



ANNUAL REPORT 2022

Vertua Limited

and Controlled Entities



DIRECTORY

Directors

Christopher Bregenhoj, Chairman
James Manning, Managing Director
Benjamin Doyle, Director

Company Secretary

Kathleen Howell

Registered Office and Principal Place of Business

Level 5, 97 Pacific Highway
North Sydney NSW 2060

Website

www.vertua.com.au

Share Registry

Link Market Services Ltd
Sydney - Head Office
L 12, 680 George Street
Sydney NSW 2000

Solicitors

Thomson Geer
Level 14, 60 Martin Place
Sydney NSW 2000

Auditors

LNP Audit and Assurance Pty Ltd
Level 8, 309 Kent Street
Sydney NSW 2000

Stock Exchange listing

Vertua Limited shares are listed on the National Stock Exchange of Australia (NSX)
Code: VER



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Directors' Report

The Board of Directors (Board) of Vertua Limited (Vertua, Company) presents the Financial Report on the Company and its controlled entities (Vertua Group) for the year ended 31 March 2022.

PRINCIPAL ACTIVITY

Vertua Limited, and its controlled entities, (herein, the "Group" or "Company") operate as both an investment holding company and an operational managed services business. The Group operates within three broad segments, being Investment Management, Property development services and Professional Services. The core segment is the ownership and management of investments, both on the Group's own account as an investment holding company and on behalf of investors, through select wholesale managed funds.

STRATEGIC OVERVIEW AND REVIEW OF OPERATIONS

The result for the Group after providing for income tax amounted to a total comprehensive loss of \$(14,218,520) (31 March 2021: profit of \$18,946,070).

The overview of the Group's operations and results are as follows.

1. Investments

The core focus of the Group is holding investments within the emerging business and blockchain sector. Over the last few years, the Group has made several strategic, early-stage investments into businesses with ties to blockchain. As at 31 March 2022, the core investments were:

- Investment in Mawson Infrastructure Group Inc (NASDAQ: MIGI, "Mawson"). Mawson is a digital infrastructure business, primarily focused on bitcoin mining. At 31 March 2022, the Group holds a total of 2,444,400 shares in Mawson after 1 for 10 consolidated of the shares during the year. The value per share was A\$6.821 (US\$5.11), valuing the Group's holding at \$16,674,081. The Groups original investment was for \$400,000, or \$1.00 per share. Refer note 9 for further details.
- Investment in Distributed Storage Solutions Pty Ltd ("DSS"), an unlisted digital storage business. The business is an early-stage digital infrastructure operation. The Group holds a total of 80,000 shares in DSS at \$464,000 as at 31 March 2022.

In addition to blockchain-focused investments, the Group held the following investments at 31 March 2022:

- Investment in Vertua Opportunities Fund ("VOF"), an unlisted tourism and hospitality fund. VOF is focused on the acquisition and operation of regional tourism properties. Vertua Limited is the investment manager. The Group holds 430,811 units at \$1.27 per unit the investment is valued at \$547,130 as at 31 March 2022.
- The Group has invested \$15,400 in ASX listed companies reflecting investment opportunities. During the financial year, the Group recorded a \$19,721 unrealised loss on these investments. The Group continues to make investments as opportunities are identified and actively manages existing investments.

2. Property

The Group (through its subsidiary Fiducia Group) operates property development and project management businesses focused on residential projects in NSW. Fiducia operates in a niche market space, building boutique projects marketed toward professionals and downsizers. Fiducia is currently developing four projects and providing development management and project management services to several clients.

The active developments of Fiducia include:

- a) Harriette – a boutique block of 10 apartments in Neutral Bay, on Sydney's lower north shore;
- b) Greenwich – a duplex and single dwellings for young professionals in Greenwich, on Sydney's lower north shore;
- c) Tuggerah – a greenfield development focused on urban renewal on Sydney's central coast;
- d) Callista – a boutique block of 12 luxury residential apartments located in Cronulla, Sydney's southern beaches.

During the financial year, the property segment earned revenue of \$ 319,886 (FY 2021: \$290,208) in project management fees and profit share. This aligns with the management's expectations for the year and reflects the nature and stage of the underlying projects. Within the next 12 months, the Group expects to have completed from Harriette, Greenwich, and Tuggerah projects, while the Callista project has a longer-term horizon of 3-5 years.



Directors' Report

3. Professional Services

The Group (through its subsidiary First Equity Group) is focused on providing High Net Worth individuals, Family Offices and Corporates strategic tax, accounting, and corporate advice. The business also provides synergies in the back-office functions while serving several managed funds operated by the investment business.

During the year, the professional services segment earned revenue of \$2,525,123 (2021: \$2,058,013). The directors are of the view that First Equity continues to maintain a strong client base with annual recurring engagements sufficient to sustain the business for future periods.

4. Group Operations Capital and funding

During the year, the noteholders converted 1,200,000 in convertible notes to Ordinary shares at \$0.20 per share. No outstanding convertible notes remained.

RISK MANAGEMENT

The Group takes a proactive approach to risk management. Management is responsible for designing, implementing, and reporting on the adequacy of the Group's risk management and internal control system. Management reports to the Board on the Group's key risks and how it believes these risks are being managed. This is performed informally on a six-monthly basis or more frequently as required by the Board. The Board is responsible for satisfying itself annually, or more frequently as required, that management has developed and implemented a sound risk management system and internal control.

The Group has identified the key risks that the Group believes to be inherent in the business and industry in which the Group operates. These include capital adequacy; liquidity risk; environmental risk; reputation risk; legal, compliance and regulatory risk; occupational health and safety risk; and sector operational and market risks, including digital currency (including volatility and market development and regulation change risk), technology risk, the state of the global travel and tourism industry, pandemic risk, intellectual property risk, and professional services firm risks. These risk areas are provided here to assist investors in understanding better the nature of the risks faced by our Group and the industry in which the Group operate. This is not necessarily an exhaustive list.

The Board receives regular reports addressing the management of the key risks associated with the Group's business. The Board has the right to appoint external professional advisers to investigate control mechanisms and report their findings and recommendations concerning control improvements, processes, and procedures to the Board.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

On 5 November 2021, the Board appointed Olga Shtifelman as Chief Operating Officer and Priya Krishnamurthy as Chief Financial Officer of the Group.

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

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF STRATEGIES AND BUSINESS OPERATIONS

The Group continues to focus on making investments in digital infrastructure and blockchain-focused investments. It is actively looking at several investments in the sector which offer the opportunity to generate significant returns relative to the investment risk.

Fiducia continues to seek additional development sites, in addition to engaging more project management work to assist with the high fluctuating cash flow that is inherent in the property development industry.

First Equity continues to expand its operations while providing services to the broader Group.

As part of the Group's ongoing and continued assessment of investment opportunities, the Board has been considering appropriate capital initiatives and funding sources. It is likely that Vertua will undertake some form of capital raise within the next 12 months for the purpose of furthering its investments in the digital infrastructure and blockchain space. In addition to a capital raise, the Board is actively looking at strategies to increase the daily liquidity in the traded shares of the company.



Directors' Report

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

Other than as stated below there are no matters since the year end that have occurred which 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:

19 May 2022	Vertua Investment Ltd has lodged with ASIC to be proprietary limited entity.
26 April 2022	FPG No.6 Pty Ltd received valuation report of \$25 Million for the property in Tuggerah. As at the date of signing this report (7 June 2022), the quoted value per share of the Group's investment in Mawson was A\$ 2.83 (US\$ 2.04) per share, and at this price the Group's holding is valued at \$6,917,652. This is classed as a non-adjusting post balance date event.
07 June 2022	
07 June 2022	The financial report was authorised for issue by the Board of Directors.

GOING CONCERN

The Directors have prepared financial statements on a going concern basis which contemplates the continuity of normal business activity and realisation of assets and settlement of liabilities in the normal course of business.

The Group recorded a loss after tax for the year of \$14,218,520. Operating cash outflows during the year were \$598,146 and the Group had net current liabilities of \$72,989 at 31 March 2022.

Prima facie, these circumstances give rise to a doubt in relation to the Group's ability to realise its assets and settle its liabilities at the amounts stated in the financial statements. However, the Directors consider the Group will be able to meet its obligations as and when they fall due based on the following assumptions:

- The ability of the group to raise additional capital or securing other forms of financing;
- Generating ongoing cashflows and profits as a result of the completion of projects and profitable operations of the business;

Accordingly, these financial statements have been prepared on a going concern basis.

No adjustments have been made to the financial information relating to the recoverability or classification of the recorded asset amounts and classification of liabilities that may be necessary should the Group not continue as a going concern.

ENVIRONMENTAL REGULATIONS

The Group's operations are not subject to any significant environmental regulation under a law of the Commonwealth or of a State or Territory.

INDEMNIFICATIONS AND INSURANCE OF OFFICERS AND AUDITORS

No indemnities have been given or insurance premiums paid, during or since the end of the financial year, for any person who is or has been an officer of Vertua Limited. No insurance or indemnification was taken on behalf of or for the auditors.

NON-AUDIT SERVICES

The Group's auditors, LNP Audit and Assurance Pty Ltd, did not provide any non-audit services during the financial year.

VOTING AND COMMENTS MADE AT THE GROUPS 2021 ANNUAL GENERAL MEETING ('AGM')

Listed below are the outcome of 2021 AGM held on 26 August 2021:

- 99.99% of the votes received supported the adoption of the remuneration report for the year ended 31 March 2021. No specific feedback at the AGM regarding its remuneration practices.
- 99.99% of the votes in favour of Re-election of Director – Mr Benjamin Doyle
- 99.99% of the votes received supporting the Share Class Name



Directors' Report

DIRECTORS

There have been no changes to the Board during or since the year end.

Christopher Bregenhøj, Non-Executive Chairman

Christopher is an Australian Chartered Accountant, bringing strong accounting, tax, and corporate finance practices with over 46 years' experience in the Investment Banking and Private Equity space, both in Australia, Canada, Singapore, and Hong Kong. Christopher was a co-founder and an Executive Director from 2002 responsible for corporate acquisitions, finance and the in-house legal division of what is now oOh!media, which was acquired by CHAMP Private equity in 2012 and re-listed on the ASX in 2014. Christopher remained on oOh!media's Board to 2015. In 2012, Christopher entered a joint venture to acquire and redevelop a property "Astonia", of six house size apartments which set a lower North Shore record on sale in 2016. In 2018, Christopher entered a joint venture to acquire and redevelop a property Blacktown of a 24 floor mainly residential and commercial apartment block.

Christopher has been Chairman of Vertua Limited since 2014 and sits on various Boards in investment, international freight forwarding, IT, media and the property development space, bringing invaluable leadership and experience to the Vertua team. Qualifications: FCA, FAICD, F Fin, FTIA and is a JP in NSW.

James Manning, Managing Director

James has over 16 years accounting and professional advisory experience. In conjunction with actively advising clients, he has been managing investment portfolios within a family office, completing mergers and acquisitions, and developing properties across Australia and New Zealand. James' background in property development and professional services has given him a unique insight into practical deliverables as well as complex regulatory and cross board transactions. In 2019, James founded Mawson Infrastructure Group Inc (NASDAQ: MIGI), a leading global digital infrastructure company.

Qualifications: M.Bus (Finance), M. Property Development, B.Business (Accounting), FAICD, MNIA

Benjamin Doyle, Executive Director

Ben founded Fiducia Property Group and has run it for over 18 years, where he has developed more than \$480M+ of property developments. Ben is an active Industry member contributing to various industry panels including 2 for the HIA which is the official body of Australia's home building industry. The Fiducia Team have been recognised within the development industry having won various awards including HIA 2015 'NSW Development of the year sub \$5 million & UDIA 2019 Awards For Excellence – NSW Winner of Small-Scale Infill Development of the year.

Qualifications: Licensed Real Estate Agent

MEETINGS OF DIRECTORS

The number of directors' meetings and number attended by each director during the financial year are as follows.

	Full Board		Audit and Risk Committee	
	Attended	Held	Attended	Held
Christopher Bregenhøj	4	4	2	2
Benjamin Doyle	4	4	1	2
James Manning	3	4	2	2

COMPANY SECRETARY

Kathleen Howell, (Appointed 22 April 2021)

Kathleen brings a strong people and management background with more than 10 years of management experience across several industries including hospitality, health, and professional services. Kathleen is also the People and Culture Manager and has completed the AICD Company Secretary Course.

Qualifications: B.Business, B.Sc (Psychology)



Directors' Report

Remuneration Report (Audited)

The remuneration report details the key management personnel remuneration arrangements for the Group, in accordance with the requirements of the Corporations Act 2001 and its regulations. Key management personnel ('KMP') are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including all directors.

Principles used to determine the nature and amount of remuneration

The objective of the Group's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with the achievement of strategic objectives and the creation of value for shareholders, and it is considered to conform to the market best practice for the delivery of reward.

The Board of Directors ('the Board') ensures that executive reward satisfies the following key criteria for good reward governance practices: competitiveness and reasonableness; acceptability to shareholders; and transparency.

The Board is responsible for determining and reviewing remuneration arrangements for its directors and executives. The performance of the consolidated entity depends on the quality of its directors and executives. The remuneration philosophy is to attract, motivate and retain high performance and high-quality personnel. The Board has structured an executive remuneration framework that is market competitive and complementary to the reward strategy of the consolidated entity.

Alignment to shareholders' interests:

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

Alignment to program participants' interests:

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

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

Non-executive directors' remuneration

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

NSX listing rules require the aggregate non-executive directors' remuneration be determined periodically by a general meeting. The most recent determination was at the Annual General Meeting held on 26 August 2021, where the shareholders approved the remuneration of directors and senior management.

Executive remuneration

The Group aims to reward executives based on their position and responsibility, with a level and mix of remuneration which has both fixed and variable components. The executive remuneration and reward framework has three components: base pay and non-monetary benefits, short-term performance incentives, and other remuneration such as superannuation and long service leave. The combination of these comprises the executive's total remuneration.

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

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

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

The long-term incentives ('LTI') include long service leave.



Directors' Report

Details of remuneration of Key Management Personnel (KMPs)

The KMPs of the Group consisted of the following directors of Vertua Limited: Christopher Bregenhøj - Non-Executive Chairman, James Manning - Managing Director and Benjamin Doyle - Executive Director. KMP remuneration is as follows.

DIRECTORS FEES

	Short-term benefits	Post-employment benefits	Long-term benefits	Total
	Cash salary & fees	Superannuation	Long service leave	
2022	\$	\$	\$	\$
Non-Executive Directors:				
Christopher Bregenhøj	30,000	-	-	30,000
Executive Directors and Management:				
Benjamin Doyle	244,448	22,954	25,426	292,828
James Manning	258,073	-	-	258,073
Total	532,521	22,954	25,426	580,901
<hr/>				
2021	Cash salary & fees	Superannuation	Long service leave	Total
	\$	\$	\$	\$
Non-Executive Directors:				
Christopher Bregenhøj	28,125	-	-	28,125
Executive Directors and Management:				
Benjamin Doyle	219,266	19,690	23,717	262,673
James Manning	251,050	-	-	251,050
Total	498,441	19,690	23,717	541,848

Service agreements

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

Christopher Bregenhøj, Chairman

Mr. Bregenhøj is entitled to a fixed engagement of \$30,000 per annum for his role as independent, non-executive Chairman. During the year Mr. Bregenhøj was paid \$30,000 (2021: \$28,125).

James Manning, Managing Director

Mr. Manning is entitled to a fixed engagement of \$36,000 per annum for his role as Managing Director. In addition, he receives a variable component of \$82,125 for services provided and \$139,948 as management fees. These fees are paid to an entity associated with Mr. Manning and include services provided by employees of Mr. Manning's company. The total paid to Mr. Manning for the year was \$258,073 (2021: \$251,050). Mr. Manning has no entitlement to termination payments in the event of removal for misconduct. The notice period for Mr. Manning is 6 months.

Benjamin Doyle, Executive Director

Mr. Doyle is entitled to a fixed engagement of \$304,828 per annum (inclusive of superannuation and long service leave) plus a supplement for his additional role as a director of Vertua. Mr. Doyle may be entitled to a variable component based on the actual performance of Fiducia Group; the business unit Mr. Doyle is the Chief Executive Officer. For the year ended 31 March 2022 Mr. Doyle was paid \$244,448 (2021: \$219,266). Mr. Doyle has no entitlement to termination payments in the event of removal for misconduct. The notice period for Mr. Doyle is 3 months.

Share-based compensation

Issue of shares and options

There were no shares issued to Directors and other key management personnel as part of compensation during the year ended 31 March 2022.

There were no options over ordinary shares granted to or vested by directors as part of compensation during the year ended 31 March 2022.



Directors' Report

Additional disclosures relating to KMPs

Shareholding (direct and indirect holdings)

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

	Opening Balance	Additions	Disposals	Closing Balance
Christopher Bregenhoj	1,577,273	-	-	1,577,273
Benjamin Doyle	6,778,150	-	-	6,778,150
James Manning	22,666,066	3,883,630	-	26,549,696
	31,021,489	3,883,630	-	34,905,119

Option holding (direct and indirect holdings)

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

	Opening Balance	Additions	Disposals	Closing Balance
James Manning	28,892,003	336,336	-	29,228,339
	28,892,003	336,336	-	29,228,339

Refer to Note 16 for further details.

Other transactions with KMPs

Christopher Bregenhoj, Chairman

Mr. Bregenhoj is a Partner in First Equity Partners. Details of payments and arrangements with First Equity Partners are set out in further detail Note 16. Total transactions with Mr. Bregenhoj were \$30,000 (2021: \$28,125)

James Manning, Managing Director

Mr. Manning as a Director is paid to Defender Investment Management Pty Ltd (DIM). Details of payments and arrangements with DIM are set out in further detail Note 16. Total transactions with Mr. Manning were \$175,948 (2021: \$251,050)

The fees paid in relation to management and administration services specifically amounted to \$258,073 (2021: \$251,050) (which are included in the total KMP disclosures).

Statutory performance indicators

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

	2022	2021	2020	2019
Share price at financial year end (\$)	\$0.25	\$0.22	\$0.18	\$0.26
Net tangible assets per ordinary share	\$0.17	\$0.39	\$0.09	\$0.25

END OF AUDITED REMUNERATION REPORT



Directors' Report

Corporate Governance

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

AUDITOR'S INDEPENDENCE DECLARATION

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

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

On behalf of the Directors

Christopher Bregenhøj
Chairman

7 June 2022

AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF VERTUA LIMITED

As lead auditor of Vertua Limited for the year ended 31 March 2022, I declare that, to the best of my knowledge and belief, there have been:

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

LNP Audit and Assurance Pty Ltd



Chin Ding Khoo
Director

Sydney, 7 June 2022



Financial Statements

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 March 2022

	Note	2022 \$	2021 \$
Revenue	4	3,424,364	2,748,557
Changes in fair value of investments	4	(13,865,258)	30,613,718
Other income	4	442,467	505,225
Impairment	5	(1,452,763)	(3,237,108)
Employee benefits		(1,856,535)	(1,428,930)
General and administration		(1,121,377)	(889,914)
Finance costs		(929,515)	(534,617)
Professional and management fees		(867,169)	(1,231,390)
Depreciation and amortisation		(390,164)	(489,117)
Disbursements		(274,953)	(94,269)
Other		(131,878)	(416,397)
(Loss) / profit before income tax		(17,022,781)	25,545,758
Income tax benefit / (loss)	6	2,804,261	(6,599,688)
(Loss) / profit for the year		(14,218,520)	18,946,070
Other comprehensive income for the year		-	-
Total comprehensive(loss) / income for the year		(14,218,520)	18,946,070
<i>Total comprehensive income for the period is attributable to equity holders of the parent entity</i>		(14,218,520)	18,946,070

Earnings per share	Cents	Cents
<i>Continuing operations:</i>		
Basic (loss)/earnings per share	(21.62)	29.47
Diluted (loss)/earnings per share	(14.99)	20.07

The above Consolidated Statement of Profit and Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.



Consolidated Statement of Financial Position

For the year ended 31 March 2022

		2022	2021
	Note	\$	\$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		363,117	1,098,897
Trade and other receivables	8	1,101,691	1,675,322
Investments	9	773,711	1,160,930
TOTAL CURRENT ASSETS		2,238,519	3,935,149
NON-CURRENT ASSETS			
Loans and advances	10	175,141	1,164,990
Investments	9	20,188,578	33,486,321
Plant and equipment		119,134	192,001
Right-of-use asset		-	69,877
Intangible assets		-	107,631
Deferred tax assets	13	1,631,734	1,554,592
TOTAL NON-CURRENT ASSETS		22,114,587	36,575,412
TOTAL ASSETS		24,353,106	40,510,561
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	11	839,572	653,443
Lease liabilities		-	76,082
Borrowings	12	1,347,225	518,103
Employee entitlements		124,711	101,420
TOTAL CURRENT LIABILITIES		2,311,508	1,349,048
NON-CURRENT LIABILITIES			
Borrowings	12	5,154,211	4,379,745
Deferred tax liabilities	13	4,348,564	8,024,425
TOTAL NON-CURRENT LIABILITIES		9,502,775	12,404,170
TOTAL LIABILITIES		11,814,283	13,753,218
NET ASSETS		12,538,823	26,757,343
EQUITY			
Issued capital	14	12,841,402	12,601,402
Convertible notes		-	240,000
(Accumulated losses) / retained earnings		(302,579)	13,915,941
TOTAL EQUITY		12,538,823	26,757,343

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.



Financial Statements

Consolidated Statement of Changes in Equity

For the year ended 31 March 2022

	Issued Capital	Convertible Notes	Retained Earnings	Total
	\$	\$	\$	\$
2022				
Balance at 1 April 2021	12,601,402	240,000	13,915,941	26,757,343
Total comprehensive loss for the year	-	-	(14,218,520)	(14,218,520)
Convertible notes converted into shares	240,000	(240,000)	-	-
Balance at 31 Mar 2022	12,841,402	-	(302,579)	12,538,823
2021				
Balance at 1 April 2020	12,121,402	720,000	(5,030,129)	7,811,273
Total comprehensive profit for the year	-	-	18,946,070	18,946,070
Convertible notes converted into shares	480,000	(480,000)	-	-
Balance at 31 Mar 2021	12,601,402	240,000	13,915,941	26,757,343

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.



Financial Statements

Consolidated Statement of Cashflows

For the year ended 31 March 2022

	Note	2022	2021
		\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		4,218,166	3,818,506
Payments to suppliers & employees		(4,662,552)	(3,252,826)
Interest paid		(146,465)	(15,168)
Income tax paid		(7,295)	-
Net cash flows from operations	21	(598,146)	550,512
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments made for investments in property developments		(510,000)	(196,380)
Net payments for equipment and intangibles		(139,787)	(166,763)
Payments made for equity investments		(134,295)	(352,001)
Receipts from property development projects and sale of subsidiaries		-	737,155
Net cash flows provided by / (used) in investing activities		(784,082)	22,011
CASH FLOWS FROM FINANCING ACTIVITIES			
Loans extended from related parties		714,800	222,100
Lease repayments		(105,352)	(247,147)
Proceeds from net loans (provided to)/received from by external parties		37,000	114,455
Net cash flows provided by / (used in) financing activities		646,448	89,408
Increase in cash held		(735,780)	661,931
Cash and cash equivalents at beginning of year		1,098,897	436,966
Cash and cash equivalents at end of financial year		363,117	1,098,897

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes

Notes to the Consolidated Financial Statements

For the year ended 31 March 2022



Note 1: Significant Accounting Policies

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 financial statements were authorised for issue, in accordance with a resolution of directors, on 7 June 2022.

These financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards and the *Corporations Act 2001*.

a) Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Vertua Limited and its controlled entities. The Company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and can affect those returns through its power over the entity. The consolidated financial statements include the financial position and performance of controlled entities from the date on which control is obtained. Intragroup assets, liabilities, equity, income, expenses and cashflows relating to transactions between entities in the consolidated entity have been eliminated in full for the purpose of these financial statements. Accounting policies of the Controlled Entities are consistent with the policies adopted by the Group. All controlled entities have a 31 March financial year end and are detailed at Note 19 to the financial statements.

b) Revenue and other income

Revenue from contracts with customers is recognised on a basis that reflects the transfer of promised goods or services to customers at an amount that reflects the consideration the Group expects to receive in exchange for those goods or services. Revenue is recognised by applying a five-step model as prescribed by AASB 15: Revenue from contracts with customers.

Investment income. Purchases and sales of investments are recognised on trade-date being the date the Group commits to purchase or sell the asset. Investments are classified as assets and comprise of holdings of trading securities and units in a trust and are measured at fair value through the Statement of Profit or Loss.

Investments are continuously carried at fair value using price quotations in an active market where applicable and revalued at fair value through the profit or loss. Investments which are not listed on a securities exchange are valued at fair value through the profit or loss using appropriate valuations techniques such as the use of recent arm's length market transactions, reference to the current fair value of another instrument that is substantially the same, discounted cash flow techniques, option pricing models or any other valuation techniques that provide a reliable estimate of prices obtained in actual market transactions.

Professional services. Revenue from contracts with customers is measured based on the consideration specified in the contract. The Group recognises revenue when it transfers control over a good or service to a customer. For professional services, the customer controls all of the time charged as the services are being provided. The contracts for the services provided do not create an asset with an alternative use to the Group because contracts relate to facts and circumstances that are specific to individual customers and if a contract is terminated by the customer, then the Group is entitled to reimbursement of the costs incurred to date, including a reasonable margin. Invoices are issued according to contractual terms and are usually payable on issue. Unbilled amounts are presented as unbilled services income.

Revenue is recognised over time by measuring the proportion that costs incurred to date to the estimated total costs of the service under each contract. For those contracts with a constrained variable consideration that is highly susceptible to factors outside the Group's influence (e.g., overruns), the constrained amount is not included in the transaction price until the uncertainty associated with the variable consideration is resolved. In contracts with multiple performance obligations, the standalone selling price of services provided is estimated based on the cost-plus margin approach.

Property. Revenue is predominantly project management fees and profit shares from projects. Project management fees are documented in the management agreement between the property division and the client. Project management fees are invoiced upon the achievement of specific milestones at the fixed fee price outlined in the management agreement. Profit shares from projects are based on a predetermined percentage split of net profit generated from a project between the Property segment and the equity investors of the project, as outlined in the profit share agreement. Profit share revenue is recorded only when the stock from development assets have exchanged, and the revenue entitlement is both measurable and payable.

Other income is recognised when the service has been performed and the right to receive the payment is established.

Interest income is reported on an accrual basis using the effective interest method.

Rental income is recognised in profit or loss on a straight-line basis over the lease term.

c) Identification of reportable segments

The Group identifies its operating segments based on reports that are used by the Board of Directors in assessing performance and determining the allocation of resources. Operating segments are defined and presented as detailed in Note 3.



Note 1: Significant Accounting Policies (continued)

d) Goods and service tax

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). Receivables and payables are stated inclusive of the amount of GST.

Cash flows are prepared on a gross basis and the GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the ATO is classified as operating cash flows.

e) Income tax

Current tax assets and liabilities are measured at the amount expected to be or paid to the taxation authorities. The tax rates and tax law used to compute the amount are those that substantively enacted by the reporting date.

Deferred income tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred income tax, assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss. Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority. Vertua Limited has not formed a tax consolidated Group.

f) Foreign currency

Foreign currency transactions are translated into the functional currency, being Australian Dollars, using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of profit or loss and other comprehensive income.

g) Cash and Cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits and short-term investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value. Bank overdrafts form part of cash equivalents for the purpose of the statement of cash flows and are presented within current liabilities on the statement of financial position.

h) Financial instruments

Recognition

The Group determines the classification of its financial instruments at initial recognition in accordance with the categories outlined below and re-evaluates this designation at each financial year end. When financial instruments are recognised initially, they are measured at fair value, being the transaction price plus, in the case of financial assets and financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

Financial assets measured at fair value through profit or loss (FVTPL) - Financial assets that are not classified and measured at amortised cost or as fair value through other comprehensive income. These assets are carried in Statement of Financial Position at fair value with gains or losses recognised in revenue. The groups assets held at FVTPL comprise Investments.

Financial assets measured at amortised cost - Financial assets which are held to collect the contractual cash flows. The contractual terms of the financial assets give rise to payments on specified dates that are solely payments of principal and interest on the principal amount outstanding. The Group's financial assets measured at amortised cost comprise cash and cash equivalents, Trade and other receivables and Loans and Advances.

Financial liabilities - This includes borrowings, trade and other payables. These are measured subsequently at amortised cost using the effective interest method. The interest expense is calculated during each reporting period by applying the effective interest rate and reflected on the Statement of Profit or Loss and Other Comprehensive Income.

Impairment

The impairment charge in the Statement of Profit or Loss and Other Comprehensive Income includes the change in expected credit losses. Expected credit losses are calculated as the difference between the contractual cash flows that are due to the Group and the cash flows that the Group expects to receive given the probability of default and losses, discounted at the original effective interest rate.



Note 1: Significant Accounting Policies (continued)

i) Employee benefits

Provision is made for the Company's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be wholly settled within one year have been measured at the amounts expected to be paid when the liability is settled.

Employee benefits expected to be settled more than one year after the end of the reporting period have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may satisfy vesting requirements. Cashflows are discounted using market yields on high quality corporate bond rates incorporating bonds rated AAA or AA by credit agencies, with terms to maturity that match the expected timing of cashflows. Changes in the measurement of the liability are recognised in profit or loss.

Note 2: Critical Accounting Estimates and Judgments

The Directors make estimates and judgements during the preparation of these financial statements regarding assumptions about current and future events affecting transactions and balances. These estimates and judgements are based on the best information available at the time of preparing the financial statements, however as additional information is known then the actual results may differ from the estimates. The significant estimates and judgements made have been described below.

a) *Going Concern*

The Directors have prepared financial statements on a going concern basis which contemplates the continuity of normal business activity and realisation of assets and settlement of liabilities in the normal course of business.

The Group recorded a loss after tax for the year of \$14,218,520. Operating cash outflows during the year were \$598,146 and the Group had net current liabilities of \$72,989 at 31 March 2022.

Prima facie, these circumstances give rise to a doubt in relation to the Group's ability to realise its assets and settle its liabilities at the amounts stated in the financial statements. However, the Directors consider the Group will be able to meet its obligations as and when they fall due based on the following assumptions:

- The ability of the group to raise additional capital or securing other forms of financing;
- Generating ongoing cashflows and profits as a result of the completion of projects and profitable operations of the business;

Accordingly, these financial statements have been prepared on a going concern basis.

No adjustments have been made to the financial information relating to the recoverability or classification of the recorded asset amounts and classification of liabilities that may be necessary should the Group not continue as a going concern.

b) *Fair value of, and Investment income from, the Investment in Mawson Infrastructure Group Inc (refer notes 4 and 9)*

The Group's share investment in Mawson Infrastructure Group Inc ("Mawson") was 2,444,400 shares on 31 March 2022. Mawson is an Australian based digital infrastructure provider, with diversified operations across cryptocurrency mining and digital asset management and its shares are publicly traded on the United States NASDAQ exchange (Stock symbol: MIGI). At 31 March 2022, the fair value of the Group's investment in Mawson of \$16,674,081 (2021: \$32,476,243) was calculated by reference to the closing market price on the NASDAQ exchange of A\$6.821 (US\$5.11/share) resulting in a valuation of an unrealised fair value loss of \$15,802,162. In 2021, the share price was A\$13.29 (US\$10.15/share) for 2,444,400 shares, after 1 for 10 consolidated of the shares during the year.

In the period 1 March 2022 to 7 June 2022, a period of 3 months and 6 days the maximum and minimum prices of the stock were A\$7.50 (US\$5.63) on 4 April 2022 and A\$2.83 (US\$2.04) 06 June 2022, a range of 62.2%.

c) *Fair value of Interests in residential property developments (refer notes 4 and 9)*

There is not an active market for property developments while they are under construction, so fair value is measured using either a discounted cash flows (DCF) or residual valuations. DCF valuations for properties under construction also consider the costs and risks of completing construction and selling the property. The residual valuation estimates the value of the completed project, less the remaining development costs which include construction, finance costs and an allowance for developer's risk and profit. This valuation is then discounted back to the present value.

Where projects are within 12 months of completion the value of the development is taken to be forecast cashflow based on the reasonable inputs considering the committed costs and revenues of the project. No discount is provided if there is a high degree of certainty that the project will complete within the terms of these assumptions.



Note 2: Critical Accounting Estimates and Judgments (continued)

d) Fair value and impairment of loans and receivables

The Group recognises an expected credit loss allowance based on an assessment of credit risk. Such assessment involves judgements and estimation uncertainty in analysing information about past events, current conditions and forecasts of future economic conditions. Any changes in these accounting estimates will affect the carrying amounts of receivable. Assessment of the carrying value of trade receivables involves judgement due to the credit risk associated with each individual counterparty.

Expected credit losses – accounts receivable (refer note 5 and 8). Based on experience, debts overdue by 90 days are considered to have a significant risk of default and the receivable is reduced to the expected recoverable amount. Historical loss rates are adjusted to reflect current and forward-looking information. Management review debtors regularly and based on the customer relationship the collectability of outstanding debt is determined. The assessment is conducted at an individual debtor level.

At 31 March 2022, trade receivables of \$694,378 (2021: \$589,160) were considered past due but not impaired. Receivables past due comprised \$309,175 over 30 days (2021: \$239,701), \$126,918 over 60 days (2021: \$34,318) and \$380,377 over 90 days (2021: \$315,141). The total trade and other receivables are net of an expected credit loss adjustment of \$588,518 (2021: \$265,076).

Expected credit losses – loans and advances (refer note 5 and 10). At 31 March 2022, the Group held \$150,000 (2021: \$1,023,690) for a loan advanced to Defender No.2 Fund Pty Ltd ('Defender') The loan forms part of syndicated loan arrangement between Defender and AOW. The Group has exposure to the debt to AOW and management has recognised an estimate for impairment of \$954,218 on the Defender loan to account for the uncertainty of the timing when the amounts are expected to be received.

e) Assessment of impairment of customer relationships (refer note 5)

Client list valuation was performed upon change in management of the professional services segment of business and a Customer relationship was written down by \$34,545 during this period.

f) Recoverability of deferred tax assets (refer note 13)

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

Notes to the Consolidated Financial Statements

For the year ended 31 March 2022



Note 3: Operating Segments

Identification of reportable operating segments

All the Group's segments operate in Australia.

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance. The CODM reviews the results of operating segments based on earnings before tax and other key metrics relating to each segment. The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the financial statements. The information reported to the CODM is on a monthly basis.

The consolidated entity is organised into four operating segments: investments, property services, and professional services. A further corporate segment is identified. There is no aggregation of operating segments.

The principal products and services of each segment are as follows.

Investments in listed and unlisted companies; the ownership and operation of the Australian Financial Services Licence of Defender Asset Management Pty Ltd; and the Group's interests in assets held as managed investments.

Property services relates to the income from the identification, acquisition, development, and sale of development sites; project management services to property related to property; and development management services conducted by Fiducia Group.

Professional Services is the income from First Equity Group by delivering corporates strategic tax, accounting, corporate and finance advice.

Corporate: Relates to the management of the Group's corporate assets.

At 31 March 2022	Property	Professional services	Investments	Corporate	Total
	\$	\$	\$	\$	\$
Segment assets	1,514,438	646,704	21,423,915	768,050	24,353,107
Segment liabilities	(1,240,621)	(590,926)	(9,316,600)	(666,137)	(11,814,284)
Segment Net Asset/(Liability)	273,817	55,778	12,107,315	101,913	12,538,823

At 31 March 2021	Property	Professional services	Investments	Corporate	Total
	\$	\$	\$	\$	\$
Segment assets	3,783,014	771,010	35,822,646	133,891	40,510,561
Segment liabilities	(3,539,879)	(759,308)	(7,467,859)	(1,986,172)	(13,753,218)
Segment Net Asset/(Liability)	243,135	11,702	28,354,787	(1,852,281)	26,757,343

Notes to the Consolidated Financial Statements

For the year ended 31 March 2022



Note 3: Operating Segments (continued)

Consolidated - Year ended 31 March 2022	Property	Professional services	Investments	Corporate	Total
	\$	\$	\$	\$	\$
Revenue and other income					
Revenue	319,886	2,525,123	548,503	30,852	3,424,364
Other income	1,293,317	83,054	(14,838,704)	387,662	(13,074,671)
	1,613,203	2,608,177	(14,290,201)	418,514	(9,650,307)
Expenses					
Employee benefits	(759,115)	(751,496)	-	(345,925)	(1,856,536)
Depreciation and amortisation	(92,123)	(32,180)	(1,200)	(264,660)	(390,163)
Other operating expenses	(84,905)	(1,777,370)	(374,423)	(506,800)	(2,743,498)
Impairment	-	(34,545)	(1,418,218)	-	(1,452,763)
Finance costs	(1,110,714)	(1,923)	(120)	183,243	(929,514)
Segment profit(loss) before tax	(4,384,194)	10,663	(12,133,622)	(515,628)	(17,022,781)
Income tax (expense) / benefit	-	(174)	-	2,804,435	2,804,261
Total comprehensive income/(loss) for the year	(4,384,194)	10,489	(12,133,622)	2,288,807	(14,218,520)
Timing of revenue recognition					
Point in time	-	-	1,000	-	1,000
Over time	319,886	2,525,123	547,503	30,852	3,423,364
	319,886	2,525,123	548,503	30,852	3,424,364

Consolidated - Year ended 31 March 2021	Property	Professional services	Investments	Corporate	Total
	\$	\$	\$	\$	\$
Revenue and other income					
Revenue	290,208	2,058,013	342,630	57,706	2,748,557
Other income	295,535	166,894	30,613,718	131,208	31,207,355
	585,743	2,224,907	30,956,348	188,914	33,955,912
Expenses					
Employee benefits	(574,837)	(638,892)	-	(215,201)	(1,428,930)
Depreciation and amortisation	(104,690)	(84,869)	-	(299,558)	(489,117)
Other operating expenses	(804,176)	(787,596)	(139,123)	(989,487)	(2,720,382)
Impairment	(1,389,289)	(400,492)	(976,594)	(470,733)	(3,237,108)
Finance costs	(522,244)	1,352	176	(13,901)	(534,617)
Segment profit(loss) before tax	(2,809,493)	314,410	29,840,807	(1,799,966)	25,545,758
Income tax (expense) / benefit	-	-	-	(6,599,688)	(6,599,688)
Total comprehensive income/(loss) for the year	(2,809,493)	314,410	29,840,807	(8,399,654)	18,946,070
Timing of revenue recognition					
Point in time	5,197	-	7,000	-	12,197
Over time	285,011	2,058,013	335,630	57,706	2,736,360
	290,208	2,058,013	342,630	57,706	2,748,557

Notes to the Consolidated Financial Statements

For the year ended 31 March 2022



Note 4: Revenue

Consolidated	2022 \$	2021 \$
Revenue from contracts with customers		
Professional services	2,525,123	2,058,013
Investment & Investment management	548,503	342,630
Property services	319,886	290,208
Corporate	30,852	57,706
	3,424,364	2,748,557
Unrealised fair value gains / (losses) on equity investments		
<i>Investment portfolio</i>		
Investments in shares (note 9)	(15,021,590)	30,798,245
Property	1,151,604	(197,986)
Managed funds	4,728	13,459
	(13,865,258)	30,613,718
Other Income		
Other	442,467	505,225
	442,467	505,225

Note 5: Impairment

Consolidated	2022 \$	2021 \$
Goodwill – property	-	(1,019,057)
Loans and advances – Defender No.2 Loan (AOW)	(954,218)	(1,618,106)
Professional services customer relationships	(34,545)	(599,945)
Investments - unlisted	(464,000)	-
	(1,452,763)	(3,237,108)

Notes to the Consolidated Financial Statements

For the year ended 31 March 2022



Note 6: Income tax

Consolidated	2022 \$	2021 \$
<i>Income tax expense/(benefit):</i>		
Current tax	948,741	(979,095)
Deferred Tax	(3,753,002)	7,578,783
Aggregate income tax expense/(benefit)	(2,804,261)	6,599,688
<i>Numerical reconciliation of income tax expense / (benefit) and tax at the statutory rate:</i>		
Loss before income tax (expense) / benefit	(16,992,253)	25,545,758
(Loss)/profit before income tax benefit	(16,992,253)	25,545,758
Tax at the statutory tax rate of 25% (2021: 26%)	(4,248,063)	6,641,897
<i>Tax effect amounts which are not deductible / (taxable) in calculating taxable income:</i>		
Deferred tax from tax losses not recognised	1,530,533	-
Prior year tax benefit reversal	(948,741)	-
Impairment loss	749,272	289,581
Non-assessable income	114,074	-
Other non-deductible amounts	(4,410)	108,630
Loss on disposal of interest in subsidiaries	-	(605,089)
Impact of future change in corporate tax rate on carrying value of tax losses	-	(258,793)
Non-deductible unrealised fair value adjustment	-	249,906
Other adjustments	3,074	173,556
Income tax expense / (benefit)	(2,804,261)	6,599,688

Notes to the Consolidated Financial Statements

For the year ended 31 March 2022



Note 7: Earnings per share

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

	2022	2021
Consolidated		
	\$	\$
(Loss)/profit after income tax	<u>(14,218,520)</u>	<u>18,946,070</u>
	Units	Units
Weighted average number of Ordinary shares used in calculating basic earnings per share	65,764,640	64,287,822
Adjustments for calculation of diluted earnings per share:		
Potential conversion of convertible notes	-	1,200,000
Options over ordinary shares	29,228,339	28,892,003
Weighted average number of Ordinary shares used in calculating diluted earnings per share	<u>94,992,979</u>	<u>94,379,825</u>
	Cents	Cents
<i>Earnings per share for loss from continuing operations attributable to the owners of Vertua Limited</i>		
Basic earnings per share	(21.62)	29.47
Diluted earnings per share	(14.97)	20.07

Notes to the Consolidated Financial Statements

For the year ended 31 March 2022



Note 8: Trade and other receivables

Consolidated	2022 \$	2021 \$
Trade receivables	1,282,896	876,474
Allowance for expected credit losses	(588,518)	(265,076)
	694,378	611,398
Income tax receivable	-	979,095
Accrued income and prepayments	398,113	38,629
Short-term advances	9,200	46,200
	407,313	1,063,924
	1,101,691	1,675,322

Note 9: Investments

Consolidated	2022 \$	2021 \$
Current		
Interests in residential development entities held at fair value	773,711	1,160,930
	773,711	1,160,930
Non-current		
Interests in residential development entities held at fair value	2,308,822	260,000
Investments in shares		
- Investment in Mawson Infrastructure Group Inc	16,674,081	32,476,243
- Unlisted shares	1,190,275	655,565
- Other investments in listed shares	15,400	94,513
	20,188,578	33,486,321

The fair value of the Group's investment in Mawson Infrastructure Group Inc (NASDAQ: MIGI, "Mawson"), amounting to 2,444,400 shares was calculated by reference to the closing price of Mawson share price at 31 March 2022 of A\$ 6.821 (US\$ 5.11) resulting in an unrealised fair value loss of \$15,802,162.

The total of unlisted investments at 31 March 2022 was \$4,272,808 (31 March 2021: \$2,076,495).

Notes to the Consolidated Financial Statements

For the year ended 31 March 2022



Note 10: Loans and advances

	2022	2021
Consolidated	\$	\$
Unsecured		
Loan - Defender No.2 Fund Pty Ltd *	150,000	1,023,690
Other related party loans receivable	25,141	141,300
	175,141	1,164,990

*Defender No.2 Pty Ltd as trustee for the Defender No.2 Fund ("Defender No.2") is a special purpose vehicle to facilitate the syndication of a loan advance to American Patriot Oil & Gas Limited. Defender No.2 and the Group share a common director and is a related party, however all transactions are on a commercial arm's length basis. The Group participated in the syndicate on the same terms as other independent investors. The Syndicated loan to AOW is secured by Defender No.2 holding a General Security Deed over the business and assets of AOW. The Group's loan to Defender No.2 is interest bearing at 12.5% and is repayable in 4 years and is unsecured. The loan was impaired by \$954,218 – refer note 5.

Note 11: Trade and other payables

	2022	2021
Consolidated	\$	\$
Trade payables	409,392	381,050
GST and PAYG payables	215,533	114,531
Accruals	89,987	64,031
Other payables	124,660	93,831
	839,572	653,443

Notes to the Consolidated Financial Statements

For the year ended 31 March 2022



Note 12: Borrowings

Consolidated	2022	2021
	\$	\$
Current		
Finance leases	557,078	68,103
Loan: Mackin Money	790,147	450,000
	1,347,225	518,103
Non-Current		
Loan: Manning Capital Holdings Pty Ltd	5,154,211	4,379,745
	5,154,211	4,379,745

Mackin Money Trust loan - The advance from Mackin Money Trust is on a non-recourse basis to a wholly owned special purpose vehicle of the Group for investment purposes in a property development. Loan from Mackin Money is reclassified as current borrowings this year.

Manning Capital Holdings Pty Ltd loan (MCHUT) loan was initially extended to provide acquisition funding for the purchase of Locums Group, and to provide additional working capital for the Group. The facility is for a maximum of \$6,000,000 and the balance remains available to the Group. MCHUT is a shareholder of the Group and is a related party. The loan has a General Security Deed over all the assets of Vertua Limited. The security is on all property past and present and capture all subsidiary company interests held by the Group.

Note 13: Deferred tax assets and liabilities

Consolidated	2022	2021
	\$	\$
Amounts recognised in profit or loss		
<i>Deferred tax assets comprise temporary differences attributable to:</i>		
Tax losses recognised	1,406,159	1,472,428
Others	225,575	82,164
Deferred tax assets	1,631,734	1,554,592
<i>Deferred tax liabilities comprise temporary differences attributable to:</i>		
Financial assets – Fair value movement	(4,266,786)	(8,013,678)
Others	(81,778)	(10,747)
Deferred tax liability	(4,348,564)	(8,024,425)
Net deferred tax liability	(2,716,830)	(6,469,833)

The tax losses recognised were based on the Group's forecasts for the next 2 financial years. The Group obtained specific advice from a specialist tax lawyer and consulted with senior counsel, based upon which it places reliance in applying the Modified Continuity of Ownership ("COT") and also the Same Business Test ("SBT") provisions for its ability to utilise the losses of Vertua Limited and its subsidiaries. Should the Group breach the Modified COT or the SBT provisions then it is unlikely that the Group would be able to access the losses, and this would result in a significant impairment of the related deferred tax asset. During FY18, the Group obtained a private tax ruling from the ATO outlining that they were eligible to utilise carry-forward tax losses arising from financial years ending 30 June 2006 and beyond.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2022



Note 14: Issued capital

Consolidated	2022		2021	
	Shares	\$	Shares	\$
Ordinary shares	<u>65,764,640</u>	<u>12,841,402</u>	<u>64,287,792</u>	<u>12,601,402</u>

Details of Issued Capital	Number of Shares	\$
Opening balance at the beginning of the year	64,287,792	12,601,402
Issue of shares (convertible note conversion)	1,200,000	240,000
Option on issue	276,848	-
Closing balance at the end of the year	<u>65,764,640</u>	<u>12,841,402</u>

Ordinary shares

Ordinary shares entail 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 ordinary 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. During the year, all class A shares were converted to ordinary shares as reported to NSX.

Capital risk management

The Group's objectives when managing capital are to safeguard its ability to continue as a going concern, to provide returns for shareholders and benefits for other stakeholders, to meet the capital requirements of its AFSL, 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 number of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group can look to raise capital when an opportunity to invest is seen as value adding relative to the current Company's share price at the time of the investment.

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

Notes to the Consolidated Financial Statements

For the year ended 31 March 2022



Note 15: Financial instruments

The Group is exposed to a variety of financial risks through its use of financial instruments. The Group's overall risk management strategy seeks to minimise potential adverse effects due to the unpredictability of financial markets. The most significant financial risks to which the Group is exposed to are liquidity, credit, interest rate and foreign currency risks. The Group's principal financial instruments comprise; cash at bank, receivables, investments, payables, advances, lease liabilities and loans. The carrying amounts are as shown in the statement of financial position.

The Board of Directors has responsibility for the establishment of the Group's financial risk management framework. This includes the development of policies covering all significant risk areas. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

Day-to-day risk management is carried out by the Group's finance function under policies approved by the Board of Directors. The Audit Risk Committee has been delegated the authority for designing and implementing processes to comply with the approved policies. This includes monitoring the levels of exposure to interest rate and foreign exchange risk and assessment of market forecasts for interest rate and foreign exchange movements. The Board of Directors receives monthly reports which provide details of the effectiveness of the processes and policies in place. Mitigation strategies for specific risks are described below:

Market Risk Analysis

Price Risk. The Group has publicly tradable financial assets totalling \$16,689,481 (2021: \$ 32,570,756). An increase/decrease in price of +/-5% would have a favourable/unfavourable effect on profit before tax of \$834,474 (2021: \$1,519,987). The percentage change is based on a reasonably expected volatility of price movements using market data and analyst forecasts. Investments in units and shares are identified by development opportunities and estimated key metrics of developments. The Group looks to invest in developments that have an estimated IRR of over 30% for the life of the project.

Interest rate risk. Exposure to interest rate risk arises on financial assets and financial liabilities, whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments. The Board constantly analyses its interest rate exposure. Within this analysis consideration is given to potential renewals of existing positions, alternative financing and the term for fixing interest rates. At 31 March 2022, the Group had a number of secured and unsecured lenders. The Group's exposure to interest rate risk and the effective weighted average interest rate for classes of financial assets and liabilities are set out below.

Consolidated	2022		2021	
	Weighted average interest rate	Balance	Weighted average interest rate	Balance
	%	\$	%	\$
Cash and cash equivalents	1.75%	363,117	1.75%	1,098,897
Borrowings – Fixed rate	12.00%	(5,154,211)	12.00%	(4,379,745)
Other interest-bearing	6.00%	(451,863)	6.00%	(68,103)
Net exposure to cash flow interest rate risk		<u>(5,242,957)</u>		<u>(3,348,951)</u>

An increase/decrease in interest rates of +/-1% would have a favourable/unfavourable effect on profit before tax of \$52,430 (2021: \$34,642). The percentage change is based on reasonably expected volatility of interest rates using market data and forecasts.

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group.

Credit risk for cash and cash equivalents and receivables is considered negligible since the counterparties are financial institutions with high quality external credit ratings. The Group adopts a policy of only dealing with creditworthy clients and counterparties as a means of mitigating the risk of financial loss from defaults. Client accounts which fail to meet their credit terms are suspended until credit is re-established. Lifetime Expected Credit Losses (ECL) are recorded on receivables, including trade and other receivables, interest-bearing loan assets, and other financial assets. The Group applies the simplified approach to its trade receivables and measures the loss allowance at an amount equal to lifetime expected credit losses. Credit risk related to balances with banks and other financial institutions is managed by the Audit Risk Committee (ARC) in accordance with approved Board policy.

Concentration of credit risk is the risk of exposure to a counterparty with a loss potential which is large enough to threaten the solvency or the financial position of the Group. The Group's largest credit risk is with respect to the loan advance to Defender No.2 Fund Pty Ltd as a syndication to loan funds to American Patriot Oil & Gas Limited. This has been impaired as detailed in note 5.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2022



Note 15: Financial instruments (continued)

Management considers that financial assets which have no impairment allowance are not impaired at the reporting date and are of good credit quality, including those that are past due.

The following table details the Group's maximum exposure to credit risk.

Consolidated	2022	2021
	\$	\$
Cash and cash equivalents	363,117	1,098,897
Accounts receivable, other receivables	1,101,691	1,675,322
Loans and advances	175,141	1,164,990
Total	1,639,949	3,939,209

Liquidity risk arises from the Group's management of working capital. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due. The Group is exposed to liquidity risk through its use of financial instruments.

The Group's policy is to ensure that most of its borrowings for real estate investment should always mature beyond projected disposal dates. The Group also has undrawn facilities with Manning Capital Holdings Pty Ltd to assist with any liquidity requirements that the Group may encounter. The table below summarises the maturity profile of the Group's financial assets and liabilities based on undiscounted contractual cash flows.

Consolidated	Weighted average interest rate	On demand or 1 year or less	Between 1 and 2 years	Between 2 and 5 years	Remaining contractual maturities
	%	\$	\$	\$	\$
2022 - Financial assets - cash flows realisable					
Cash and cash equivalents	1.75%	363,117	-	-	363,117
Trade and other receivables	-	891,401	-	-	891,401
Loans and advances	-	-	175,141	-	175,141
Investments	-	773,711	20,188,578	-	20,962,289
2022 - Financial liabilities - due for payment					
Trade payables	-	(534,405)	-	-	(534,405)
Borrowings	12%	(443,500)	(5,154,211)	-	(5,597,711)
Other borrowings	6%-10%	(903,725)	-	-	(903,725)
Total		146,599	15,209,508	-	15,356,107
2021 - Financial assets - cash flows realisable					
Cash and cash equivalents	1.75%	1,098,897	-	-	1,098,897
Trade and other receivables	-	1,675,322	-	-	1,675,322
Loans and advances	-	-	141,300	1,023,990	1,165,290
Investments	-	1,160,930	33,486,321	-	34,647,251
2021 - Financial liabilities - due for payment					
Trade payables	-	(653,443)	-	-	(653,443)
Borrowings	12%	-	(4,379,745)	-	(4,379,745)
Other borrowings	6%-10%	(518,103)	-	-	(518,103)
Lease liability	6%	(76,082)	-	-	(76,082)
Total		2,687,521	29,247,876	1,023,990	32,959,387

Notes to the Consolidated Financial Statements

For the year ended 31 March 2022



Note 15: Financial instruments (continued)

Fair Value of assets and liabilities recognised

Fair value is 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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either: in the principal market for the asset or liability; or in the absence of a principal market, in the most advantageous market for the asset or liability.

All financial instruments for which fair value is recognised or disclosed are categorised with the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1: Quoted market prices in an active market (that are unadjusted) for identical assets or liabilities.

Level 2: Valuation techniques in which the lowest level input that is significant to fair value measurement is directly or indirectly observable.

Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

The following methods and assumptions were used to estimate the fair values:

Long-term fixed-rate and variable-rate receivables/borrowings are evaluated by the Group based on parameters such as interest rates, individual creditworthiness of the customer. Based on this evaluation, allowances are considered for the expected losses of these receivables. As at 31 March 2022, the carrying amounts of such receivables, net of allowances, were not materially different from their calculated fair values.

The fair value of unquoted instruments, loans from banks and other financial liabilities, obligations under finance leases, as well as other non-current financial liabilities is estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities.

Fair values of the Group's borrowings are determined by discounted cash flow modelling using a discount rate that reflects the issuer's borrowing rate as at the end of the reporting period.

Consolidated	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
31 March 2022				
Financial assets	16,689,481	3,082,533	1,190,275	20,962,289
Financial liabilities	-	-	(5,154,211)	(5,154,211)
	16,689,481	3,082,533	(3,963,936)	(15,808,078)
31 March 2021				
Financial assets	32,570,756	1,420,930	655,565	34,647,251
Financial liabilities	-	-	(4,379,745)	(4,379,745)
	32,570,756	1,420,930	(3,724,180)	(30,267,506)

Notes to the Consolidated Financial Statements

For the year ended 31 March 2022



Note 16: Related parties

The Group's related parties are key management personnel (KMPs) including close family members of KMPs and entities that are controlled or significantly influenced by those key management personnel or their close family members.

The aggregate compensation made to KMPs of the Group is set out below:

Consolidated	2022	2021
	\$	\$
Short-term employee benefits	532,521	528,441
Post-employment benefits	22,954	19,690
Long-term benefits	25,426	23,717
	580,901	571,848

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 2022 and the year ended 31 March 2021.

Other related parties include close family members of KMPs and entities that are controlled or significantly influenced by those key management personnel or their close family members. Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated. The following transactions occurred with related parties:

Consolidated	2022	2021
	\$	\$
a) (Payable to) / Receivable from related parties at the end of the year:		
<i>Loans and other advances:</i>		
Manning Capital Holdings Pty Ltd	(5,154,211)	(4,379,745)
Defender No.2 Fund Pty Ltd	150,000	1,023,690
555 Unit Trust	9,200	46,200
FPG No.5 Pty Ltd	(443,500)	35,000
FPG No.6 Pty Ltd	-	106,300
Fiducia Development Group Pty Ltd	25,141	-
b) Transactions occurring during the year:		
<i>Management and administration fee expenses:</i>		
First Equity Partners	(30,000)	(28,125)
Benjamin Doyle	(12,000)	(12,000)
Defender Investment Management Pty Ltd	(175,948)	(282,055)
<i>Management fee income, cost recoveries and interest income</i>		
Defender No.2 Fund Pty Ltd	-	-
Vertua Opportunities Fund	528,162	544,929
<i>Finance costs</i>		
Manning Capital Holdings Pty Ltd	(574,466)	(501,851)

Notes to the Consolidated Financial Statements

For the year ended 31 March 2022



Note 17: Parent entity information

Consolidated	2022	2021
	\$	\$
(Loss) / profit after income tax	(10,030,598)	13,793,389
Total comprehensive (loss) / income	<u>(10,030,598)</u>	<u>13,793,389</u>
Total current assets	7,425,458	6,356,760
Total assets	25,247,470	36,255,894
Total current liabilities	4,818,605	7,271,567
Total liabilities	9,866,548	11,573,008
Total equity	<u>15,380,922</u>	<u>24,682,886</u>

The accounting policies of the parent entity are consistent with those of the Group.

Commitments and Contingencies

Commitments and contingencies of the parent entity were the same as those of the Group as disclosed in note 20 for both years.

Note 18: Auditor remuneration

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

Consolidated	2022	2021
	\$	\$
<i>LNP Audit and Assurance Pty Ltd</i>		
Audit and half year review of the financial statements of the Group	72,500	65,500
	<u>72,500</u>	<u>65,500</u>

Notes to the Consolidated Financial Statements

For the year ended 31 March 2022



Note 19: 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:

Entity details	Principal place of business / Country of incorporation	2022	2021
Corporate			
Vertua Investments Limited	Australia	100.00%	100.00%
Investment Segment			
Defender Asset Management Pty Ltd	Australia	100.00%	100.00%
Vertua Opportunities Pty Ltd	Australia	100.00%	100.00%
Vertua Property Fund Pty Ltd	Australia	100.00%	100.00%
Professional Services Segment			
First Equity Associates Pty Ltd	Australia	100.00%	100.00%
First Equity Tax Pty Ltd	Australia	100.00%	100.00%
First Equity Audit Pty Ltd	Australia	100.00%	100.00%
First Equity Advisory Pty Ltd	Australia	100.00%	100.00%
First Equity Services Pty Ltd	Australia	100.00%	100.00%
Property Segment			
Joe Public Holdings Pty Ltd	Australia	100.00%	100.00%
Fiducia Group Pty Ltd	Australia	100.00%	100.00%
Fiducia Development Group Pty Ltd	Australia	100.00%	100.00%
Fiducia Property Group Pty Ltd	Australia	100.00%	100.00%
Fiducia Development Management Trust	Australia	100.00%	100.00%
Fiducia DM Pty Ltd	Australia	100.00%	100.00%
Fiducia Project Management Trust	Australia	100.00%	100.00%
Vertua Property Pty Ltd	Australia	100.00%	100.00%

The table below shows the entities that the Group does not consolidate (because it holds them for investment purposes only) but in which it holds a controlling interest:

	Country of Incorporation	2022		2021	
		% share	Carrying value	% share	Carrying value
FPG No. 4 Pty Ltd	Australia	100.00%	164,845	100.00%	164,845
FPG No. 5 Pty Ltd	Australia	100.00%	450,000	100.00%	840,000
Great Superintendent Pty Ltd	Australia	100.00%	-	100.00%	-
FPG No.6 Pty Ltd	Australia	100.00%	1,408,822	100.00%	260,000
FPG No.8 Pty Ltd	Australia	100.00%	900,000	-	-

Note 20: Commitments and contingencies

As at 31 March 2022, the Group did not have any commitments or contingencies (31 March 2021: None).

Notes to the Consolidated Financial Statements

For the year ended 31 March 2022



Note 21: Reconciliation of cash flow to operating results

Reconciliation of result for the year to cashflows from operating activities:

Consolidated	2022	2021
	\$	\$
Profit / (Loss) after income tax	(14,218,520)	18,946,070
Adjustments for:		
Net fair value gains on financial assets	13,865,258	(29,963,068)
Impairment	1,452,763	3,237,108
Accrued interest	920,410	501,851
Depreciation and amortisation	390,163	489,117
Change in operating assets and liabilities:		
(Decrease)/increase in trade and other payables	179,336	(324,469)
Decrease in trade and other receivables	(383,295)	1,064,222
Increase in net tax liabilities	(2,804,261)	6,599,681
Net cash from/ (used in) operating activities	<u>(598,146)</u>	<u>550,512</u>

Note 22: Events after balance sheet date

Date	Event
19 May 2022	Vertua Investment Ltd has lodged with ASIC to be proprietary limited entity.
26 April 2022	FPG No.6 Pty Ltd received valuation report of \$25 Million for the property in Tuggerah.
07 June 2022	As at the date of signing this report (7 June 2022), the quoted value per share of the Group's investment in Mawson was A\$ 2.83 (US\$ 2.04) per share, and at this price the Group's holding is valued at \$6,917,652. This is classed as a non-adjusting post balance date event.
07 June 2022	The financial report was authorised for issue by the Board of Directors.

No other matters or circumstance has arisen since 31 March 2022 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.



Directors' Declaration

For the year ended 31 March 2022

The Directors of the Company declare that:

1. The financial statements and notes for the year ended 31 March 2022 are in accordance with the *Corporations Act 2001* and:
 - a) comply with Australia Accounting Standard, which, as stated in note 1 to the financial statements, constitutes explicit and unreserved compliance with International Financial Reporting Standards (IFRS); and
 - b) give a true and fair view of the financial position as at 31 March 2022 and of the performance for the year ended on that date of the consolidated Group.
2. In the directors' opinion, there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.
3. the directors have been given the declarations required by s295A of the *Corporations Act 2001*.
4. the remuneration disclosures contained in the Remuneration Report comply with s300A of the *Corporations Act 2001*.

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

Director and Chairman:

Christopher H Bregenhoj

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VERTUA LIMITED

REPORT ON THE AUDIT OF THE FINANCIAL REPORT

Opinion

We have audited the financial report of Vertua Limited (the Company), including its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 March 2022, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the Directors' Declaration of the Company.

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

- a) Giving a true and fair view of the Group's consolidated financial position as at 31 March 2022 and of its consolidated financial performance for the year ended on that date; and
- b) Complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES110 Code of Ethics for Professional Accountants (including Independence Standards) (the Code) that are relevant to our audit of the financial report in Australia; and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial report.

Key Audit Matter	How our audit addressed the matter
<p><i>Note 9</i> <i>Valuation of Investments held at fair value through profit or loss (FVTPL)</i> <i>Listed investments \$16,689,481</i></p> <p>As disclosed in note 9 of financial report, the Group had \$16,689,481 in investments held at FVTPL at 31 March 2022. Of this amount, \$16,674,081 relates to the Group’s share investment in Mawson Infrastructure Group Inc (Mawson), an Australian cryptocurrency mining and digital infrastructure entity listed on the NASDAQ exchange in the United States of America (note 2b). Listed investments are considered level 1 financial instruments and are valued as required by with AASB 13: <i>Fair Value Measurement</i> at the closing quoted share price at the reporting date.</p> <p><i>Unlisted investments \$4,272,808</i></p> <p>The Group held investments in unlisted entities of \$4,272,808. The portfolio is comprised of unquoted investments and is valued using both observable and unobservable inputs (defined as ‘Level 2’ and ‘Level 3’ of AASB 13’s fair value hierarchy). Assumptions made in determining the fair value of these Level 2 and Level 3 financial assets can have a significant impact on the net asset value and the return generated for shareholders.</p> <p>The valuation of Investments held at FVTPL was a key audit matter due to the significance of the investments and of the movement in the fair value of investments of \$13,865,258 which was recognised in profit and loss during the year.</p>	<p>Our procedures included:</p> <ul style="list-style-type: none"> • Testing the design and operation of internal controls over valuation of these assets including those to determine any impairments; • Verifying ownership of the investments; • Evaluating the valuation method used to determine the fair value at year end, by reference to the accounting standards. • Validating the mathematical accuracy of the calculation including application of exchange rates; • Directly corroborating the validity of underlying financial information used in valuation calculations to management information provided directly from the investee companies; • Assessing the appropriateness of valuation techniques used to value Level 2 and Level 3 financial assets at fair value through profit or loss based on methods used by market participants to value similar instruments; and • Assessing the adequacy of the Group’s disclosures in respect of asset carrying values and impairment testing.
<p><i>Note 10</i> <i>Impairment of loans and advances</i></p> <p>As detailed in note 10, the Group impaired loans and advances of \$954,218 out of a total due prior to the impairment of \$1,023,690.</p> <p>The Group performs impairment assessments for loans and advances when there are indicators of impairment. Where indicators of impairment are present, the recoverable amount is calculated and compared to the carrying value.</p> <p>This was a key audit matter due to the significance of the underlying asset balance and the impairment.</p>	<p>Our procedures included:</p> <ul style="list-style-type: none"> • Evaluating the Group’s process regarding impairment assessments of loans and advances to determine any impairment; • Independently developing expectations regarding the impairment testing results based on our understanding of the underlying balance; • Assessing the adequacy of impairment disclosures included in the financial report.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the annual report for the year ended 31 March 2022, but does not include the financial report and the auditor’s report thereon. Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based upon the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Directors' Responsibilities

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

In preparing the financial report, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting in the preparation of the financial report. We also conclude, based on the audit evidence obtained, whether a material uncertainty exists related to events and conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the disclosures in the financial report about the material uncertainty or, if such disclosures are inadequate, to modify the opinion on the financial report. However, future events or conditions may cause an entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated to the Directors, we determine those matters that were of most significance in the audit of the financial report of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 5 to 7 of the Directors' Report for the year ended 31 March 2022.

In our opinion, the Remuneration Report of Vertua Limited for the year ended 31 March 2022, complies with section 300A of the Corporations Act 2001.

Responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

LNP Audit and Assurance Pty Ltd



Chin Ding Khoo

Director

Sydney

7 June 2022

Share Registry

NSX Additional Information

Additional information required by the NSX Listing Rules and not disclosed elsewhere in this report is set out below.

Substantial shareholders

The number of shares held either directly or indirectly by substantial shareholders listed in the holding company's register on 31 March 2022 was:

Major Shareholders 31 March 2022	Shares held	% of issued capital
MANNING CAPITAL HOLDINGS PTY LTD	25,897,646	39.38%
HOLICARL PTY LTD	18,409,358	27.99%
LILY BORDEAUX PTY LTD	6,778,150	10.31%
	51,085,154	77.68%

Top 20 holders at 31 March 2022	Securities	%
MANNING CAPITAL HOLDINGS PTY LTD	23,273,000	35.39
HOLICARL PTY LTD	17,059,358	25.94
LILY BORDEAUX PTY LTD	6,653,150	10.12
WOODVILLE SUPER PTY LIMITED	3,276,696	4.98
ESPLANADE SUPER FUND PTY LTD	1,577,273	2.40
RUNNING BEAR INVESTMENTS PTY LTD	1,500,830	2.28
HOLICARL PTY LTD	1,350,000	2.05
FRANCIS PACE & DIANNA PACE	1,300,000	1.98
FE MANAGEMENT PTY LTD	1,200,000	1.82
HOYNE HOLDINGS PTY LTD	1,032,250	1.57
MR GREGORY DAVID PYNT	389,550	0.59
SHORTS JACKET AND BOWTIE PTY LTD	358,000	0.54
MR STUART PAGE	332,273	0.51
STRUCTURE INVESTMENTS PTY LTD	320,000	0.49
SYTRAM PTY LTD	275,000	0.42
LAVINIA INVESTMENTS PTY LTD	234,650	0.36
MR BOGUSLAW STANLEY WISNIEWSKI	182,000	0.28
HANK CORPORATION PTY LTD	175,238	0.27
KYRIAKIDES WEALTH INVESTMENTS PTY LTD	150,000	0.23
KIZUN PTY LTD	125,400	0.19
OTHER SHAREHOLDERS	4,999,972	7.59
TOTAL ISSUED SHARES	65,764,640	100.00

Holding distribution

Range	31 March 2022			
	Securities	%	No. of holders	%
100,001 and over	61,128,304	92.95	24	7.67
10,001 to 100,000	3,666,711	5.58	173	55.27
5,001 to 10,000	954,625	1.45	113	36.10
1,001 to 5,000	15,000	0.02	3	0.96
1 to 1,000	-	-	-	-
Total	65,764,640	100.00	313	100.00
Unmarketable Parcels	-	-	-	-

Voting rights - Ordinary Shares

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. On a poll, every member who is present in person or by proxy or attorney, or being a corporation, by its authorised representative, shall have one vote for every share of which he is the holder. There are no other classes of equity securities.

Vertua Group options on issue

Investor name	Opening	Net movement during period	Closing
	1 April 2021		31 March 2022
Manning Capital Holdings Pty Ltd	28,892,003	336,336	29,228,339
Total	28,892,003	336,336	29,228,339

Convertible Note

Convertible notes	Opening	Transfers	Conversions	Closing
	1 April 2021			31 March 2022
Manning Capital Holdings Pty Ltd	1,200,000	-	(1,200,000)	-
Total	1,200,000	-	(1,200,000)	-