current Company's share price at the time of the investment. The Group is not actively pursuing additional investments in the short term as it continues to integrate and grow its existing businesses in order to maximise synergies.

**Note 19. Equity - issued capital (continued)**

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

The capital risk management policy remains unchanged from the 31 March 2015 Annual Report.

**Note 20. Equity - equity reserve**

	<b>Consolidated</b>	
	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
Convertible notes	<u>5,860,858</u>	<u>-</u>

Equity reserve - convertible notes

On 8 February 2016 the shareholders of Vertua Limited voted in favour of issuing 40,000,000 Convertible Notes at a value of \$0.15, totalling \$6,000,000 for the acquisition of Joe Public Holdings Pty Limited.

The main terms of issue of the Convertible Notes (the 'Notes') include:

- the Notes are interest free up to their third anniversary of issue where after interest on face value at a rate equal to BBSW + 8% per annum applies;
- the Notes are unsecured and are convertible at a fixed ratio of 1 for 1 into ordinary shares of the Company;
- the Notes' conversion rights may be exercised by their holder at any time within 5 years after their issue with the Company also having the option to convert all or any of the Notes into shares after the third anniversary of their issue;

It is management's intention to convert the Notes upon the third anniversary.

Applying the conversion rights to the requirements of AASB 132: Financial Instruments: Presentation the Notes are deemed to be Equity Instruments with no debt component being identified.

Transaction costs to acquire Joe Public Holdings Pty Limited of \$139,142 have been allocated against the Equity Instruments.

**Note 21. Equity - accumulated losses**

	<b>Consolidated</b>	
	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
Accumulated losses at the beginning of the financial year	(3,879,519)	(3,795,968)
Profit/(loss) after income tax benefit for the year	<u>477,825</u>	<u>(83,551)</u>
Accumulated losses at the end of the financial year	<u>(3,401,694)</u>	<u>(3,879,519)</u>

**Note 22. Equity - non-controlling interest**

	<b>Consolidated</b>	
	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
Reserves	<u>3,119,195</u>	<u>-</u>

The non-controlling interest relates to the 51% shareholding in The Locumsgroup by an external party. Refer to Note 31: Business combinations and Note 32: Interest in subsidiaries for further information.

**Note 23. Equity - dividends**

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

**Note 24. Financial instruments**

***Financial risk management objectives***

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

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 counter party credit risk, financing risk and interest rate risk. The ARC met three times 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 its financial performance. Its functions include the review of credit risk policies and future cash flow requirements

***Market risk***

***Price risk***

For the Group the investments held for sale on hand, totaling \$3,392,166 (2015: \$Nil), are units held in Special Purpose Vehicles and a Property Mortgage Syndicate. An increase/decrease in price of 500 (2015: 500) basis points would have a favorable/(unfavorable) effect on profit before tax of \$169,608/\$(169,608) (2015: \$Nil/\$(Nil)). The percentage change is based on the expected volatility of price movements using market data and analysts forecasts.

***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 31 March 2016 the Group had a variety of secured and unsecured lenders.

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

**Note 24. Financial instruments (continued)**

	2016		2015	
	Weighted average interest rate %	Balance \$	Weighted average interest rate %	Balance \$
<b>Consolidated</b>				
Cash and cash equivalents - refer to note 6	1.75%	840,244	1.75%	351,879
CommBank Mortgages Bill Line	2.75%	(1,380,000)	-	-
Related party payables - refer to note 28	6.62%	(4,834,981)	12.00%	(1,774,670)
Westpac Banking Corporation	-	-	6.12%	(1,182,174)
Net exposure to cash flow interest rate risk		<u>(5,374,737)</u>		<u>(2,604,965)</u>

For the Group the cash and cash equivalents on hand, totaling \$840,244 (2015: \$351,879), are deposits held at call with financial institutions. An official increase/decrease in interest rates of 100 (2015: 100) basis points would have a favorable/(unfavorable) effect on profit before tax of \$8,402/\$(8,402) (2015: \$3,519/\$(3,519)). The percentage change is based on the expected volatility of interest rates using market data and analysts forecasts.

Interest rate risk is the risk that the fair value or future cash flows of financial instrument will fluctuate because of changes in market interest rates. Any financial instruments with fixed interest rates exposes the Group to fair value interest rate risk, whereas with floating interest rates, the Group is exposed to cash flow interest rate risk.

For the Group the bank loans outstanding, totaling \$1,380,000 (2015: \$1,182,174), are principal and interest payment loans. Monthly cash outlays of approximately \$29,836 (2015: \$23,777) per month are required to service the interest payments. An official increase/decrease in interest rates of 100 (2015: 100) basis points would have an (adverse)/favourable effect on profit before tax of \$62,150/\$(62,150) (2015: \$11,821/\$(11,821)) per annum. The percentage change is based on the expected volatility of interest rates using market data and analysts forecasts.

**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.

	Consolidated	
	2016 \$	2015 \$
<b>Classes of financial assets - carrying amounts</b>		
Cash and cash equivalents	840,244	351,879
Accounts receivable	3,556,626	3,570,117
Residential development: Held by Mortgage Syndicate	1,703,444	-
Residential development: Held by units in Special Purpose Vehicle's	1,688,722	-
Total	<u>7,789,036</u>	<u>3,921,996</u>



**Note 24. Financial instruments (continued)**

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.

Management regularly perform reviews across the Group for any Accounts receivable that may not be settled. The Accounts receivable position across the Group do not lead management to believe any amounts should be impaired. All of the Accounts receivable in Horizon Print Management are subject to debtor insurance and thus the risk of impairment is low. Active management of the Locumsgroup receivables plus related party relationships with Fiducia transactions result in the credit risk being deemed to be low by management.

Management have made an assessment that the investments in projects are highly likely to be completed successfully and therefore impairment charges are not required as at 31 March 2016.

The Mortgage Syndicate and investments held in the Special Purpose Vehicle's are managed by the Locumsgroup and Vertua respectively. Management regularly review the investments for impairment, as at 31 March 2016 management have made an assessment that no impairment charges are required.

**Liquidity risk**

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

- 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 surplus cash with major financial institutions.
- Comparing the maturity profile of financial liabilities with the realisation profile of financial assets.

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

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

**Note 25. Fair value measurement**

**Fair value hierarchy**

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

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

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

Level 3: Unobservable inputs for the asset or liability

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
<b>Consolidated - 2016</b>				
<b>Assets</b>				
Investments held for sale	-	-	3,392,166	3,392,166
Total assets	-	-	3,392,166	3,392,166
<b>Liabilities</b>				
Secured liabilities	-	-	4,514,981	4,514,981
Total liabilities	-	-	4,514,981	4,514,981

**Note 25. Fair value measurement (continued)**

<b>Consolidated - 2015</b>	<b>Level 1 \$</b>	<b>Level 2 \$</b>	<b>Level 3 \$</b>	<b>Total \$</b>
<i>Liabilities</i>				
Secured liabilities	-	-	3,088,911	3,088,911
Total liabilities	-	-	3,088,911	3,088,911

There were no transfers between levels during the financial year.

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

**Note 26. Key management personnel disclosures**

*Directors*

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

Christopher Bregenhøj  
Benjamin Doyle  
James Manning

*Compensation*

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

	<b>Consolidated</b>	
	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
Short-term employee benefits	<u>284,669</u>	<u>42,480</u>

*Short-term employee benefits*

These amounts include fees and benefits paid to executive and non-executive directors as well as all salary, paid leave benefits, fringe benefits and cash bonuses awarded to other KMP.

*Share-based payments*

These amounts represent the expense related to participation of KMP in equity-settled benefit schemes as measured by the fair value of the options, rights and shares granted on grant date.

Refer to the remuneration report contained in the directors' report for details of the remuneration paid or payable to each member of the Group's key management personnel (KMP) for the year ended 31 March 2016 and the period ended 31 March 2015.

**Note 27. Remuneration of auditors**

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

	<b>Consolidated</b>	
	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
<i>Audit services -</i>		
Audit or review of the financial statements	38,300	15,020
<i>Other services -</i>		
Preparation of the tax return	19,320	3,500
	<u>57,620</u>	<u>18,520</u>

**Note 28. Commitments**

Horizon Print Management Pty Ltd

	<b>Consolidated</b>	
	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
<i>Lease commitments - operating</i>		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	215,449	42,600
One to five years	184,937	74,550
	<u>400,386</u>	<u>117,150</u>

**Note 29. Related party transactions**

*Parent entity*

Vertua Limited is the parent entity.

*Subsidiaries*

Interests in subsidiaries are set out in note 32.

*Key management personnel*

Disclosures relating to key management personnel are set out in note 26 and the remuneration report included in the Directors' report.

**Note 29. Related party transactions (continued)**

*Transactions with related parties*

The following transactions occurred with related parties:

	<b>Consolidated</b>	
	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
Management and administration fees:		
First Equity Taxation Services Pty Ltd	42,921	12,000
Fiducia Development Group Pty Ltd*	-	1,200
Woolcott Corporate Development Pty Ltd	-	18,200
Younis & Co Pty Ltd	-	300
Fiducia Estate Agents Pty Ltd*	-	4,860
Project management services:		
Fiducia Development Group Pty Ltd*	-	68,812
Interest payments:		
First Equity Taxation Services	156,572	-
Joe Public Holdings Pty Ltd*	-	3,935
Manning Group	-	10,901
Profit share of projects:		
Fiducia Development Group Pty Ltd*	-	90,000

\* In the current financial year the Company acquired Fiducia Development Group, comprising Fiducia Development Group Pty Ltd and Fiducia Estate Agents Pty Ltd and Joe Public Holdings Pty Ltd. Related party transactions that were previously disclosed are now eliminated on consolidation.

**Management and administration fees:**

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

**Project management services:**

Vertua Limited has paid fees relating to the Lane Cove project.

**Interest payments:**

Vertua Limited has paid interest payments.

**Profit on share of projects:**

Vertua Limited has paid profit shares relating to the Lane Cove Project.

*Receivable from and payable to related parties*

There were no trade receivables from or trade payables to related parties at the current and previous reporting date.

**Note 29. Related party transactions (continued)**

*Loans from related parties*

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

	<b>Consolidated</b>	
	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
Manning Group	2,339,345	1,105,259
Manning Capital Pty Ltd	1,700,000	-
Esplanade Super Pty Ltd	265,212	-
Holicarl Pty Ltd	265,212	-
Woodville Super Pty Ltd	265,212	-
Calvert Investments	-	515,476
Joe Public Holdings	-	153,955

*Terms and conditions*

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

**Note 30. Parent entity information**

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

*Statement of profit or loss and other comprehensive income*

	<b>Parent</b>	
	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
Profit/(loss) after income tax	74,199	(126,736)
Total comprehensive income	74,199	(126,736)

*Statement of financial position*

	<b>Parent</b>	
	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
Total current assets	9,262,682	2,872,022
Total assets	11,104,434	4,377,969
Total current liabilities	270,422	2,358,138
Total liabilities	4,104,255	3,458,138
Equity		
Issued capital	4,776,034	4,768,534
Equity reserve	6,000,000	-
Accumulated losses	(3,775,855)	(3,848,703)
Total equity	7,000,179	919,831

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

The parent entity had no guarantees in relation to the debts of its subsidiaries as at 31 March 2016 and 31 March 2015.

**Note 30. Parent entity information (continued)**

*Contingent liabilities*

The parent entity had no contingent liabilities as at 31 March 2016 and 31 March 2015.

*Capital commitments - Property, plant and equipment*

The parent entity had no capital commitments for property, plant and equipment as at 31 March 2016 and 31 March 2015.

*Significant accounting policies*

The accounting policies of the parent entity are consistent with those of the Group, as disclosed in note 2, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Investments in associates are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.

**Note 31. Business combinations**

*Acquisition of Joe Public Holdings Pty Ltd*

The acquisition by the Company of Joe Public Holdings Pty Ltd is regarded as a business combination involving companies under common control.

Common control transactions are specifically scoped out of AASB3 Business Combinations and management therefore have applied their best judgement to develop an accounting policy to accurately disclose the nature of the acquisition in accordance with AASB 108: Accounting policies, changes in accounting estimates and errors.

Although common control combinations are specifically outside the scope of AASB 3: Business Combinations, in management's view, its principles can nevertheless be applied by analogy. The directors have therefore applied the acquisition method principles in accordance with AASB 3: Business Combinations in accounting for the acquisition of Joe Public Holdings Pty Ltd.

The above policy is considered to be consistent with other business combinations that have taken place during and previous years.

On 30 November 2015, Vertua Limited acquired 100% of the ordinary shares of Joe Public Holdings Pty Ltd the total consideration transferred was the issue of 40,000,000 convertible notes at \$0.15, a total of \$6,000,000. This is a property development business and operates in the property division of the Consolidated Entity. It was acquired to further Vertua Limited's expansion into the property development market. The goodwill of \$452,079 represents the contractual rights held by Joe Public Holdings Pty Ltd. The acquired business contributed revenues of \$681,793 and a loss of \$419,279 to the Consolidated Entity for the period from 1 December 2015 to 31 March 2016. If the acquisition occurred on 1 April 2015, the full year contributions would have been revenues of \$3,268,185 and a loss of \$73,756. The values identified in relation to the acquisition of Joe Public Holdings Pty Ltd are provisional as at 31 March 2016.

	<b>Fair value</b> <b>\$</b>
Cash and cash equivalents	801,573
Trade receivables	46,632
Other receivables	1,526,780
Investments in projects	1,408,722
Other current assets	82,267
Plant and equipment	98,904
Contractual rights	1,683,068
Trade payables	(123,263)
Provision for income tax	(12,698)
	<hr/>
Net assets acquired	5,511,985
Goodwill	488,015
	<hr/>
Acquisition-date fair value of the total consideration transferred	<u><u>6,000,000</u></u>
Representing:	
Convertible notes	<u><u>6,000,000</u></u>

**Vertua Limited**  
**Notes to the financial statements - unaudited**  
**31 March 2016**

**Note 31. Business combinations (continued)**

*Acquisition of The Locumsgroup*

On 29 February 2016, Vertua Limited acquired 49% ownership and the control over "The Locumsgroup" for consideration of \$1,967,033 with an option to purchase a further 1% by the 30 June 2016 for the consideration of \$839,090. Vertua Limited seeks to acquire the residual 50% holding in The Locumsgroup business by 31 March 2020 for a consideration equal to the average EBITDA of The Locumsgroup business for the three years prior to the transaction, the remaining 50% consideration is \$2,806,123. This is an accounting and advisory business and operates in the professional services division of the Consolidated Entity. It was acquired to further Vertua Limited's expansion into the professional and advisory division of Vertua Limited. The goodwill of \$2,590,307 represents the trailing mortgage income held by The Locumsgroup. The acquired business contributed revenues of \$213,406 and a profit after tax of \$38,395 to the Consolidated Entity for the period from 1 March 2016 to 31 March 2016. If the acquisition occurred on 1 April 2015, the full year contributions would have been revenues of \$2,139,296 and a profit after tax of \$465,867. The values identified in relation to the acquisition of The Locumsgroup are provisional as at 31 March 2016.

	<b>Fair value</b> <b>\$</b>
Cash and cash equivalents	28,731
Trade receivables	150,072
Other receivables	540,469
Plant and equipment	16,830
Customer relationships	1,467,971
Trailing commission income	1,113,718
Trade payables	(134,154)
Other payables	(84,741)
Provision for income tax	(312,461)
Other provisions	(71,244)
Other liabilities	(87,311)
Net assets acquired	2,627,880
Goodwill	2,984,366
Acquisition-date fair value of the total consideration transferred	<u>5,612,246</u>
Representing:	
Cash paid or payable to vendor	1,967,033
Deferred consideration	<u>3,645,213</u>
	<u>5,612,246</u>



**Note 31. Business combinations (continued)**

*Acquisition of RB Partners Pty Ltd*

On 31 March 2016, Vertua Limited acquired 100% of the ordinary shares of RB Partners Pty Ltd for the total consideration of \$1,700,000. This is a unit trust and operates in the property division of the Consolidated Entity. The consideration transferred was equal to the fair value of the net assets of RB Partners Pty Ltd. The acquired business contributed revenues of \$Nil and a profit of \$Nil to the Consolidated Entity for the period to 31 March 2016. If the acquisition occurred on 1 April 2015, the full year contributions would have been revenues of \$Nil and a loss of \$2,443. The values identified in relation to the acquisition of RB Partners Pty Ltd are provisional as at 31 March 2016.

	<b>Fair value \$</b>
Investments in projects	1,703,443
Trade payables	(2,200)
Other payables	(1,243)
	<hr/>
Net assets acquired	1,700,000
Goodwill	-
	<hr/>
Acquisition-date fair value of the total consideration transferred	<u><u>1,700,000</u></u>
Representing:	
Cash paid or payable to vendor	<u><u>1,700,000</u></u>

*Acquisition of CFL Property Pty Ltd*

On 31 March 2016, Vertua Limited acquired 80% of the ordinary shares of CFL Property Pty Ltd for the total consideration of \$1,060,000. This is a unit trust and operates in the property division of the Consolidated Entity. The consideration transferred was less than the fair value of the net assets of CFL Property Pty Ltd and resulted in a gain on bargain purchase of \$80,401. The acquired business contributed revenues of \$Nil and a loss of \$Nil to the Consolidated Entity for the period to 31 March 2016. If the acquisition occurred on 1 April 2015, the full year contributions would have been revenues of \$296,037 and a net profit after tax of \$152,784. The values identified in relation to the acquisition of CFL Property Pty Ltd are provisional as at 31 March 2016.

	<b>Fair value \$</b>
Cash and cash equivalents	13,363
Trade receivables	156,326
Other receivables	279,374
Land and buildings	2,072,072
Plant and equipment	327,927
Trade payables	(22,138)
Other payables	(21,423)
Bank loans	(1,380,000)
	<hr/>
Net assets acquired	1,425,501
Goodwill	-
	<hr/>
Acquisition-date fair value of the total consideration transferred	<u><u>1,425,501</u></u>
Representing:	
Cash paid or payable to vendor	<u><u>1,060,000</u></u>
	<hr/>
Gain on bargain purchase	<u><u>80,401</u></u>

**Note 32. 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	Ownership interest	
		2016 %	2015 %
Vertua Investments Limited	Australia	100.00%	100.00%
Horizon Print Management Pty Ltd	Australia	100.00%	100.00%
Joe Public Holdings Pty Ltd	Australia	100.00%	-
Fiducia Group Pty Ltd	Australia	100.00%	-
Fiducia Development Group Pty Ltd	Australia	100.00%	-
Fiducia Property Group Pty Ltd	Australia	100.00%	-
Vertua Nominees Pty Ltd	Australia	100.00%	-
RB Partners Pty Ltd	Australia	100.00%	-
CFL Property Pty Ltd	Australia	80.00%	-
Locumsgroup Private Accounting Services Pty Ltd	Australia	49.00%	-
Locumsgroup Asset Management Pty Ltd	Australia	49.00%	-
Locumsgroup Sydney Pty Ltd	Australia	49.00%	-
Locumsgroup Core Unit Trust	Australia	49.00%	-
Locumsgroup Finance Trust No. 2	Australia	49.00%	-
Braxton Unit Trust	Australia	49.00%	-

Per the sale and purchase agreement with The Locumsgroup, Vertua Limited purchased a 49% shareholding and have control over the entities. Therefore the entities have been consolidated in full and a 51% minority interest calculated. Refer to Note 31: Business combinations for further information.

**Note 33. Events after the reporting period**

On 10th May 2016, Vertua acquired the last 20% in CFL Property Pty Ltd which it did not hold. The Company now holds 100% of CFL Property. The total consideration paid was approximately \$270,000.

No other matter or circumstance has arisen since 31 March 2016 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

**Note 34. Reconciliation of profit/(loss) after income tax to net cash from/(used in) operating activities**

	<b>Consolidated</b>	
	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
Profit/(loss) after income tax benefit for the year	505,799	(83,551)
Adjustments for:		
Depreciation and amortisation	36,161	299
Share-based payments	-	7,500
Capitalized and accrued interest expense	-	81,901
Gain on bargain purchase	(80,401)	-
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	377,093	(3,570,117)
Increase in deferred tax assets	(556,665)	(196,500)
Decrease in prepayments and sundry debtors	84,745	(141,808)
Decrease/(Increase) in inventories and property stock	4,369,206	(3,075,373)
Increase in trade and other payables	395,264	2,242,472
Decrease in provision for income tax	(24,126)	-
Increase in other provisions	73,011	35,872
(Decrease)/Increase in deferred income	(2,020,615)	2,099,788
Increase in net assets from business acquisition net of cash	-	115,498
Net cash from/(used in) operating activities	<u>3,159,472</u>	<u>(2,484,019)</u>

**Note 35. Earnings per share**

	<b>Consolidated</b>	
	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
Profit/(loss) after income tax	505,799	(83,551)
Non-controlling interest	(27,974)	-
Profit/(loss) after income tax attributable to the Owners of Vertua Limited	<u>477,825</u>	<u>(83,551)</u>
	<b>Number</b>	<b>Number</b>
Weighted average number of Class A shares used in calculating basic earnings per share	<u>9,252,442</u>	<u>9,252,442</u>
Weighted average number of Class A shares used in calculating diluted earnings per share	<u>9,252,442</u>	<u>9,252,442</u>
	<b>Cents</b>	<b>Cents</b>
Basic earnings per share	5.16	(0.90)
Diluted earnings per share	5.16	(0.90)