

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



## 1. Company details

Name of entity:	<b>Vertua Limited</b>
ACN:	108 076 295
Reporting period:	For the half-year ended 30 September 2021
Previous period:	For the half-year ended 30 September 2020

## 2. Results for announcement to the market

Revenues from ordinary activities – continuing operations	up	35%	to	\$1,805,966
Profit from ordinary activities before tax attributable to the Owners of Vertua Limited	up	218%	to	\$2,121,675
Profit after tax for the half-year attributable to the Owners of Vertua Limited	up	843%	to	\$3,325,810

### *Dividends*

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

### *Comments*

The profit for the Group after providing for income tax and non-controlling interest amounted to a profit of \$3,325,810 (30 September 2020: profit of \$352,694).

## 3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	42.75	10.45

## 4. Control gained over entities

Not applicable.

## 5. Loss of control over entities

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



## 6. Dividends

*Current period*

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

*Previous period*

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

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## 7. Dividend reinvestment plans

Not applicable.

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## 8. Details of associates and joint venture entities

Not applicable.

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## 9. Foreign entities

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

Not applicable.

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## 10. Audit qualification or review

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

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

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## 11. Signed

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James Manning

Date: 09 December 2021



# **Vertua Limited and Controlled Entities**

**ACN 108 076 295**

## **Interim Financial Report**

For the Half-Year Ended 30 September 2021

# Vertua Limited and its Controlled Entities

ACN 108 076 295



## Chairman's Report

30 September 2021

## DIRECTORY

### Directors

Christopher Bregenhøj, Chairman  
Benjamin Doyle  
James Manning, Managing Director

### Company Secretary

Kathleen Howell

### Registered Office and Principal Place of Business

Level 5, 97 Pacific Highway  
North Sydney NSW 2060

### Website

<https://vertua.com.au/>

### Share Registry

Linked Market Services  
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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30 September 2021

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## Directors' Report

30 September 2021

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 six-month period ended 30 September 2021.

### PRINCIPAL ACTIVITY

Vertua Limited operates as a Listed Investment Company (LIC). The Group operates within three broad segments being Investment Management, Property Services and Professional Services, and additionally has central operations and group functions. The core segment is the ownership and management of investments, both on the Group's own account as an LIC and on behalf of investors, through select wholesale managed funds.

### STRATEGIC OVERVIEW AND REVIEW OF OPERATIONS

The total comprehensive income for the Group after providing for income tax amounted to \$3,325,810 (30 September 2020: \$352,694). The overview of the Group's segment operations and results is as follows.

#### 1. Investments

The Group's core focus is that of a LIC, with a focus on investments within the emerging digital infrastructure and blockchain sector. Over the last few years, the Group has made several strategic, early-stage investments into businesses focused in blockchain. At 30 September 2021 the core investments were:

- An investment in Mawson Infrastructure Group Inc (NASDAQ: MIGI, "Mawson"). Mawson is a digital infrastructure business, primarily focused on bitcoin mining. At 30 September 2021 the value per share was A\$13.857 (US\$10.00), valuing the Group's holding at \$33,872,295.
- The Group holds an investment of \$928,000 in Distributed Storage Solutions Pty Ltd ("DSS"), an unlisted digital storage business, DSS is an early-stage digital infrastructure operation.

In addition to blockchain focused investments, the Group held the following other investments at 30 September 2021:

- An investment of \$397,174 in Vertua Opportunities Fund ("VOF"), an unlisted tourism and also hospitality fund. VOF is focused on the acquisition and operation of regional tourism assets. Vertua Limited is the investment manager.
- In addition, the group has invested \$23,025 in ASX listed companies reflecting investment opportunities. During the half-year, the Group recorded a \$26,303 loss on these investments.

The Group continues to make investments as opportunities are identified and actively manage 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 usually operates in a niche marketplace building boutique projects marketed towards professionals and downsizers. Fiducia is currently actively developing three 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.

During the half-year, the property segment earned revenue of \$124,250 (HY 2020: \$328,094) 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 both the Harriette and Greenwich projects, while the Tuggerah project has a longer-term horizon of 3-5 years.

#### 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 half-year, the professional services segment earned revenue of \$1,258,204 (HY 2020: \$1,207,910). 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 half year, 467,916 options were issued to Manning Capital Holdings.



## Directors' Report

30 September 2021

### 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 the extent to which 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 system of risk management and internal control.

The Group has identified the key risks which 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 to understand 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 carry out investigations into control mechanisms and report their findings and recommendations in relation to control improvements, processes, and procedures to the Board.

### SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

The Group has performed well during this period to date, with COVID having a minimal impact to the Group's core business, its investments, and the long-term performance.

There were no other 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 cashflow that is inherent with 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.

### MATTERS SUBSEQUENT TO THE END OF THE HALF-YEAR

On 09 December 2021, the interim half year financial report was authorised for issue on by the Board of Directors.

On 05 November 2021, the Board has appointed Olga Shtifelman as Vertua's Chief Operating Officer and Priya Krishnamurthy as Chief Financial Officer of Vertua Ltd.

The Group is exposed to price risk as a result of its holdings of investments. Fluctuation in the value of the Group's investments and particularly the holding in Mawson Infrastructure Group Inc. (NASDAQ: MIGI), the largest individual investment, have the ability to materially impact the Groups performance. Subsequent to 30 September 2021, the share price of MIGI has fluctuated materially on a number of occasions. Due to the nature of these fluctuations, it is not possible to estimate the financial effect on the Group.

No other matter or circumstance has arisen since 30 September 2021 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.

### DIVIDENDS PAID OR RECOMMENDED

There were no dividends declared, paid or recommended by the directors during this half-year ended 30 September 2021.



## Directors' Report

30 September 2021

### AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration for the half-year ended 30 September 2021 has been received and a copy can be found at page 4.

This director's report, incorporating the remuneration report, is made in accordance with a resolution of the Board of Directors.

**Christopher Bregenhoj, Chairman**

North Sydney, NSW

09 December 2021



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 half-year ended 30 September 2021, 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 review; and
2. no contraventions of any applicable code of professional conduct in relation to the review.

LNP Audit and Assurance Pty Ltd



Anthony Rose  
Director

Sydney, 9 December 2021

Consolidated Statement of Profit and Loss and Other Comprehensive Income  
For the Half-Year Ended 30 September 2021



Consolidated	Note	6 months ended	6 months ended
		30 September 2021	30 September 2020
		\$	\$
Revenue		1,805,966	1,337,241
Fair value gains on investments	4	3,396,908	1,750,015
Other income		474,486	463,319
			-
Impairment	4	(1,058,164)	(830,891)
Employee benefits		(896,747)	(621,383)
Professional and management fees		(449,821)	(562,645)
Finance costs		(289,449)	(286,894)
Depreciation and amortisation		(191,435)	(238,545)
Direct operating and administration costs		(288,079)	(161,538)
Other expenses		(381,990)	(181,012)
<b>Profit before income tax</b>		<b>2,121,675</b>	<b>667,667</b>
Income tax benefit/(expense)	5	1,204,135	(314,973)
<b>Profit for the period</b>		<b>3,325,810</b>	<b>352,694</b>
Other comprehensive income for the period		-	-
<b>Total comprehensive income for the period</b>		<b>3,325,810</b>	<b>352,694</b>

The accompanying notes form part of these consolidated financial statements.



Consolidated	Note	As at	As at
		30 September 2021	31 March 2021
		\$	\$
<b>ASSETS</b>			
CURRENT ASSETS			
Cash and cash equivalents		644,242	1,098,897
Trade and other receivables		2,967,728	1,675,322
Investments	7	1,026,456	1,160,930
<b>TOTAL CURRENT ASSETS</b>		<b>4,638,426</b>	<b>3,935,149</b>
NON-CURRENT ASSETS			
Loans and Advances		212,649	1,164,990
Investments	7	36,833,229	33,486,321
Property, plant and equipment		222,513	261,878
Goodwill and Intangibles		-	107,631
Deferred tax assets	8	2,540,774	1,554,592
<b>TOTAL NON-CURRENT ASSETS</b>		<b>39,809,165</b>	<b>36,575,412</b>
<b>TOTAL ASSETS</b>		<b>44,447,591</b>	<b>40,510,561</b>
<b>LIABILITIES</b>			
CURRENT LIABILITIES			
Trade and other payables		432,572	729,525
Employee entitlements		117,687	101,420
Borrowings	9	488,185	518,103
<b>TOTAL CURRENT LIABILITIES</b>		<b>1,038,444</b>	<b>1,349,048</b>
NON-CURRENT LIABILITIES			
Borrowings	9	4,656,948	4,379,745
Deferred Tax Liabilities	8	8,669,046	8,024,425
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>13,325,994</b>	<b>12,404,170</b>
<b>TOTAL LIABILITIES</b>		<b>14,364,438</b>	<b>13,753,218</b>
<b>NET ASSETS</b>		<b>30,083,153</b>	<b>26,757,343</b>
<b>EQUITY</b>			
Issued Capital	11	12,601,402	12,601,402
Convertible notes		240,000	240,000
Retained Earnings		17,241,751	13,915,941
Equity attributable to the owners of the parent entity		<b>30,083,153</b>	<b>26,757,343</b>
<b>TOTAL EQUITY</b>		<b>30,083,153</b>	<b>26,757,343</b>

The accompanying notes form part of these consolidated financial statements.

Consolidated Statement of Change in Equity  
For the Half-Year Ended 30 September 2021



As at 30 September 2021	Issued Capital	Convertible Notes	Retained Earnings	Non-controlling Interest	Total
	\$	\$	\$	\$	\$
Balance at 1 April 2021	12,601,402	240,000	13,915,941	-	26,757,343
Profit for the period	-	-	3,325,810	-	3,325,810
Balance at 30 September 2021	12,601,402	240,000	17,241,751	-	30,083,153

As at 30 September 2020	Issued Capital	Convertible Notes	Accumulated Losses	Non-controlling Interests	Total
	\$	\$	\$	\$	\$
Balance at 1 April 2020	12,121,402	720,000	(5,030,129)	-	7,811,273
Profit for the period	-	-	352,694	-	352,694
Balance at 30 September 2020	12,121,402	720,000	(4,677,435)	-	8,163,967

The accompanying notes form part of these consolidated financial statements.

Consolidated Statement of Cashflows  
For the Half-Year Ended 30 September 2021



Consolidated	6 months ended	6 months ended
	30 September 2021	30 September 2020
	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers	1,429,851	2,037,996
Payments to suppliers & employees	(1,999,096)	(2,025,146)
Interest paid	(10,909)	(286,894)
Income tax paid	(3,142)	-
Government subsidies received	140,541	121,500
<b>Cash flows used in operations</b>	<b>(442,755)</b>	<b>(152,544)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant & equipment	(66,478)	(27,788)
Loans granted	(50,000)	-
Loan repayments received	240,300	-
Payment made for property developments	(98,000)	(456,380)
Dividends received	4,906	-
Receipts from projects and sale of investments	64,709	1,520,000
<b>Cash flows provided by investing activities</b>	<b>95,437</b>	<b>1,035,832</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Payment of lease liability	(107,337)	(105,517)
Proceeds from loans received	-	119,500
<b>Cash flows (used in) / provided by financing activities</b>	<b>(107,337)</b>	<b>13,983</b>
(Decrease) / Increase in cash held	(454,655)	897,271
Cash and cash equivalents at beginning of the period	1,098,897	436,966
<b>Cash and cash equivalents at end of the period</b>	<b>644,242</b>	<b>1,334,237</b>

The accompanying notes form part of these consolidated financial statements.

# Notes to the Consolidated Financial Statements

For the Half-Year Ended 30 September 2021



## General Information

This condensed consolidated interim financial report for the reporting period ending 30 September 2021 has been prepared in accordance with the requirements of the Corporations Act 2001 and Australian Accounting Standard AASB 134: *Interim Financial Reporting*.

This condensed consolidated financial report does not include all the notes normally included in an annual financial report. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Group for the year ended 31 March 2021, together with any public announcements made during the half-year period.

The financial statements were authorised for issue, in accordance with a resolution of the Directors, on 09 December 2021. The Directors have the power to amend and reissue the financial statements.

### 1. Summary of Significant Accounting Policies

These financial statements are general purpose financial statements that have been prepared in accordance with the Australian Accounting Standards and the Corporations Act 2001. These financial statements comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The accounting policies adopted in the preparation of the financial report are consistent with those of the previous financial year and corresponding interim reporting.

### 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) *Fair value of loans and receivables*

As of 30 September 2021, the Group is carrying Loans and advances of \$212,649, and trade receivables of \$2,967,728, these balances are net of estimated credit losses. Assessment of these amounts involves significant judgement due to the credit risk associated with each individual counterparty. The Group recognises an allowance for expected credit losses based on an assessment involving judgements and estimations analysing information about past events, current conditions, and forecasts of future conditions. Changes in these estimates may affect the carrying amounts of receivables.

#### b) *Assessment of impairment of goodwill*

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

As at 30 September 2021, the Group held goodwill at \$nil (31 March 2021: \$107,631). The determination of whether goodwill is impaired involves complex and subjective judgments by the Group about the future results of relevant parts of the business.

#### c) *Assessment of valuation of equity investments*

The Group's equity investments principally comprise investments in special purpose vehicles which invest in property development assets under construction. There generally is not an active market for property developments while they are under construction, so fair value is measured using 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.

#### d) *Recoverability of deferred tax assets*

Deferred tax assets are recognised for deductible temporary differences only if the Group considers it is probable that future taxable amounts will be available to utilise those temporary differences and 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 Half-Year Ended 30 September 2021



### 3. Operating segments

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

The CODM reviews the results of operating segments based on earnings before tax. The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the financial statements. Discrete financial information on each segment is reported to the CODM is on a monthly basis.

The consolidated entity is organised into three operating segments: property developments, investment management and professional financial services. These operating segments are based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers (CODMs) in assessing performance and in determining the allocation of resources. There is no aggregation of operating segments.

All the Group's segments operate within Australia.

6 months ended 30 September 2021	Property	Professional services	Investments	Corporate	Total
	\$	\$	\$	\$	\$
<b>Revenue and other income</b>					
Revenue	124,250	1,258,204	398,565	24,947	1,805,966
Other income	154,508	59,990	3,656,896	-	3,871,394
	278,758	1,318,194	4,055,461	24,947	5,677,360
<b>Expenses</b>					
Employee benefits	(373,591)	(358,970)	-	(164,186)	(896,747)
Depreciation and amortisation	(19,339)	(26,061)	(3,595)	(142,440)	(191,435)
Other operating expenses	(78,612)	(609,864)	(61,057)	(370,357)	(1,119,890)
Impairment expense	-	-	(1,058,164)	-	(1,058,164)
Finance costs	(128,595)	(698)	(1,831)	(158,326)	(289,450)
<b>Segment profit/(loss) before income tax</b>	<b>(321,379)</b>	<b>322,601</b>	<b>2,930,814</b>	<b>(810,362)</b>	<b>2,121,674</b>
Income tax (expense)/benefit	-	-	-	1,204,135	1,204,135
<b>Segment profit/(loss) for the period</b>	<b>(321,379)</b>	<b>322,601</b>	<b>2,930,814</b>	<b>393,773</b>	<b>3,325,809</b>
Segment assets	3,387,701	755,496	40,097,687	206,707	44,447,591
Segment liabilities	(1,731,290)	(507,176)	(12,098,036)	(27,936)	(14,364,438)
<b>Net assets</b>	<b>1,656,411</b>	<b>248,320</b>	<b>27,999,651</b>	<b>178,771</b>	<b>30,083,153</b>

6 months ended 30 September 2020	Property	Professional services	Investments	Corporate	Total
	\$	\$	\$	\$	\$
<b>Revenue and other income</b>	328,094	1,207,910	1,115,504	899,067	3,550,575
<b>Expenses</b>					
Employee benefits	(262,768)	(268,731)	-	(89,884)	(621,383)
Depreciation and amortisation	(25,251)	(55,411)	2,875	(160,758)	(238,545)
Other operating expenses	35,737	(641,595)	(21,280)	(96,955)	(724,093)
Impairment loss/fair value adjustments	(180,241)	-	-	(831,662)	(1,011,903)
Finance costs	(128,344)	(814)	(115)	(157,711)	(286,984)
<b>Segment profit/(loss) before income tax</b>	<b>(232,773)</b>	<b>241,359</b>	<b>1,096,984</b>	<b>(437,903)</b>	<b>667,667</b>
Income tax benefit/(expense)	-	-	-	(314,973)	(314,973)
<b>Segment profit/(loss) for the period</b>	<b>(232,773)</b>	<b>241,359</b>	<b>1,096,984</b>	<b>(752,876)</b>	<b>352,694</b>
Segment assets	4,986,700	1,427,870	6,123,654	713,777	13,252,001
Segment liabilities	(4,031,268)	(537,028)	(25,960)	(493,778)	(5,088,034)
<b>Net assets</b>	<b>955,432</b>	<b>890,842</b>	<b>6,097,694</b>	<b>219,999</b>	<b>8,163,967</b>

# Notes to the Consolidated Financial Statements

For the Half-Year Ended 30 September 2021



## 4. Gain on investments and impairment

Consolidated	6 months ended	6 months ended
	30 September 2021	30 September 2020
<b>Fair Value on investments</b>	<b>\$</b>	<b>\$</b>
<i>Investment portfolio</i>		
Equity investments	1,376,064	1,750,015
Property	1,159,224	-
Managed Funds	29,707	-
Other Investments	831,913	-
	<u>3,396,908</u>	<u>1,750,015</u>
<b>Impairment</b>		
Goodwill & investments	(134,474)	(180,241)
Loans & receivables	(923,690)	(650,650)
	<u>(1,058,164)</u>	<u>(830,891)</u>

## 5. Income tax expense/(income)

Consolidated	6 months ended	6 months ended
	30 September 2021	30 September 2020
<b>Income tax expense/(income)</b>	<b>\$</b>	<b>\$</b>
<i>The major components of tax expense (income) comprise:</i>		
Current Tax	(118,209)	(96,548)
Deferred Tax	(1,085,926)	411,521
Aggregate income tax expense/(income)	<u>(1,204,135)</u>	<u>314,973</u>
<i>Reconciliation of income tax expense/(income) and tax at the statutory rate:</i>		
Income/(Loss) before income tax expense/(benefit) from continuing operations	2,121,675	667,667
Tax at the statutory tax rate of 25% (2020 - 26%)	530,419	173,593
<i>Tax effect amounts which are not deductible/(taxable) in calculating taxable income:</i>		
Loss on disposal of capital assets	-	(30,000)
Impairment losses	264,541	-
Non-deductible expenses	177,528	97,036
Deductible / (assessable) amount	(241,471)	-
Impact of future change in corporate tax rate on carrying value of tax losses	-	(13,014)
Unrealised fair value adjustments	(849,227)	-
Tax losses	(941,438)	-
Other adjustments	(144,487)	87,358
	<u>(1,734,554)</u>	<u>141,380</u>
Income tax expense/(benefit)	<u>(1,204,135)</u>	<u>314,973</u>



## Notes to the Consolidated Financial Statements

For the Half-Year Ended 30 September 2021



### 6. Earnings per share

Consolidated	6 months ended	6 months ended
	30 September 2021	30 September 2020
	\$	\$
Profit/(loss) after income tax	3,325,810	352,694
	<b>Number</b>	<b>Number</b>
Weighted average number of ordinary shares used in calculating basic earnings per share	64,433,060	61,887,822
<i>Adjustments for calculation of diluted earnings per share:</i>		
Potential conversion of convertible notes	1,200,000	3,600,000
Options over ordinary shares	29,359,919	28,892,003
Weighted average number of ordinary shares used in calculating diluted earnings per share	<b>94,992,979</b>	<b>94,379,825</b>
<i>Earnings per share from continuing operations attributable to the owners of Vertua Limited</i>		
	<b>Cents</b>	<b>Cents</b>
Basic earnings per share	5.16	0.57
Diluted earnings per share	3.50	0.37

### 7. Investments

Consolidated	As at	As at
	30 September 2021	31 March 2021
	\$	\$
<b>CURRENT</b>		
Interests in residential development entities	1,026,456	1,160,930
	<b>1,026,456</b>	<b>1,160,930</b>
<b>NON-CURRENT</b>		
Interests in residential development entities	1,805,996	615,565
Investments in equity	35,027,233	32,870,756
	<b>36,833,229</b>	<b>33,486,321</b>

### 8. Deferred Tax

Consolidated	As at	As at
	30 September 2021	31 March 2021
	\$	\$
Deferred tax asset comprises temporary differences attributable to:		
Amounts recognised in profit or loss:		
Tax losses	2,357,234	1,472,428
Others	183,540	82,164
Deferred tax asset	<b>2,540,774</b>	<b>1,554,592</b>
Deferred tax liability comprises temporary differences attributable to:		
Equity investments	(8,669,046)	(8,013,678)
Others	-	(10,747)
Deferred tax liability	<b>(8,669,046)</b>	<b>(8,024,425)</b>
Net deferred tax position	<b>(6,128,272)</b>	<b>(6,469,833)</b>

## Notes to the Consolidated Financial Statements

For the Half-Year Ended 30 September 2021



### 9. Borrowings

Consolidated	As at 30 September 2021	As at 31 March 2021
<b>CURRENT</b>		
Finance lease liabilities	38,185	68,103
Other Loans	450,000	450,000
	<b>488,185</b>	<b>518,103</b>
<b>NON-CURRENT</b>		
Loan: Manning Capital Holdings	4,656,948	4,379,745
	<b>5,145,133</b>	<b>4,897,848</b>

The Group has obtained written agreement of temporary relief from repayments on the Manning Capital loan with settlement deferred until March 2023. The accounting effect of this relief is that the full loan and accrued interest now falls after 12 months from the date of the financial report and has been classified as non-current liabilities on the consolidated statement of financial position at 30 September 2021.

### 10. Fair value measurement

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.

As of 30 September 2021, the carrying amounts of such receivables, net of expected credit losses, 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.

As at	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
<b>30 September 2021</b>				
Equity and property investments	35,027,233	1,420,930	601,359	37,049,522
Borrowings	(4,656,948)	-	-	(4,656,948)
Net	<b>30,370,285</b>	<b>1,420,930</b>	<b>601,359</b>	<b>32,392,574</b>
<b>31 March 2021</b>				
Equity and property investments	32,570,756	1,420,930	655,565	34,647,251
Borrowings	(4,379,745)	-	-	(4,379,745)
Net	<b>28,191,011</b>	<b>1,420,930</b>	<b>655,565</b>	<b>30,267,506</b>

### 11. Issued Capital

Consolidated	As at 30 September 2021	As at 31 March 2021	As at 30 September 2021	As at 31 March 2021
	Number	Number	\$	\$
Ordinary shares - fully paid	61,887,822	61,887,822	12,601,402	12,601,402

During the period there were no changes to issued share capital.

### 12. Commitments and Contingencies

As at 30 September 2021, the Group did not have any commitments or contingencies (31 March 2021: None).

## Notes to the Consolidated Financial Statements

For the Half-Year Ended 30 September 2021



### 13. Related parties

The Group's related parties are key management personnel including close family members of key management personnel 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	As at	As at
	30 September 2021	31 March 2021
<b>a) (Payable to) /Receivable from related parties at the end of the period:</b>	\$	\$
<b>Loans and other advances:</b>		
Manning Capital Holdings Pty Ltd	(4,656,948)	(4,379,745)
Defender No.2 Fund Pty Ltd	150,000	1,023,690
555 Unit Trust	9,200	46,200
FPG No.6 Pty Ltd	-	106,300
<b>b) Transactions occurring during the half year:</b>	<b>6 months ended</b>	<b>6 months ended</b>
	<b>30 September 2021</b>	<b>30 September 2020</b>
<b>Management and administration fee expenses:</b>		
Christopher Bregenhoj	(15,000)	(14,438)
Benjamin Doyle	(6,000)	(6,000)
Defender Investment Management Pty Ltd	(45,375)	(83,888)
<b>Management fee income, cost recoveries and interest income:</b>		
Vertua Opportunities Fund	309,384	-
<b>Finance costs:</b>		
Manning Capital Holdings Pty Ltd	277,203	276,570

The Group has obtained written agreement of temporary relief from repayments on the Manning Capital Holding loan to defer settlement until March 2023 for capital and interest. The accounting effect of the moratoriums is that the full loan now falls after 12 months from the date of the financial report and has been classified as non-current liabilities on the consolidated statement of financial position at 30 September 2021.

### 14. Events after balance sheet date

On 09 December 2021, the interim half year financial report was authorised for issue on by the Board of Directors.

On 05 November 2021, the Board has appointed Olga Shtifelman as Vertua's Chief Operating Officer and Priya Krishnamurthy as Chief Financial Officer of Vertua Ltd.

The Group is exposed to price risk as a result of its holdings of investments. Fluctuation in the value of the Group's investments and particularly the holding in Mawson Infrastructure Group Inc.(NASDAQ:MIGI), the largest individual investment, have the ability to materially impact the Group's performance. Subsequent to 30 September 2021, the share price of MIGI has fluctuated materially on a number of occasions. Due to the nature of these fluctuations, it is not possible to estimate the financial effect on the Group.

No other matter or circumstance has arisen since 30 September 2021 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 Half-Year Ended 30 September 2021

The Directors of the Company declare that:

1. The financial statements and notes, as set out on pages 5 to 14 are in accordance with the *Corporations Act 2001*, including:
  - (a) complying with Accounting Standard AASB 134: *Interim Financial Reporting*; and
  - (b) give a true and fair view of the consolidated group's financial position as at 30 September 2021 and of its performance for the half-year ended on that date.
2. In the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

On behalf of the directors:

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James Manning  
Managing Director

**09 December 2021**

## INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF VERTUA LIMITED

### REPORT ON THE HALF-YEAR FINANCIAL REPORT

#### **Conclusion**

We have reviewed the half-year financial report of Vertua Limited, (Vertua, the Company), and Controlled Entities, (the Group), which comprises the consolidated condensed statement of financial position as at 30 September 2021, the consolidated condensed statement of profit or loss and other comprehensive income, the consolidated condensed statement of changes in equity and the consolidated condensed statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the Directors' Declaration of the Group.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of Group does not comply with the Corporation Act 2001 including:

- (a) Giving a true and fair view of the Group's financial position as at 30 September 2021 and of its financial performance for the half-year ended on that date; and
- (b) complying with Australian Accounting Standards 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

#### **Basis for Conclusion**

We conducted our review in accordance with ASRE 2410 *Review of Financial Report Performance by the Independent Auditor of the Entity*. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company 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 annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

#### **Responsibility of the Directors for the half year Financial Report**

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

## INDEPENDENT AUDITOR'S REVIEW REPORT (continued)

### ***Auditor's Responsibility for the Review of the half year Financial Report***

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 30 September 2021 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

LNP Audit and Assurance Pty Ltd



Anthony Rose

Director

Sydney

9 December 2021

## Additional Information for Listed Public Companies

30 September 2021

### NSX Additional Information

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

#### Substantial shareholders

Vertua Limited has on issue 64,433,060 full paid Class A shares held by shareholders as at 30 September 2021. The number of shares held either directly or indirectly by substantial shareholders listed in the holding company's register on 15 November 2021 was:

	Number of shares held	% of shares issued
MANNING GROUP	21,941,420	38.13%
HOLICARL PTY LTD	17,059,358	26.48%
LILY BORDEAUX PTY LTD	6,778,150	10.52%
	45,778,928	75.13%

#### Voting rights - Ordinary Shares

All Class A shares of the Company carry one vote per share. 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.

#### Distribution of holders of quoted ordinary share

Holding distribution	As at 30 September 2021			
	Shares	%	No. of holders	%
100,001 and Over	59,664,174	92.60	24.00	7.50
10,001 to 100,000	3,783,011	5.87	178.00	55.62
5,001 to 10,000	970,875	1.51	115.00	35.94
1,001 to 5,000	15,000	0.02	3.00	0.94
Total	64,433,060	100.00	320.00	100.00

#### Top 20 Shareholders

Top 20 Shareholders	Number of shares held	% of issued shares
MANNING CAPITAL HOLDINGS PTY LTD	21,941,420	34.05%
HOLICARL PTY LTD	17,059,358	26.48%
LILY BORDEAUX PTY LTD	6,653,150	10.33%
WOODVILLE SUPER PTY LIMITED	2,624,646	4.07%
ESPLANADE SUPER FUND PTY LTD	1,577,273	2.45%
RUNNING BEAR INVESTMENTS PTY LTD	1,500,830	2.33%
HOLICARL PTY LTD	1,350,000	2.10%
FRANCIS PACE & DIANNA PACE	1,300,000	2.02%
FE MANAGEMENT PTY LTD	1,200,000	1.86%
HOYNE HOLDINGS PTY LTD	1,032,250	1.60%
WOLTER MR PTY LTD	652,050	1.01%
WEALTH HOLDING TRUSTEES LIMITED	559,650	0.87%
MR STUART PAGE	332,273	0.52%
STRUCTURE INVESTMENTS PTY LTD	320,000	0.50%
SHORTS JACKET AND BOWTIE PTY LTD	315,000	0.49%
MR ROBERT GREGORY CALNON	250,000	0.39%
MR BOGUSLAW STANLEY WISNIEWSKI	182,000	0.28%

## Additional Information for Listed Public Companies

30 September 2021

<b>Top 20 Shareholders</b>	<b>Number of shares held</b>	<b>% of issued shares</b>
HANK CORPORATION PTY LTD	175,238	0.27%
KYRIAKIDES WEALTH INVESTMENTS PTY LTD	150,000	0.23%
KIZUN PTY LTD	125,400	0.19%
<b>Top 20 shareholders</b>	<b>59,300,538</b>	<b>92.04%</b>
<b>Total Shares on issue</b>	<b>64,433,060</b>	<b>100.00%</b>

### Options on issue

<b>Option Holder</b>	<b>As at 31 March 2021</b>	<b>Issued</b>	<b>As at 30 September 2021</b>
	Number	Number	Number
Manning Capital Holdings Pty Ltd	28,892,003	467,916	29,359,919
<b>Total</b>	<b>28,892,003</b>	<b>467,916</b>	<b>29,359,919</b>

Options expire 5 years after the final repayment of the Manning Capital holdings loan.

### Convertible notes on issue

<b>Convertible Note Holder</b>	<b>As at 31 March 2021</b>	<b>Converted</b>	<b>As at 30 September 2021</b>
	Number	Number	Number
Manning Capital Holdings Pty Ltd	1,200,000	-	1,200,000
<b>Total</b>	<b>1,200,000</b>	<b>-</b>	<b>1,200,000</b>