VEEM Ltd

ABN: 51 008 944 009

APPENDIX 4E: PRELIMINARY FINAL REPORT

30 June 2025

RESULTS FOR ANNOUNCEMENT TO THE MARKET

This Preliminary Final Report is provided to the Australian Securities Exchange (ASX) under ASX Listing Rule 4.3A

Current Reporting Period:	30 June 2025
Previous Corresponding Period:	30 June 2024

For and on behalf of the Directors

TINOTENDA KAPFUMO
COMPANY SECRETARY

Dated: 21 August 2025

RESULTS FOR ANNOUNCEMENT TO THE MARKET

Revenue and Net Profit				**AUD $'000's**
Revenue from ordinary activities	down	15%	to	68,622
Profit from ordinary activities after tax attributable to members	down	57%	to	3,019
Net profit for the period attributable to members	down	57%	to	3,019

COMMENTARY ON RESULTS AND OTHER SIGNIFICANT INFORMATION

COMMENTARY

The Directors' Report accompanying this Preliminary Final Report contains a review of operations and commentary on the results for the year ended 30 June 2025.

Dividends

On 20 September 2024, the Company paid a final unfranked ordinary dividend in respect to the financial year ended 30 June 2024 of $1,045,425 representing a payment of $0.0077 per share.

An interim unfranked ordinary dividend for the financial year ended 30 June 2025 of $0.0023 per share ($312,720) was paid on 17 April 2025.

The directors have not declared a final ordinary dividend for the year ended 30 June 2025.

NET TANGIBLE ASSET BACKING

	30 June 2025 $'000	30 June 2024 $'000
Net assets	**54,293**	**52,283**
Less net intangible assets	**18,459**	**17,195**
Net tangible assets of the Company	**35,833**	**35,088**
Fully paid ordinary shares on issue at balance date	**135,980,141**	**135,769,452**
Net tangible asset backing per issued ordinary share as at balance date[1]	**$0.264**	**$0.258**

EARNINGS PER SHARE

Basic earnings per share (cents)	**2.22**	**5.15**

AUDIT DETAILS

The accompanying financial report has been audited.

1. Net tangible assets have been calculated by including the right of use asset and associated lease liability which represents an underlying tangible asset.

VEEM LTD
ABN 51 008 944 009
Financial Statements
30 June 2025

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CORPORATE INFORMATION

ABN 51 008 944 009

Directors

Brad Miocevich	Non-Executive Chairman
Mark Miocevich	Managing Director
Michael Bailey	Independent Non-Executive Director
Peter Torre	Independent Non-Executive Director
Angus Murnaghan	Independent Non-Executive Director

Company Secretary
Tino Kapfumo

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Level 4, the Read Buildings
16 Milligan Street
PERTH WA 6000

Bankers
ANZ Banking Corporation
Level 7, 77 St Georges Terrace
PERTH WA 6000

Auditors
HLB Mann Judd
Level 4, 130 Stirling Street
Perth WA 6000

Securities Exchange Listing
VEEM Ltd shares are listed on the Australian Securities Exchange (ASX: VEE)

DIRECTORS' REPORT

The Directors present their report together with the financial statements of the Company and its controlled entities ('the Group") for the financial year ended 30 June 2025. In order to comply with the provisions of the Corporations Act 2001, the Directors report as follows:

Directors

The names of Directors who held office during or since the end of the year and until the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.

Mr John Bradley Miocevich B.Comm, FAICD
Non-Executive Chairman

Brad has been a Director of VEEM Ltd since 1983. Combining trade qualifications with a Commerce Degree in Finance and Banking, Brad has the unique skills suitable for the management of an engineering company. With a focus on strategic planning, he was a member of the team responsible for the acquisition of several companies over the past 25 years including S&S Foundry & Engineering and Timcast Foundry and Engineering. Taking on the role of Director Marine Propulsion in 2000, he has been the driving force in creating VEEM's now very successful international propeller business. Brad provided the vision for VEEM's highly automated manufacturing processes making VEEM the benchmark of propeller manufacturing worldwide. Brad brings to the Board expertise in finance, manufacturing, engineering and marketing along with practical knowledge of the Company and its markets.

In the 3 years immediately before the end of the financial year, Brad has not served as a Director of any other listed company.

Mr Mark David Miocevich B.App.Sc (Mech Eng) FIE Aust
Managing Director

Mark has been a director and senior manager of VEEM for over 40 years. Commencing as Production Director from 1983 and until 1995 he was responsible for the implementation of the Quality Assurance systems in 1987, the integration of S&S Foundry & Engineering into the company in 1989, and defining the Company management model based on the Australian Business Excellence framework guideline in 1994. From 1995 until present he has been the Managing Director of VEEM and for a period during that time, the Managing Director of GA Perry and a Director of Thomassen Services Australia. He was responsible for the integration of Timcast Foundry and Engineering into VEEM during 2002. He brings to the Board intimate knowledge of the Company, its systems and strategic plan.

In the 3 years immediately before the end of the financial year, Mark has not served as a Director of any other listed company.

Mr Peter Patrick Torre B.Bus (Accounting), CA, AGIA
Independent Non-Executive Director

Peter was appointed as a Director of the Company on 12 April 2018. Peter served as Company Secretary of the Company from September 2016 to November 2019. He is a Chartered Accountant, a Chartered Secretary and a member of the Australian Institute of Company Directors. He was previously a partner of an internationally affiliated firm of Chartered Accountants. Peter is the Company Secretary of other public companies listed on the ASX, and Australian subsidiaries of overseas listed entities.

In the 3 years immediately before the end of the financial year, Peter has served as a Director of Volt Group Limited (28 April 2017 to present).

Mr Michael Robert Bailey MSc; CEng; MRINA
Independent Non-Executive Director

Mike brings 50 years' experience in areas of naval architecture, marine engineering, and project and company management. He has operated in the defence and offshore oil and gas sectors in Europe, Asia and Australia with multinational and private companies and as a consultant. Mike also held the Business Development role in VEEM Engineering in the 1990's. From 2000 to 2022 Mike was instrumental in the establishment and operations of the highly successful Australian Marine Complex - Common User Facility.

In the 3 years immediately before the end of the financial year, Mike has not served as a Director of any listed company. Mike has previously served as a director of AMC Management (WA) Pty Ltd, Facility Manager of the Australian Marine Complex - Common User Facility.

Mr Angus Murnaghan BCom - UNSW
Independent Non-Executive Director

Angus has a Bachelor of Commerce from UNSW and is a qualified Master Mariner (Class V). Angus is highly experienced in capital markets and smaller companies with almost 40 years in the Australian equities markets in senior roles. He has worked at leading finance and advisory groups including UBS, Ord Minnett, as Managing Director of Moelis & Company and Wentworth Securities including serving on the management committee of UBS.

Currently Angus is a non-executive director of, and consultant to, diversified investment company Hancock and Gore Ltd. He was previously a director of emerging project software provider Total Synergy and served as a Board member of The Sporting Chance Cancer Foundation.

In the 3 years immediately before the end of the financial year, Angus has served as a Director of Hancock and Gore Ltd (23 February 2023 to present).

Company Secretary

Mr Tino Kapfumo BCom, CA, FGIA
Chief Financial Officer and Company Secretary

Tino holds a Bachelor of Commerce from the University of Western Australia and is a Chartered Accountant and Fellow of the Governance Institute of Australia. He gained experience at Big 4 and mid-tier accounting firms working with listed entities and large private companies before specialising in small and medium-sized ASX listed companies.

INTERESTS IN THE SHARES OF THE COMPANY AND RELATED BODIES CORPORATE

The following relevant interests in shares of the Company or a related body corporate were held by the Directors as at the date of this report.

	Fully paid ordinary shares
Directors	Number
John Bradley Miocevich	68,135,593[1]
Mark David Miocevich	68,135,593[1]
Peter Patrick Torre	72,711
Michael Robert Bailey	115,423
Angus Murnaghan	425,000

(1) Mr Brad Miocevich and Mr Mark Miocevich have a relevant interest in VEEM Corporation Pty Ltd ATF the Miocevich Family Trust which holds 68,135,593 fully paid ordinary shares in the Company.

SHARES UNDER OPTION OR ISSUED ON EXERCISE OF OPTIONS

At the date of this report there were no unissued ordinary shares or interests of the Company under option.

PRINCIPAL ACTIVITIES

The principal activities of the Group during the course of the year were:

- Production, marketing and sales of propulsion and stabilisation systems; and
- Manufacturing bespoke engineered products and services for the marine, defence and mining industries.

REVIEW OF FINANCIAL AND OPERATING PERFORMANCE

FINANCIAL PERFORMANCE

The Board is pleased to report that 2HFY25 was a clear step up from 1HFY25 in terms of both revenue and profit with further improvements targeted.

The Group reported Net Profit After Tax (NPAT) for FY25 of $3.0 million (2024: $7.0 million) from revenue of $68.6 million (2024: $80.6 million). Earnings before interest, tax, depreciation and amortisation (EBITDA) were $9.2 million (2024: $14.8 million). Cash flow from operations was $4.3million (2023: $8.4 million).

The revenue decrease during the period was predominantly due to a decrease in ASC revenue as a result of the cyclical nature of the contract with revenue in FY25 of $6.5 million (2024: $16.1 million). ASC revenue is expected to increase through FY26 particularly in 2HFY26. The decrease in revenue was also driven by a decrease in gyro revenue to $9.6 million (2024: $12.3 million), with FY24 boosted by the acceleration in delivery of the Strategic Marine three-year contract into 15 months.

Net assets increased by $2.0 million to $54.3 million. The Group held cash on hand of $0.8 million at 30 June 2025 (30 June 2024: $0.5 million); with undrawn overdraft and trade facilities of $3.0 million (2024: $4.3 million). During the year the Group acquired over $3.9 million of plant and equipment and intangible assets (engineering development) including:

- Additional robotics
- An overhead crane
- Product Development including gyro engineering related to product improvement

VEEM spent $4.1 million on formal research and development projects during FY25. VEEM will continue to commit to research and development projects as it sees necessary to remain at the forefront of the markets in which its products are sold and potentially enter new markets.

OPERATIONS

VEEM continued to invest in capital equipment and research and development during the year including acquiring additional robotics. Such initiatives continue VEEM's strive for efficiency and improved performance.

GYROSTABILISERS

In FY25 VEEM sold 13 gyrostabilisers ("gyros") (FY24: 18) generating revenue of $9.6 million (30 June 2024: $12.3 million) from sale of the units and service revenue. The decrease was primarily due to the acceleration of the Strategic Marine order announced in FY23 that made FY24 especially strong. In FY24 11 gyros were sold under this agreement with Strategic, compared to 2 in FY25. Pleasingly VEEM was able to generate sales from a range of other customers both commercial and recreational. FY25 compares favourably with FY23 which achieved gyro revenue of $5 million.

VEEM has continued to invest in the development of its gyrostabiliser product over the period with a number of modifications improving performance and reducing costs culminating in the launch of the Mark II during the financial year. This investment to improve the product is ongoing.

Take-up of gyros in the small boat recreational market (smaller than VEEM's products) continues to accelerate and provides evidence that wide spread adoption of the technology continues and VEEM is the only manufacturer in the large gyro market with the products to capitalise on this.

Recent attendance at global boat shows has resulted in continuing informed enquiries from the commercial workboat sector who are realising the operational and financial benefits of having a gyro on board.

VEEM holds the dominant position as the only major supplier in the large marine gyrostabiliser market, which is estimated at US$1.1bn for new builds and US$13.5bn for retrofits.

Significant capital investment and intellectual expertise requirements now provide major barriers to entry for competitors wanting to get into this large market. VEEM is exploiting this by driving sales growth and using existing customers as validation of the benefits in marketing to potential customers.

PROPULSION

Demand for VEEM's world-leading fixed pitch propellers continued to be strong during the year. VEEM's propulsion revenue overall (including Shaftlines and defence) for the year was $35.0 million (2024: $35.3 million) a decrease of less than 1% over FY24 which was a record year which began with a significant backlog to clear.

The Group continued to build on the additional capacity which came online in FY22 and FY23 and allowed the clearing of a backlog in FY24, leaving FY25 to be a year of consolidation and expansion of work with existing customers as well as winning of new work.

DIRECTORS' REPORT (continued)

VEEM continues to develop its processes and pursue new initiatives and opportunities in relation to the propeller business where it can leverage its reputation and client base as the premium product in the market for high-speed, high-performance propellers. Part of VEEM's research and development focus is to continually increase the automation of the propeller process which not only reduces time and cost but also, notably in the current environment, reduces the requirement for highly skilled labour as capacity expands. In line with this desire VEEM has also invested this year in additional robotics and equipment to bring further efficiencies to the propeller manufacturing process.

On 20 February 2025 VEEM announced an update to the Sharrow by VEEM rollout. To February 2026 (extendable by six months) Sharrow will take the lead in managing customer interactions, data gathering, and sales. The same expert team that successfully launched Sharrow's outboard program are overseeing this effort, working directly with end users to ensure a seamless experience. While the initial phase has been slower than desired Sharrow is continuing its efforts and utilising the database of North American pre-order customers, reinforcing its commitment to delivering groundbreaking propulsion technology at scale.

During this phase, Sharrow is transacting directly with customers, while VEEM is serving as the manufacturing lead, providing engineering support as needed. VEEM has the production capacity in its Western Australia facility to meet demand over the period of this phase and is already expanding to accommodate future growth.

VEEM will generate revenue from sales of SHARROW by VEEM propellers to Sharrow during this phase. Costs and margins are likely to vary with changes in designs. Overall VEEM expects margins to be positive.
At the end of the initial rollout period—extendable by six months—the Technology Collaboration Agreement terms will resume, with VEEM returning to its role in sales and manufacturing. No license fee will apply during this current phase, allowing maximum investment in the manufacturing process.

The award-winning Sharrow propeller design has made a significant impact on the outboard motor market with outstanding improvements in fuel efficiency, noise, vibration and handling.

Premium production boats are the initial target but commercial operators are expected to adopt the new SHARROW by VEEM product for the expected economic benefits of less fuel usage and the drive to reduce their carbon footprint.

DEFENCE

VEEM continues to be a reliable, local source of highly sophisticated critical components for the Collins Class submarines. Revenue from the submarine program was $6.6 million (2024: $16.6 million) for FY25 which is down 60% on FY24 due to the cyclical nature of the contract.

The contract with ASC has been renewed for a further six years. Refer ASX announcement of 12 August 2025. The extension of this partnership is a testament to VEEM's ability to reliably service the contract to its exacting standards. Revenues are expected to increase during FY26 and in particular H2FY26.

Overall defence revenue was $15.6 million (2024:20.8 million) down 5.2 million on FY24 predominantly due to the cyclical nature of the submarine contract which was down $10 million in FY25 with the difference made up by increases in defence revenue in other areas.

VEEM is currently finalsing work on the Hunter Class Frigate Program (HCFP) demonstrator blades for BAE Systems Australia. The value of the demonstrator contract is $1.7 million, with successful completion of the task ensuring VEEM qualifies as a supplier to the HCFP. VEEM is one of only two suppliers globally to be able to produce this level of precision.

Success with this project and VEEM's defence accreditations is expected to lead to further Australian defence work as well as the potential to export equipment for other naval shipbuilding programs around the world, including other Type 26 frigate programs.

During the year VEEM joined the HII (Huntington Ingalls Industries) AUSSQ (Australian Submarine Supplier Qualification) Pilot Program, contracted by the Australian government. It aims to accelerate the qualification of Australian suppliers and their products for the US Submarine Industrial Base (SIB), specifically for the Virginia-class submarine and aircraft carrier programs. This program is part of the broader AUKUS security partnership and aims to create a resilient trilateral submarine industrial base.

VEEM was awarded $3m in defence grants during the financial year under the Defence Industry Development Grants Program – Sovereign Industry Priorities Stream in order to build sovereign capacity.

VEEM also continues to be awarded contracts for numerous other defence projects including army vehicles and naval projects such as patrol boats.

VEEM is active in the Defence space and is well positioned to take advantage of further defence work opportunities that are now emerging from Hunter, Austal, AUKUS, autonomous vessel and other weapons defence programs, especially as VEEM now has an enhanced security rating obtained in 2024.

DIRECTORS' REPORT (continued)

ENGINEERING PRODUCTS AND SERVICES

The majority of VEEM's traditional engineering business is in the manufacture of foundry-led, precision engineered products. This comprises both the manufacture of customer's designs and the sale and manufacture of VEEM's own hollow bar product (includes forever pipe). Demand generally for foundry-led, precision engineered products remained strong throughout FY25.

Revenue from engineering products and services including hollow bar was $19.1 million, up 5% from FY24.

CORPORATE

During the year in order to fund anticipated growth and provide additional flexibility the Group expanded its financing facilities with the ANZ bank increasing its overdraft facility to $4 million from $3.4 million and increasing its trade loan facility to $3.1million from $2 million on the same terms.
At 30 June 2025 there was $3.0 million in undrawn overdraft and trade facilities. The Group has sufficient liquidity to support production, investment and continued research and development.

OUTLOOK

VEEM's continued investment in capital equipment and research and development is expected to be maintained into FY26. This is a core tenant of the Group's philosophy and a significant contributor to improved and additional products as well as more efficient operations.

VEEM's propellers continue to be the premium product in the fixed pitch propeller market globally. Orders on hand, customer feedback and industry reports all lead VEEM to expect to satisfy demand. In addition, VEEM aims to increase its offerings to include Shaftlines and associated equipment as a growth lever going forward.

The step up in production experienced in FY24 continued in FY25 even as FY24 benefitted from a backlog that was worked through. Additional machines on order are expected to be commissioned in 2HFY26 increasing propeller capacity. Margins are protected against cost increases by regular pricing reviews.

Defence revenue is expected to remain strong in FY26, weighted to 2HFY26 with revenue from ASC anticipated to increase during the financial year in line with the cyclical nature of the contract which has been extended for a further six years to the value of $65 million. Refer ASX announcement of 12 August 2025. In addition, VEEM has joined the HII (Huntington Ingalls Industries) AUSSQ (Australian Submarine Supplier Qualification) Pilot Program and is currently being qualified and anticipates to be tendering in 2025.

Other defence work for a number of different prime contractors, including Austal, is also expected to continue with the building of patrol boats and other platforms.

VEEM will deliver on the Hunter demonstrator program in 1HFY26 and will pursue other options to leverage the high-level qualifications achieved with BAE/Kongsberg/Navy to supply other defence programs including overseas T26 programs.

VEEM is also active and well positioned to take advantage of further defence work opportunities that may arise out of AUKUS and other defence programs.

The outlook for VEEM's large marine gyrostabiliser ('gyro') product remains positive with VEEM holding the dominant position as the only major supplier in the large marine gyrostabiliser market. The product has continued to be developed and VEEM anticipates releasing the Mark III later this calendar year. This is expected to receive very positive feedback from both commercial and recreational customers.

FY25 brought a welcomed increase in the breadth of customers both for recreational and commercial uses subsequent to delivery of the Strategic contract and this is expected to continue into FY26.

Demand for the traditional foundry-led engineering products and services is expected to continue. This includes growth in VEEM's hollow bar product.

VEEM will continue to focus heavily on recruitment, maintenance and increase in labour resources through a number of initiatives in order to ensure it has the capacity to deliver revenue growth. In terms of cost increases, VEEM has in place systems to ensure that cost increases and other factors such as exchange rates are identified as early as possible and incorporated into pricing in order to protect margins for all products.

STRATEGY

VEEM's strategy and focus is to become the global market leader in the provision of gyrostabilisation to superyachts and large commercial craft while growing its position as a premier supplier of world leading fixed pitch propeller technology.

VEEM will also continue to manufacture bespoke specialised engineered products and services for the marine, defence, resources and other industries.

DIRECTORS' REPORT (continued)

KEY RISKS

VEEM's ongoing business performance is subject to a number of risks. The key risks identified are:

- Changes in the market demand for VEEM's products or services. This includes the impact of changing global economic conditions in markets such as the recreational marine market which is a major consumer of VEEM's propellers including the impact of tariffs in the United States. VEEM monitors its markets for indicators of any change and devises plans to respond. VEEM proactively works to keep its products at the forefront of its markets both technically and price-wise.
- Rising input costs such as raw materials; freight and labour impacting margins. VEEM has in place systems to ensure that cost increases and other factors such as exchange rates are identified as early as possible and incorporated into pricing in order to protect margins for all products.
- Availability of labour in Western Australia impacting capacity. VEEM has in place a number of initiatives to manage this risk.
- The rate of adoption of the Company's large marine gyrostabiliser technology impacting revenue and profit growth. VEEM is working to maximise the adoption of its gyrostabiliser technology through marketing, pricing and after-sales attention. In addition continued development of the product is expected to accelerate adoption.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Other than disclosed elsewhere in this report, there have been no significant changes in the state of affairs of the Group to the date of this report.

SIGNIFICANT EVENTS AFTER BALANCE DATE

No matters or circumstances have arisen since the end of the financial year which have significantly affected or may significantly affect the operating of the Group, the results of those operations, or state of affairs of the Group in future financial years apart from those listed below:

1. On 12 August 2025 the Company announced a 6-year $65 million contract extension with ASC Pty Ltd to continue supplying certain specialised parts as part of the maintenance program for the Collins Class submarines.
2. On 20 August 2025 the Company announced that it has achieved Huntington Ingalls Incorporated Newport News Shipbuilding (HII-NNS) approved supplier status.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

The Group will continue with its strategy as set out above.

ENVIRONMENTAL LEGISLATION

The Group is not subject to any significant environmental legislation.

DIVIDENDS

Dividends paid to members during the financial year were as follows:

- A final unfranked ordinary dividend of $1,045,425 was paid on 20 September 2024 in relation to the 2024 financial year.
- An interim unfranked ordinary dividend of $312,270 was paid on 17 April 2025.

The directors have not declared a final ordinary dividend for the year ended 30 June 2025.

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

The Company has agreed to indemnify all the Directors of the Company and the Chief Executive Officer and Chief Financial Officer for any liabilities to another person (other than the Company or related body corporate) that may arise from their position as Directors or officers of the Company and its controlled entities, except where the liability arises out of conduct involving a lack of good faith.

During the financial year the Company paid a premium in respect of a contract ensuring the Directors and officers of the Company and its controlled entities against any liability incurred in the course of their duties to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

REMUNERATION REPORT - AUDITED

This report, which forms part of the Directors' report, outlines the remuneration arrangements in place for the key management personnel ("KMP") of VEEM Ltd for the financial year ended 30 June 2025. The information provided in this remuneration report has been audited as required by Section 308(3C) of the Corporations Act 2001.

DIRECTORS' REPORT (continued)

The remuneration report details the remuneration arrangements for KMP who are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company, directly or indirectly, including any Director (whether executive or otherwise) of the Company.

KEY MANAGEMENT PERSONNEL

The Key Management Personnel set out below were the only key management personnel of the Group during or since the end of the financial year.

Directors	
John Bradley Miocevich	Chairman (Non-Executive)
Mark David Miocevich	Managing Director
Angus William Murnaghan	Independent Non-Executive Director
Peter Patrick Torre	Independent Non-Executive Director
Michael Robert Bailey	Independent Non-Executive Director
Executives	
Trevor Raman	Chief Executive Officer
Tinotenda Kapfumo	Chief Financial Officer and Company Secretary

The named persons held their current positions for the whole of the financial year and to the date of this report unless otherwise stated.

REMUNERATION PHILOSOPHY

The performance of the Group depends upon the quality of the Directors and executives. The philosophy of the Group in determining remuneration levels is to set competitive remuneration packages to attract and retain high calibre employees.

REMUNERATION COMMITTEE

The Group did not have a separate Remuneration and Nomination Committee during the year. The full Board fulfilled the role typically undertaken by a Remuneration Committee and was responsible for determining and reviewing compensation arrangements for the Directors.

The Board assesses the appropriateness of the nature and amount of remuneration of Directors and executives on a periodic basis by reference to relevant employment market conditions with an overall objective of ensuring maximum stakeholder benefit from the retention of a high-quality Board and executive team.

REMUNERATION STRUCTURE

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

USE OF REMUNERATION CONSULTANTS

Independent external advice is sought from remuneration consultants as required. A Benchmarking Report was undertaken to ensure the level of remuneration for the Group's Managing Director was in line with market and commensurate with the role being undertaken in July 2021.

NON-EXECUTIVE DIRECTOR REMUNERATION

The Board seeks to set aggregate remuneration at a level that provides the Group with the ability to attract and retain Directors of the highest calibre, whilst incurring a cost that is acceptable to shareholders.

The ASX Listing Rules specify that the aggregate remuneration of non-executive Directors shall be determined from time to time by a general meeting. The aggregate remuneration of non-executive Directors is set at $600,000 as approved at the 2025 annual general meeting.

The amount of aggregate remuneration sought to be approved by shareholders and the manner in which it is apportioned amongst Directors is reviewed annually leading up to the Company's Annual General Meeting. The Board considers advice from external shareholders as well as the fees paid to non-executive Directors of comparable companies when undertaking the annual review process.

Each Director receives a fee for being a Director of the Company. Given there are no committees currently in place, no additional fees are paid.

SENIOR MANAGER AND EXECUTIVE DIRECTOR REMUNERATION

Remuneration consisted of reasonable fixed remuneration and a performance rights and option plan during the year.

FIXED REMUNERATION

Fixed remuneration is reviewed annually by the Board. The process consists of a review of relevant comparative remuneration in the market and internally and, where appropriate, external advice on policies and practices. The Board has access to external, independent advice where necessary.

Senior managers are given the opportunity to receive their fixed (primary) remuneration in a variety of forms including cash and fringe benefits such as motor vehicles and expense payment plans. It is intended that the manner of payment chosen will be optimal for the recipient without creating undue cost for the Group. The fixed remuneration component is detailed in Key Management Personnel remuneration tables for the years ended 30 June 2025 and 30 June 2024.

PERFORMANCE RIGHTS AND OPTIONS PLAN

The Company granted 100,000 Performance Rights under its performance rights and option plan to its then Chief Financial Officer, Mr. David Rich on 6 July 2021. These lapsed during the financial year.

The Company granted 632,130 Performance Rights under its performance rights and option plan to its then Chief Financial Officer, Mr David Rich and then Chief Operating Officer Mr. Trevor Raman on 11 December 2023. During the financial year 210,689 of these vested and ordinary shares were issued on 20 February 2025. The remaining 421,441 performance rights were cancelled.

In August 2024 the Company granted 133,581 performance rights to Trevor Raman (Chief Executive Officer) and 78,406 performance rights to Tino Kapfumo (Chief Financial Officer).

At 30 June 2025 these were the only performance rights on issue to key management personnel and there were no other performance rights granted or cancelled during the year. The key terms of the Performance Rights on issue to key management personnel are as follows:

FY24 Performance rights

- Tranche 1: 12 months after date of issue and the 5-day volume weighted average share price (VWAP) of the Company has reached $1.07. This can occur at any point to expiry.
- Tranche 2: 24 months after date of issue and the 5-day VWAP of the Company has reached a price which is 25% higher than the higher of (i) the 5-day VWAP up to and including the date that is 12 months from the date of issue; or (ii) $1.07. This can occur at any point to expiry.
- Tranche 3: 36 months after date of issue and the 5-day VWAP of the Company has reached a price which is 25% higher than the higher of (i) the 5-day VWAP up to and including the date that is 24 months from the date of issue; or (ii) $1.07. This can occur at any point to expiry.
- All Performance Rights have an accelerated vesting condition on a change of control event at any time up to expiry.
- All Performance Rights expire 11 January 2027.

FY25 Performance rights

- Tranche 1: 12 months after the start date and the 30-day volume weighted average share price (VWAP) of the Company has reached $1.98. This can occur at any point to expiry.
- Tranche 2: 24 months after the start date and the 30-day volume weighted average share price (VWAP) of the Company has reached $2.28. This can occur at any point to expiry.
- Tranche 3: 36 months after the start date and the 30-day volume weighted average share price (VWAP) of the Company has reached $2.62. This can occur at any point to expiry.
- All Performance Rights have an accelerated vesting condition on a change of control event at any time up to expiry.
- All Performance Rights expire 31 July 2027.

2024 ANNUAL GENERAL MEETING

The Remuneration Report for the year ended 30 June 2024 was approved by in excess of 98% of shareholder votes cast.

DIRECTORS' REPORT (continued)

PERFORMANCE ON SHAREHOLDER WEALTH

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

	2025	2024	2023	2022	2021
EPS (cents per share)	2.22	5.15	3.03	0.93	3.78
Dividends (cents per share)	0.23	1.54	0.91	0.43	0.66
Net profit after tax ($k)	3,019	6,986	4,112	1,266	4,911
Share price ($)	0.83	1.75	0.40	0.38	1.33

EMPLOYMENT CONTRACTS

Details of employment contracts with executive KMP as at the date of this report:

NAME	TERM OF AGREEMENT AND TERMINATION PROVISIONS	BASE SALARY	TERMINATION BENEFIT
M. Miocevich Managing Director	This agreement has no set term. Termination of the agreement is 1 months' notice by the Executive or 3 months' notice by the Company and includes a 6-month restraint of trade.	Base: $572,068 per annum plus minimum statutory superannuation	3 Months' salary
T. Raman Chief Executive Officer	This agreement has no set term. Termination of the agreement is 3 months' notice by the Executive or the Company and includes a 6- month restraint of trade.	Base: $460,000 per annum inclusive of minimum statutory superannuation	3 Months' salary
T. Kapfumo Chief Financial Officer	This agreement has no set term. Termination of the agreement is 3 months' notice by the Executive or the Company and includes a 6-month restraint of trade.	Base: $270,000 per annum inclusive of minimum statutory superannuation	3 Months' salary

Executive remuneration consisted of fixed and variable remuneration during the year to 30 June 2025. The Group continues to assess the structure of executive remuneration to ensure it appropriately incentivises key management.

DIRECTORS' REPORT (continued)

REMUNERATION OF KEY MANAGEMENT PERSONNEL

Key Management Personnel remuneration for the years ended 30 June 2024 and 30 June 2025:

	Short-term employee benefits				Post-employment benefits	Long-term benefits	Share based payments		Relative proportions of remuneration of KMP that are linked to performance	
	Salary & fees	Bonus	Non-monetary benefits	Other	Superannuation	Long service leave		Total	Fixed remuneration	Remuneration linked to performance
30 June 2025	$	$	$	$	$	$	$	$	%	%
Directors										
Bradley Miocevich	136,118	-	-	-	15,653	-	-	151,771	100%	-
Mark Miocevich	574,513	-	-	-	29,932	(4,333)	-	600,112	100%	-
Michael Bailey	68,512	-	-	-	7,879	-	-	76,391	100%	-
Peter Torre	75,000	-	-	-	-	-	-	75,000	100%	-
Angus Murnaghan	68,512	-	-	-	7,879	-	-	76,391	100%	-
Total Director remuneration	922,655	-	-	-	61,343	(4,333)	-	979,665		
Executive										
Trevor Raman	437,233	-	-	-	29,932	7,168	82,721	557,054	85%	15%
Tino Kapfumo	245,998	-	-	-	28,290	4,021	14,658	292,967	95%	5%
Total Executive remuneration	683,231	-	-	-	58,222	11,189	97,379	850,021		
Total	1,605,886	-	-	-	119,565	6,856	97,379	1,829,686		

	Short-term employee benefits				Post-employment benefits	Long-term benefits	Share based payments		Relative proportions of remuneration of KMP that are linked to performance	
	Salary & fees	Bonus	Non-monetary benefits	Other	Superannuation	Long service leave		Total	Fixed remuneration	Remuneration linked to performance
30 June 2024	$	$	$	$	$	$	$	$	%	%
Directors										
Bradley Miocevich*	398,172	-	-	-	23,946	-	-	422,118	100%	-
Mark Miocevich	539,051	-	-	-	27,399	(46,197)	-	520,253	100%	-
Ian Barsden	64,810	-	-	-	7,129	-	-	71,939	100%	-
Michael Bailey	64,810	-	-	-	7,129	-	-	71,939	100%	-
Peter Torre	71,999	-	-	-	-	-	-	71,999	100%	-
Angus Murnaghan**	2,744	-	-	-	302	-	-	3,046	100%	-
Total Director remuneration	1,141,586	-	-	-	65,905	(46,197)	-	1,161,294		
Executive										
David Rich	381,827	-	-	-	27,399	6,573	39,449	455,248	91%	9%
Trevor Raman	353,728	-	-	-	27,399	6,210	31,364	418,701	93%	7%
David Wood***	109,154	-	-	-	10,700	-	-	119,854	100%	-
Total Executive remuneration	844,709	-	-	-	65,498	12,783	70,813	993,803		
Total	1,986,295	-	-	-	131,403	(33,414)	70,813	2,155,097		

* Mr Bradley Miocevich was engaged as a consultant between September 2023 and April 2024 to work on the licencing agreement with Sharrow Engineering, LLC and the subsequent performance testing. The fees for this work totalled $268,893 with the balance of $129,279 being the fees paid for the role of Chairman.

** Mr Angus Murnaghan was appointed as Director effective 7 June 2024.

*** Mr David Wood ceased to be a KMP effective 13 October 2023.

DIRECTORS' REPORT (continued)

FULLY PAID ORDINARY SHARES

30 June 2025	Balance beginning of year Number	Granted as compensation Number	Received on exercise of rights Number	Net change other Number	Balance year end Number
Directors					
Bradley Miocevich*	68,135,593	-	-	-	68,135,593
Mark Miocevich*	68,135,593	-	-	-	68,135,593
Michael Bailey	115,423	-	-	-	115,423
Peter Torre	72,711	-	-	-	72,711
Angus Murnaghan	400,000	-	-	25,000	425,000
Executive					
Trevor Raman	13,783	-	102,554	117,052	233,389
Tino Kapfumo***	41,750	-	-	-	41,750

30 June 2024	Balance at beginning of year Number	Granted as compensation Number	Received on exercise of rights Number	Net change other Number	Balance year end Number
Directors					
Bradley Miocevich*	68,135,593	-	-	-	68,135,593
Mark Miocevich*	68,135,593	-	-	-	68,135,593
Ian Barsden	53,571	-	-	-	53,571
Michael Bailey	115,423	-	-	-	115,423
Peter Torre	72,711	-	-	-	72,711
Angus Murnaghan***	375,000	-	-	25,000	400,000
Executive					
David Rich	216,316	-	50,000	(142,000)	124,316
Trevor Raman***	-	-	-	13,783	13,783
David Wood**	-	-	-	-	-

* Mr Brad Miocevich and Mr Mark Miocevich have a relevant interest in VEEM Corporation Pty Ltd ATF the Miocevich Family Trust which holds 68,135,593 fully paid ordinary shares in the Company.
** As at date of cessation
*** Beginning balance is at date of appointment

The Group has two lease agreements with Voyka Pty Ltd, an entity controlled by an entity related to Mr Mark Miocevich and Mr Brad Miocevich. The Group pays Voyka Pty Ltd current monthly rent of $192,605 monthly excluding GST which is exclusive of any outgoings including rates, taxes, insurance premiums and maintenance costs. The leases end in 2029 and are on commercial terms.

PERFORMANCE RIGHTS

30 June 2025	Balance beginning of year Number	Granted as compensation Number	Exercise Number	Cancelled Number	Balance year end Number
Executive					
Trevor Raman	307,692	133,581	(102,554)	(205,138)	133,581
Tino Kapfumo	-	78,406	-	-	78,406

30 June 2024	Balance beginning of year Number	Granted as compensation Number	Exercise Number	Lapsed Number	Balance year end Number
Executive					
Trevor Raman	-	307,692	-	-	307,692
David Rich	150,000	324,438	(50,000)	-	424,438

OTHER RELATED PARTY TRANSACTIONS

The Group has two lease agreements with Voyka Pty Ltd, an entity controlled by an entity related to Mr Mark Miocevich and Mr Brad Miocevich. The Group pays Voyka Pty Ltd current monthly rent of $192,605 monthly excluding GST which is exclusive of any outgoings including rates, taxes, insurance premiums and maintenance costs. The leases end in 2029 and are on commercial terms.

During the year Mr Mark Miocevich purchased goods and services worth $1,156 (2024: $7,399). An entity related to Mr Brad Miocevich provided services of $12,057 (2024: $19,276) and purchased goods and services worth $810 (2024: $1,242). All these orders were on normal commercial terms.

Lumos Marketing, which is owned by a related party of Mr Mark Miocevich, provided $112,000 (2024: $92,170) of marketing services to the Group on normal commercial terms.

Qback Pty Ltd, which is part owned by a related party of Mr Mark Miocevich, provided $nil (2024: $13,200) of corporate services to the Group on normal commercial terms.

There were two related parties of Mr. Mark Miocevich employed during the financial year on normal commercial terms.

END OF REMUNERATION REPORT

DIRECTORS' MEETINGS

The number of meetings of Directors held during the year and the number of meetings attended by each Director were as follows:

	Meetings Held	Eligible to Attend	Meetings Attended
Number of meetings held:	13		
Number of meetings attended:			
John Bradley Miocevich		13	13
Mark David Miocevich		13	12
Michael Robert Bailey		13	13
Peter Patrick Torre		13	13
Angus William Murnaghan		13	13

PROCEEDINGS ON BEHALF OF THE COMPANY

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

NON-AUDIT SERVICES

Details of amounts paid or payable to the auditor for non-audit services provided during the year by the auditor are outlined in Note 23 to the financial statements. The Directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The Directors are of the opinion that the services do not compromise the auditor's independence as all non-audit services have been reviewed to ensure that they do not impact the impartiality and objectivity of the auditor and none of the services undermine the general principles relating to auditor independence as set out in Code of Conduct APES 110: *Code of Ethics for Professional Accountants* issued by the Accounting Professional & Ethical Standards Board.

AUDITOR INDEPENDENCE AND NON-AUDIT SERVICES

Section 307C of the Corporations Act 2001 requires our auditors, HLB Mann Judd, to provide the Directors of the Company with Independence Declaration in relation to the audit of the annual report. This Independence Declaration is set out on page 16 and forms part of this Directors' report for the year ended 30 June 2025.

Signed in accordance with a resolution of the Directors.

Mark David Miocevich
Managing Director
Perth, 20 August 2025

HLB MANN JUDD
ADVISORY AND ACCOUNTING

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the consolidated financial report of VEEM Ltd for the year ended 30 June 2025, I declare that to the best of my knowledge and belief, there have been no contraventions of:

a) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

b) any applicable code of professional conduct in relation to the audit.

Perth, Western Australia
20 August 2025

D B Healy
Partner

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2025

	Notes	2025 ($)	2024 ($)
Continuing operations			
Revenue	2	68,621,820	80,554,382
Government subsidies	2	44,161	84,110
Foreign exchange losses (net)		140,033	(45,964)
Changes in inventories of finished goods and work in progress		(1,358,209)	(3,238,876)
Raw materials and consumables purchases		(24,892,089)	(32,534,080)
Employee benefits expense		(26,798,042)	(23,533,820)
Depreciation and amortisation expense		(4,894,031)	(5,367,190)
Repairs and maintenance expenses		(1,574,812)	(1,692,919)
Occupancy expense		(1,560,134)	(1,336,771)
Borrowing costs expense		(1,239,958)	(1,308,686)
Other expenses	2	(3,432,207)	(3,479,403)
Profit before income tax expense		3,056,532	8,100,783
Income tax expense	3	(37,845)	(1,114,967)
Net profit for the year		3,018,687	6,985,816
Other comprehensive income, net of income tax			
Items that may be reclassified subsequently to profit or loss			
Cash flow hedges – effective portion of changes in fair value		126,902	140,887
Foreign operations – foreign currency translation reserve difference		6,611	1,359
		133,513	142,246
Items that will not be reclassified to profit or loss		-	-
Other comprehensive income/(loss) for the year, net of tax		133,513	142,246
Total comprehensive income for the year		3,152,200	7,128,062
Earnings per share			
Basic earnings per share (cents per share)	5	2.22	5.15
Diluted earnings per share (cents per share)	5	2.22	5.14

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2025

	Notes	2025 ($)	2024 ($)
ASSETS			
Current assets			
Cash and cash equivalents	7	813,355	539,324
Trade and other receivables	8	13,845,292	13,204,501
Inventories	9	26,191,531	23,433,884
Other assets	10	1,879,620	2,074,588
Derivate financial assets	20	18,800	-
Current tax assets	3	298,462	355,203
Total current assets		43,047,060	39,607,500
Non-current assets			
Property, plant and equipment	11	21,152,322	21,748,900
Deferred tax assets	3	3,238,401	2,850,684
Intangible assets	12	23,206,295	21,902,417
Right-of-use-asset	13	6,575,180	8,225,199
Total non-current assets		54,172,198	54,727,200
Total assets		97,219,258	94,334,700
LIABILITIES			
Current liabilities			
Trade and other payables	14	8,451,174	8,001,919
Borrowings – current	15	6,264,092	3,154,002
Provisions	17	4,064,881	3,965,135
Derivative liability	20	-	77,638
Lease liabilities - current	16	1,875,121	1,731,766
Total current liabilities		20,655,268	16,930,460
Non-current liabilities			
Borrowings – non current	15	8,291,499	9,752,908
Deferred tax liabilities	3	7,985,093	7,557,684
Provisions	17	100,929	100,929
Lease liabilities – non current	16	5,893,379	7,709,191
Total non-current liabilities		22,270,900	25,120,712
Total liabilities		42,926,168	42,051,172
Net assets		54,293,090	52,283,528
EQUITY			
Issued capital	18	11,663,412	11,541,213
Reserves	19	324,959	141,703
Retained earnings		42,304,719	40,600,612
Total equity		54,293,090	52,283,528

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2025

	Note	Issued Capital $	Reserves $	Retained earnings $	Total $
At 1 July 2023		11,509,613	(39,756)	35,352,005	46,821,862
Profit for the year		-	-	6,985,816	6,985,816
Other comprehensive loss, net of income tax		-	142,246	-	142,246
Total comprehensive income for the year		-	142,246	6,985,816	7,128,062
Shares issued during the year		31,600	(31,600)	-	-
Share-based payment expense recognised		-	70,813	-	70,813
Dividends paid	6	-	-	(1,737,209)	(1,737,209)
Balance at 30 June 2024		11,541,213	141,703	40,600,612	52,283,528
Profit for the year		-	-	3,018,687	3,018,687
Other comprehensive income, net of income tax		-	133,513	-	133,513
Total comprehensive income for the year		-	133,513	3,018,687	3,152,200
Shares issued during the year		122,199	(122,199)	-	-
Share-based payment expense recognised		-	215,542	-	215,542
Performance rights lapsed		-	(43,600)	43,600	-
Dividends paid	6	-	-	(1,358,180)	(1,358,180)
Balance at 30 June 2025		11,663,412	324,959	42,304,719	54,293,090

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

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2025

	Notes	2025 ($)	2024 ($)
Cash flows from operating activities			
Receipts from customers		64,726,474	74,839,656
Payments to suppliers and employees		(60,095,290)	(65,175,698)
Government grants and subsidies received		1,364,161	84,110
Other receipts		51,779	27,149
Interest paid		(1,239,958)	(1,308,686)
Interest received		500	1,541
Income tax received / (paid)		58,588	(149,033)
Net GST (paid) / received		(599,796)	41,698
Net cash flows provided by operating activities	7	4,266,458	8,360,737
Cash flows from investing activities			
Payments for property, plant and equipment		(931,828)	(1,294,697)
Payments for intangible assets		(812,189)	(1,931,652)
Net cash flows used in investing activities		(1,744,017)	(3,226,349)
Cash flows from financing activities			
Dividends paid	6	(1,358,180)	(1,737,209)
Payments of lease liabilities	7	(1,744,373)	(1,661,225)
Proceeds from borrowings	7	4,112,761	3,316,671
Repayment of borrowings	7	(3,324,713)	(5,441,017)
Repayment of hire purchase liabilities	7	(2,102,275)	(1,861,440)
Net cash flows used in financing activities		(4,416,780)	(7,384,220)
Net (decrease) / increase in cash and cash equivalents		(1,894,339)	(2,249,832)
Cash and cash equivalents at the beginning of the year		170,558	2,421,112
Effect of exchange rate fluctuations on cash held		5,657	(722)
Cash and cash equivalents at the end of the year, net of overdraft	7	(1,718,124)	170,558

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

NOTE 1: STATEMENT OF MATERIAL ACCOUNTING POLICIES

(a) BASIS OF PREPARATION

These financial statements are consolidated general purpose financial statements of VEEM Ltd ("the Company") and its controlled entities ("the Group"), which have been prepared in accordance with the requirements of the Corporations Act 2001, Accounting Standards and Interpretations and comply with other requirements of the law.

The accounting policies detailed below have been consistently applied to all of the years presented unless otherwise stated. For the purpose of preparing the financial statements, the Group is a for-profit entity.

The financial statements have been prepared on a historical cost basis except for where applicable derivative financial instruments. Historical cost is based on the fair values of the consideration given in exchange for goods and services.

The Company is a listed public Company, incorporated in Australia and operating in Australia selling into domestic and global markets. The Group's principal activities are described in the Directors' Report.

Where necessary comparatives have been amended to be consistent with current year treatment.

Going concern

This report has been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlements of liabilities in the ordinary course of business.

(b) ADOPTION OF THE REVISED STANDARDS

Standards and Interpretations applicable to 30 June 2025

In the year ended 30 June 2025, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Group and effective for the reporting period beginning on or after 1 July 2024. As a result of this review, the Directors have determined that there is no material impact of the Standard and Interpretations issued on the Group and, therefore, no change is necessary to its accounting policies.

New Standards and Interpretations in issue not yet adopted

The Directors have also reviewed all of the new and revised Standards and Interpretations in issue not yet adopted for the year ended 30 June 2025. As a result of this review, the Directors have determined that there is no material impact of the Standard and Interpretations in issue not yet adopted on the Group and, therefore, no change is necessary to its accounting policies.

No other new standards, amendments to standards or interpretations are expected to affect the Group's financial statements.

(c) STATEMENT OF COMPLIANCE

The financial report was authorised for issue by the Board of VEEM Ltd on 20 August 2025.

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards (IFRS).

(d) SIGNIFICANT ACCOUNTING JUDGMENTS AND KEY ESTIMATES

The preparation of the financial report requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates.

Leases

The Group has leases for the main warehouse and related facilities, an office and production building. The lease liabilities are secured by the related underlying assets. In applying AASB16 the Group used the following practical expedients:

- The use of a single discount rate to a portfolio of leases with similar characteristics.
- The exclusion of initial direct costs for the measurement of the right-of-use-asset at the date of initial application.
- The use of hindsight in determining the lease term where the contract contains options to extend or terminate.

Amortisation of product development

Product development is amortised based on units of production as the Board has determined that this appropriately apportions the costs of development across the units produced to meet customer orders and building of inventory to meet future orders. Product development costs continue to be monitored for any indicators that these costs may be impaired or whether the amortisation rate needs to be accelerated.

Recovery of deferred tax assets

Deferred tax assets are recognised for deductible temporary differences as management considers that it is probable that sufficient future tax profits will be available to utilise those temporary differences. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits.

Inventories

Management estimates the net realisable values of inventories, taking into account the most reliable evidence available at each reporting date. The future realisation of these inventories may be affected by future technology or other market-driven changes that may reduce future selling prices.

Capitalisation of internally developed products

Distinguishing the research and development phases of new products and determining whether the recognition requirements for the capitalisation of development costs are met requires judgement. After capitalisation, management monitors whether the recognition requirements continue to be met and whether there are any indicators that capitalised costs may be impaired.

The Group assesses at each balance date whether there is an indication that an asset may be impaired. If any such indication exists, the Group makes an estimate of the asset's recoverable amount, being the higher of its fair value less costs to sell and its value in use. The value in use requires an estimation of the recoverable amount of the cash generating units to the assets are allocated. There were no indicators of impairment during the financial year.

(e) SEGMENT REPORTING

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors of VEEM Ltd.

The Board has determined the operating segments based on the reports reviewed by the Board of directors that are used to make strategic decisions. The entity does not have any operational segments with discrete financial information.

The Board of Directors review internal management reports on a monthly basis that are consistent with the information provided in the statement of profit or loss and other comprehensive income, statement of financial position and statement of cash flows. As a result, no reconciliation is required because the information as presented is what is used by the Board to make strategic decisions.

(f) FOREIGN CURRENCY TRANSLATION

Both the functional and presentation currency of VEEM Ltd is Australian dollars. The functional currency of VEEM Marine (Europe) B.V is Euro. The functional currency of GMB Engineering Pvt Ltd is Indian Rupee.

Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance date.

All exchange differences in the financial report are taken to profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction.

Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

As at the balance date the assets and liabilities of the subsidiaries are translated into the presentation currency of VEEM Ltd at the rate of exchange ruling at the balance date and its statement of profit or loss and other comprehensive income is translated at the average exchange rate for the year.

The exchange differences arising on the translation are taken directly to the foreign currency translation reserve in equity.

On disposal of a foreign entity, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in profit or loss.

(g) REVENUE RECOGNITION

Revenue from contracts with customers is measured at fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, rebates and amounts collected on behalf of third parties. Contract liabilities are recognised where applicable in relation to sales.

Point in time recognition - sale of goods – propulsion & stabilisation

Revenue is recognised when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Over time recognition - Sale of goods and rendering of services - mining & industrial engineering, propulsion & stabilisation and defence

In determining whether performance obligations are satisfied over time the Group considers the following:

- Legal control is often retained by the customer;
- VEEM products and services are highly specialised and often do not have an alternate use; and
- Contracts are established with customers so that VEEM has an enforceable right to payment for performance completed to date, including profit margin.

Revenue is recognised by reference to the stage of completion of the performance obligation. The stage of completion of the performance obligation is determined as follows:

- Contract income is recognised by reference to the total actual costs incurred at the end of the reporting period relative to the proportion of the total costs expected to be incurred over the life of the performance obligation;
- Servicing fees are recognised by reference to the proportion of the total cost of providing the service for the product sold; and
- Revenue from time and material contracts are recognised at the contractual rates as labour hours are delivered and direct expenses are incurred.

(h) LEASES

Where the Group is a lessee, the Group recognises a right-of-use asset and a corresponding liability at the date which the lease asset is available for use by the Group (i.e., commencement date). Each lease payment is allocated between the liability and the finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a consistent period rate of interest on the remaining balance of the liability for each period.

The lease liability is initially measured at the present value of the lease payments that are not paid at commencement date, discounted using the rate implied in the lease. If this rate is not readily determinable, the Group uses its incremental borrowing rate. Lease payments included in the initial measurement of the lease liability consist of:

- Fixed lease payments less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at commencement date;
- Any amounts expected to be payable by the Group under residual value guarantees;
- The exercise price of purchase options, if the Group is reasonably certain to exercise the options; and
- Termination penalties of the lease term reflect the exercise of an option to terminate the lease.

Extension options are included in a number of property leases across the Group. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option. Extension options are only included in the lease term if, at commencement date, it is reasonably certain that the options will be exercised.

Subsequent to initial recognition, the lease liability is measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made. The lease liability is remeasured (with a corresponding adjustment to the right-of-use asset) whenever there is a change in the lease term (including assessments relating to extension and termination options), lease payments due to changes in an index or rate, or expected payments under guaranteed residual values.

Right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before commencement date, less any lease incentives received and any initial direct costs. These right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses.

Where the terms of a lease require the Group to restore the underlying asset, or the Group has an obligation to dismantle and remove a leased asset, a provision is recognised and measured in accordance with AASB 137. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset.

Right-of-use assets are depreciated on a straight-line basis over the term of the lease (or the useful life of the leased asset if this is shorter). Depreciation starts on commencement date of the lease.

Where leases have a term of less than 12 months or relate to low value assets, the Group has applied the optional exemptions to not capitalise these leases and instead account for the lease expense on a straight-line basis over the lease term.

(i) INCOME TAX

The income tax expense or benefit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary difference and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance date.

Deferred income tax is provided on all temporary differences at the balance date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except:

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

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred income tax assets is reviewed at each balance date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each balance date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

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 balance 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.

(j) IMPAIRMENT OF TANGIBLE AND INTANGIBLE ASSETS

The Group assesses at each balance date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for anindividual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets and the asset's value in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash-generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset unless the asset is carried at revalued amount (in which case the impairment loss is treated as a revaluation decrease).

An assessment is also made at each balance date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

(k) TRADE AND OTHER RECEIVABLES

Trade receivables are measured on initial recognition at fair value and are subsequently measured at amortised cost using the effective interest rate method, less any allowance for impairment. Trade receivables are generally due for settlement within periods ranging from 15 days to 90 days after the month in which they are arise.

Impairment of trade receivables is continually reviewed and those that are considered to be uncollectible are written off by reducing the carrying amount directly. An allowance account is used when there is objective evidence that the Group will not be able to collect all amounts due according to the original contractual terms.

Factors considered by the Group in making this determination include known significant financial difficulties of the debtor, review of financial information and significant delinquency in making contractual payments to the Group. The impairment allowance is set equal to the difference between the carrying amount of the receivable and the present value of estimated future cash flows, discounted at the original effective interest rate. Where receivables are short-term discounting is not applied in determining the allowance.

The amount of the impairment loss is recognised in the statement of profit or loss and other comprehensive income within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in the statement of profit or loss and other comprehensive income.

(l) INVENTORIES

Raw material, stores and work in progress
Raw materials, stores and work in progress are stated at the lower of cost and net realisable value. Cost comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Costs are assigned to individual items of stock mainly on the basis of average cost.

Contract work in progress
Contract work in progress is stated at cost plus attributable profit to date (based on percentage of completion of each contract) less progress billings. Cost includes all costs directly related to specific contracts and an allocation of overhead expenses incurred in connection with the Group's contract operations. Where a loss on completion is indicated that loss is brought to account in the current year.

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

(m) DERECOGNITION OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a Group of similar financial assets) is de-recognised when:

- the rights to receive cash flows from the asset have expired;
- the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a ‘pass-through’ arrangement; or
- the Group has transferred its rights to receive cash flows from the asset and either:
  - has transferred substantially all the risks and rewards of the asset; or
  - has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group’s continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration received that the Group could be required to repay.

When continuing involvement takes the form of a written and/or purchased option (including a cash-settled option or similar provision) on the transferred asset, the extent of the Group’s continuing involvement is the amount of the transferred asset that the Group may repurchase, except that in the case of a written put option (including a cash-settled option or similar provision) on an asset measured at fair value, the extent of the Group’s continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

(n) PROPERTY, PLANT AND EQUIPMENT

Plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses. Such cost includes the cost of replacing parts that are eligible for capitalisation when the cost of replacing the parts is incurred. Similarly, when each major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement only if it is eligible for capitalisation.

Depreciation is calculated on a straight-line basis over the estimated useful life of the assets as follows:

Motor vehicles	3-10 years
Plant and equipment	5-20 years
Computer equipment	3-5 years

The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each financial year end.

Impairment

The carrying values of plant and equipment are reviewed for impairment at each balance date, with recoverable amount being estimated when events or changes in circumstances indicate that the carrying value may be impaired.

The recoverable amount of plant and equipment is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For an asset that does not generate largely independent cash inflows, recoverable amount is determined for the cash-generating unit to which the asset belongs, unless the asset's value in use can be estimated to approximate fair value. An impairment exists when the carrying value of an asset or cash-generating unit exceeds its estimated recoverable amount. The asset or cash-generating unit is then written down to its recoverable amount.

For plant and equipment, impairment losses are recognised in the statement of profit or loss and other comprehensive income.

De-recognition and disposal

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

(o) INTANGIBLE ASSETS

Intangible assets acquired separately

Intangible assets acquired separately are recorded at cost less accumulated amortisation and impairment. Amortisation is charged on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method is reviewed at the end of each annual reporting period, with any changes in these accounting estimates being accounted for on a prospective basis.

Internally generated intangible assets

Expenditure on research activities is recognised as an expense in the period in which it is incurred. Where no internally generated intangible asset can be recognised, development expenditure is recognised as an expense in the period as incurred.

An intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale;
- The intention to complete the intangible asset and use or sell it;
- The ability to use or sell the intangible asset;
- How the intangible asset will generate probable future economic benefits;
- The availability of adequate technical, financial and other resources to complete development and to use or sell the intangible asset; and
- The ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets acquired separately.

The following useful lives are used in the calculation of amortisation:

Patents	2 – 10 years
Product Development Expenditure	Units of production
Software	10 years

Right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the Group expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of-use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The Group has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

(p) TRADE AND OTHER PAYABLES

Trade payables and other payables are carried at amortised cost and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. Trade and other payables are presented as current liabilities unless payment is not due within 12 months.

(q) BORROWINGS

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

(r) PROVISIONS

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not recognised for future operating losses.

When the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of profit or loss and other comprehensive income net of any reimbursement.

Provisions are measured at the present value or management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability.

When discounting is used, the increase in the provision due to the passage of time is recognised as an interest expense.

Onerous contracts

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract.

Warranties

Provisions for the expected cost of warranty obligations under local sale of goods legislation are recognised at the date of sale of the relevant products, at the Directors' best estimate of the expenditure required to settle the Group's obligation.

Commissioning Costs

Provisions for the expected cost of commissioning gyrostabilisers are recognised where the sale is inclusive of commissioning.

Lease restoration provision

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

Annual leave

The liability for annual leave is measured as the value of the expected future payments to be made in respect of services provided by employees up to the balance date.

Long service leave

The liability for long service leave is measured as the present value of expected future payments to be made in respect of services provided by employees up to the balance date. Consideration is given to expected future wage and salary levels, experience of employee departures and period of service. Expected future payments are discounted using market yields at the balance date on national government bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

(s) DIVIDENDS

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

(t) EARNINGS PER SHARE

Basic earnings per share is calculated as net profit attributable to members of the parent, adjusted to exclude any costs of servicing equity (other than dividends), divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings per share are calculated, where applicable, as net profit attributable to members of the parent, adjusted for:

- costs of servicing equity (other than dividends);
- the after-tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares; divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

(u) DERIVATIVE FINANCIAL INSTRUMENTS

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

Cash flow hedges:
Cash flow hedges are used to cover the Group's exposure to variability in cash flows that is attributable to particular risks associated with a recognised asset or liability or a firm commitment which could affect profit or loss. The effective portion of the gain or loss on the hedging instrument is recognised in other comprehensive income through the cash flow hedges reserve in equity, whilst the ineffective portion is recognised in profit or loss. Amounts taken to equity are transferred out of equity and included in the measurement of the hedged transaction when the forecast transaction occurs.

Cash flow hedges are tested for effectiveness on a regular basis both retrospectively and prospectively to ensure that each hedge is highly effective and continues to be designated as a cash flow hedge. If the forecast transaction is no longer expected to occur, the amounts recognised in equity are transferred to profit or loss.

If the hedging instrument is sold, terminated, expires, exercised without replacement or rollover, or if the hedge becomes ineffective and is no longer a designated hedge, the amounts previously recognised in equity remain in equity until the forecast transaction occurs.

The Group subsequently measures derivative financial instruments at fair value. Gains and losses on derivative financial instruments that do not qualify for hedge accounting are recognised in the Profit and Loss for the period.

Amounts recognised in equity are reclassified from reserves into the cost of the underlying transaction and recognised in the Profit and Loss when the underlying transactions affects the Profit and Loss. The ineffective portion of any change in the fair value of the instrument is recognised in the Profit and Loss immediately. Where a derivative financial instrument is designated as a fair value hedge changes in the fair value of the underlying asset or liability attributable to the hedge risk, and gains and losses on the derivative financial instrument are recognised in the Profit and Loss for the period.

(v) BASIS OF CONSOLIDATION

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

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

A list of controlled entities is contained in Note 22 to the financial statements.

As at reporting date, the assets and liabilities of all controlled entities have been incorporated into the consolidated financial statements as well as their results for the year then ended.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate. The acquisition method of accounting is used to account for business combinations by the Group.

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

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of financial position respectively.

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities were disposed of.

(w) Government Grants

The Group recognises grants only when there is a reasonable assurance that the Group will comply with any conditions attached to the grant and that the grant will be received.
Government grants related to assets are recognised as a reduction to the capital cost of the asset, reducing depreciation recorded over the asset's useful life.

NOTE 2: REVENUE AND EXPENSES

Revenue from contracts with customers

	2025 ($)	2024 ($)
Sales revenue		
• Revenue – point in time	9,978,107	12,876,058
• Revenue – over time	58,591,934	67,651,175
	68,570,041	80,527,233
Other revenue	51,779	27,149
	68,621,820	80,554,382
Government Subsidies		
• Apprentice subsidies	39,661	53,519
• Government subsidies	4,500	30,591
	44,161	84,110

During the year, the Group recognised revenue of $11,391,064 (2024: $10,314,808) in relation to the prior years' work in progress. The Group has progress billings at 30 June 2025 of $1,908,203 (2024: $5,110,480), refer to Note 9.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

NOTE 2: REVENUE AND EXPENSES (continued)

The Group has contract assets, being work in progress (recognised over time) at 30 June 2025 of $8,863,804 (2024: $8,766,220).

The Group recognises revenue from contracts with customers based on the following performance:

- the completion of the contracted work-scope following factory acceptance testing in accordance with contract terms and conditions; and
- when applicable, completion of contracted milestones and transfer of title generally based on:

  milestone 1 - material acquisition, and/or
  milestone 2 - completion of casting metal pour, and/or
  milestone 3 - factory acceptance testing (FAT)

The majority of customer contracts are from the private sector and this accounted for approximately 90% (2024: 80%) of the revenue during FY2025. Sales to government instrumentalities accounted for 10% (2024: 20%).

The geographic distribution of sales for FY2025 was approximately 55% (2024: 53%) derived from customers within Australia and the remaining 45% (2024: 47%) were derived predominantly from customers in the USA, Sweden, UK, Italy, New Zealand, Turkey and Singapore.

Contracts are received and executed generally within 12 months and hence are considered short term contracts. Period contracts (those that extend greater than 1 year) with customers are executed by discrete purchase orders for required shipments and hence still fall within the definition for short term contracts.

The majority of sales are generated by direct contracts with customers. During the year sales agents were utilised in Europe, MENA, Hong Kong, Turkey and South America (gyrostabilisers only) to introduce enquiries and leads. Contracts are then established directly between VEEM Ltd and the customer. Distributors are utilised for propeller sales in the USA, France, Costa Rica and Australia,where the distributors purchase from and contract directly with VEEM Ltd.

Other expenses

	2025 ($)	2024 ($)
Insurance	554,155	541,188
Advertising and marketing	952,575	720,700
Bank Charges	69,769	92,441
Accounting and secretarial	417,188	369,856
Non-executive director fees	393,109	672,941
Share based payments	215,542	70,813
Other general expenses	829,869	1,011,464
	3,432,207	3,479,403

NOTE 3: INCOME TAX

Income tax recognised in profit or loss

The major components of tax expense are:

	2025 ($)	2024 ($)
Current tax expense	1,838,939	3,051,742
Deferred tax expense relating to the origination and reversal of temporary differences	(1,801,094)	(1,936,775)
Total tax expense	37,845	1,114,967

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

NOTE 3: INCOME TAX (continued)

The prima facie income tax expense on pre-tax accounting profit from operations reconciles to the income tax expense in the financial statements as follows:

Accounting profit before income tax	3,056,532	8,100,783
Income tax expense calculated at FY2024: 30% (FY2023: 30%)	916,960	2,430,235
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income:		
• Prior year (over)/under provision of income tax	-	3
• Effect of expenses that are not deductible in determining taxable profit	921,979	638,477
• Effect of concessions – research and development	(1,8,01,094)	(1,953,748)
Income tax (benefit)/expense reported in the statement of profit or loss and other comprehensive income	37,845	1,114,967

The tax rate used in the above reconciliation is the corporate tax rate of 30% payable by Australian corporate entities with turnover greater than $50 million on taxable profits under Australian tax law.

Current tax receivables comprise:

	2025 ($)	2024 ($)
Income tax receivable/(payable)	298,462	355,203
Deferred tax assets comprise:		
Annual leave payable	676,518	655,288
Provisions	542,946	534,253
Accrued expenses	253,041	140,022
Black hole expenditure and borrowing costs	-	43
Timing difference between Right of Use assets and Lease liabilities	388,275	395,006
Unclaimed research and development concessions	1,377,621	1,086,537
Patents	-	39,535
	3,238,401	2,850,684
Deferred tax liabilities comprise:		
Depreciable property, plant and equipment	7,846,152	7,549,119
Prepayments	80,264	
Patents	8,356	-
Unrealised foreign exchange loss	50,321	8,565
	7,985,093	7,557,684

Reconciliation of deferred tax assets/ (liabilities):

	Opening balance	Charged to income	Closing balance
30 June 2025	($)	($)	($)
Accrued expenses	140,022	113,019	253,041
Annual leave payable	655,288	21,230	676,518
Provisions	534,253	8,693	542,946
Property, plant and equipment	(7,549,119)	(297,033)	(7,846,152)
Prepayments	-	(80,264)	(80,264)
Unrealised foreign exchange (gain) / loss	(8,565)	(41,756)	(50,321)
Black hole expenditure and borrowing costs	43	(43)	-
Patents	39,535	(47,891)	(8,356)
Unclaimed research and development concessions	1,086,537	291,084	1,377,621
Timing difference between Right of Use assets and Lease Liabilities	395,006	(6,731)	388,275
	(4,707,000)	(39,692)	(4,746,692)

NOTE 3: INCOME TAX (continued)

	Opening balance	Charged to income	Closing balance
30 June 2024	($)		($)
Accrued expenses	125,185	14,837	140,022
Annual leave payable	636,900	18,388	655,288
Provisions	545,509	(11,256)	534,253
Property, plant and equipment	(7,880,387)	331,268	(7,549,119)
Unrealised foreign exchange (gain) / loss	24,287	(32,852)	(8,565)
Black hole expenditure and borrowing costs	42	1	43
Patents	(26,098)	65,633	39,535
Losses carried forward	419,051	(419,051)	-
Unclaimed research and development concessions	2,136,319	(1,049,782)	1,086,537
Timing difference between Right of Use assets and Lease liabilities	381,108	13,898	395,006
	(3,638,084)	(1,068,916)	(4,707,000)

NOTE 4: SEGMENT REPORTING

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors of VEEM Ltd.

The Board has determined the operating segments based on the reports reviewed by the Board of Directors that are used to make strategic decisions. The entity does not have any operational segments with discrete financial information.

The Board of Directors review internal management reports on a monthly basis that are consistent with the information provided in the statement of profit or loss and other comprehensive income, statement of financial position and statement of cash flows. As a result, no reconciliation is required because the information as presented is what is used by the Board to make strategic decisions.

The Group has no customers (2024: two) where the revenue from those customers was in excess of 10% of the Group's revenue.

Although the Group is managed as a single business segment, sales revenue of $68.6 million (2024: $80.6 million) can be broken down into the following sales categories. Propulsion and stabilisation consist of the manufacture of new propellers, shaft lines, gyrostabilisers, and marine ride control fins. The sales in this category were $44.6 million (2024: $47.5 million). Defence related sales for FY2025 totalled $15.6 million (2024: $20.9 million) with $8.2 million (2024: $3.7 million) of those sales being both within the defence and propulsion/stabilization categories. Sales of engineering products and services (non-defence) for FY2025 were $16.7 million (2023: $15.8 million).

NOTE 5: EARNINGS PER SHARE

Basic and diluted earnings per share

	2025	2024
	Cents per share	Cents per share
Basic earnings per share	2.22	5.15
Diluted earnings per share	2.22	5.14

The earnings and weighted average number of ordinary shares used in the calculation of basic and diluted earnings per share is as follows:

	2025 ($)	2024 ($)
Earnings		
Earnings from continuing operations	3,018,687	6,985,816
	Number	Number
Weighted average number of ordinary shares for the purpose of basic earnings per share	135,844,492	135,727,671
Effect of dilution	-	210,689
Weighted average number of ordinary shares on issue adjusted for the effect of dilution	135,844,492	135,938,360

NOTE 6: DIVIDENDS

	2025 ($)	2024 ($)
Fully franked dividends paid	-	-
Unfranked dividends paid	1,358,180	1,737,209
Total dividends paid	1,358,180	1,737,209
Balance of franking account at period end adjusted for franking credits arising from the payment of provision for income tax and dividends recognised as receivables, franking debits arising from payment of proposed dividends and franking credits may be prevented from distribution in a subsequent financial year.	-	-

NOTE 7: CASH AND CASH EQUIVALENTS

	2025 ($)	2024 ($)
Cash on hand	800	800
Cash at bank	812,555	538,524
Cash and cash equivalent in the statement of financial position	**813,355**	**539,324**
Bank overdraft (Note 15)	(2,531,479)	(368,766)
Cash and cash equivalent in the statement of cash flows	(1,718,124)	170,558

Cash at bank earns interest at floating rates based on daily bank deposit rates.

Reconciliation to the Statement of Cash Flows:

For the purposes of the statement of cash flows, cash and cash equivalents comprise cash on hand and at bank and investments in money market instruments, net of outstanding bank overdrafts.

Non-cash financing and investing activities

The Group purchased assets with a value of $825,282 (2024: $1,383,371) which were financed through hire purchase.

Cash balances not available for use

All cash balances are available for use.

Reconciliation of profit for the year to net cash flows from operating activities

	2025 ($)	2024 ($)
Net profit for the year	3,018,687	6,985,816
Adjusted for non-cash items		
Depreciation and amortisation expense	4,894,031	5,368,906
Foreign exchange (gain)/loss	(140,033)	45,961
Share based payments	215,542	70,813
Changes in operating assets and liabilities		
Trade and other receivables	(640,791)	(3,091,778)
Inventories (includes change in progress billings)	(3,940,280)	(3,572,109)
Trade and other payables	472,495	1,625,933
Provisions	99,746	31,272
Current and deferred tax	310,304	919,315
GST payable	(23,243)	(23,392)
Net cash inflow from operating activities	4,266,458	8,360,737

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NOTE 7: CASH AND CASH EQUIVALENTS (continued)

Changes in liabilities arising from financing activities

	Bank loans ($)	Hire Purchase liability ($)	Lease liability ($)	Total ($)
Balance as at 30 June 2023	7,892,141	7,248,418	11,031,184	26,171,743
Net cash from (used in) financing activities	(2,124,346)	(1,861,440)	(1,661,225)	(5,647,011)
Remeasurement of lease liability	-	-	70,998	70,998
Acquisition of plant and equipment by means of hire purchase	-	1,383,371	-	1,383,371
Balance as at 30 June 2024	5,767,795	6,770,349	9,440,957	21,979,101
Net cash from/ (used in) financing activities	762,961	(2,102,275)	(1,744,373)	(3,083,687)
Acquisition of plant and equipment by means of hire purchase	-	825,282	-	825,282
Remeasurement of lease liabilities	-	-	71,916	71,916
Balance as at 30 June 2025	6,530,756	5,493,356	7,768,500	19,792,612

NOTE 8: TRADE AND OTHER RECEIVABLES

	2025 ($)	2024 ($)
Trade receivables *(a)*	13,808,275	13,142,025
Other receivables	37,017	62,476
	13,845,292	13,204,501

(a) the credit period on sales of goods and rendering of services is 15-90 days after the month in which they are arise.

Aging of past due but not impaired

	2025 ($)	2024 ($)
60 – 90 days	373,070	82,935
90 – 120 days	171,423	232,479
Total	544,493	315,414

Expected credit losses

The Group applies the AASB 9 simplified model of recognising lifetime expected credit losses for all trade receivables as these items do not have a significant financing component.

In measuring the expected credit losses, the trade receivables have been assessed on a collective basis as they possess shared credit risk characteristics. They have been grouped based on the days past due and also according to the geographical location of customers.

The expected loss rates are based on the payment profile for sales over the past 48 months before 30 June 2025 and 30 June 2024 respectively as well as the corresponding historical credit losses during that period. The historical rates are adjusted to reflect current and forwarding looking macroeconomic factors affecting the customer's ability to settle the amount outstanding.

Trade receivables are written off when there is no reasonable expectation of recovery. Failure to make payments within 180 days from the invoice date and failure to engage with the Company on alternative payment arrangements are considered indicators of low reasonable expectation of recovery. During the period $nil of receivables were written off (2024: $17,317).

Where commercially sensible and available, VEEM Ltd takes out credit insurance against its overseas receivables.

On the above basis, a provision for expected credit losses as at 30 June 2025 is not required as it is not material to the financial statements (30 June 2024: Nil).

NOTE 9: INVENTORIES

	2025 ($)	2024 ($)
Work in progress – over time	8,863,804	8,766,220
Work in progress – point in time	4,937,077	5,214,319
	13,800,881	13,980,539
Less: progress billings	(1,908,203)	(5,110,480)
	11,892,678	8,870,059
Goods for resale, raw materials and stores	14,298,853	14,563,825
	26,191,531	23,433,884

During the year, the Group recognised revenue of $11,391,064 (2024: $10,314,808) in relation to the prior years' work in progress.

NOTE 10: OTHER ASSETS

	2025 ($)	2024 ($)
Prepayments	1,242,378	1,261,681
Suppliers paid in advance	637,242	812,907
	1,879,620	2,074,588

NOTE 11: PROPERTY, PLANT AND EQUIPMENT

	Plant and Equipment ($)	Motor Vehicles ($)	Capital Work in Progress ($)	Computer Equipment ($)	Total ($)
As at 30 June 2024					
Cost	51,711,883	736,968	998,776	1,842,285	**55,289,912**
Accumulated depreciation	(31,283,271)	(561,871)	-	(1,695,870)	**(33,541,012)**
Closing carrying amount	**20,428,612**	**175,097**	**998,776**	**146,415**	**21,748,900**
Year ended 30 June 2025					
Opening carrying amount	20,428,612	175,097	998,776	146,415	**21,748,900**
Additions	639,489	-	1,080,953	36,668	**1,757,110**
Transfers	1,994,534	-	(1,994,534)	-	**-**
Depreciation charge	(2,277,866)	(25,351)	-	(50,471)	**(2,353,688)**
Closing carrying amount	**20,784,769**	**149,746**	**85,195**	**132,612**	**21,152,322**
As at 30 June 2025					
Cost	54,345,906	736,968	85,195	1,878,953	**57,047,022**
Accumulated Depreciation	(33,561,137)	(587,222)	-	(1,746,341)	**(35,894,700)**
Carrying amount	**20,784,769**	**149,746**	**85,195**	**132,612**	**21,152,322**

NOTE 12: INTANGIBLE ASSETS

	Other Intellectual Property ($)	Product Development ($)	Total ($)
As at 30 June 2024			
Cost	1,202,688	25,160,220	**26,362,908**
Accumulated amortisation	(1,006,785)	(3,453,706)	**(4,460,491)**
Closing carrying amount	**195,903**	**21,706,514**	**21,902,417**
Year ended 30 June 2025			
Opening carrying amount	195,903	21,706,514	**21,902,417**
Net additions	280,415	1,838,438	**2,118,853**
Amortisation charge	(124,070)	(690,905)	**(814,975)**
Closing carrying amount	**352,248**	**22,854,047**	**23,206,295**
As at 30 June 2025			
Cost	1,483,103	26,998,658	**28,481,761**
Accumulated amortisation and impairment	(1,130,855)	(4,144,611)	**(5,275,466)**
Carrying amount	**352,248**	**22,854,047**	**23,206,295**

No impairment loss was recognised in the 2025 financial year (2024: $Nil).

NOTE 13: RIGHT-OF-USE ASSETS

	Premises $	Total $
As at 30 June 2025		
Cost	16,612,103	16,612,103
Accumulated depreciation	(10,036,923)	(10,036,923)
Carrying amount	6,575,180	6,575,180
As at 30 June 2024		
Cost	16,540,187	16,540,187
Accumulated depreciation	(8,314,988)	(8,314,988)
Carrying amount	8,225,199	8,225,199

	2025 ($)	2024 ($)
Opening balance	8,225,199	9,861,752
Remeasurement of lease liability (a)	71,916	70,998
Depreciation	(1,721,935)	(1,707,551)
Closing balance	6,575,180	8,225,199

(a) A rent review during the 2025 financial year required a re-measurement of the lease liability which resulted in an increase in the lease liability and right of use asset of $71,916.

NOTE 14: TRADE AND OTHER PAYABLES (CURRENT)

	2025 ($)	2024 ($)
Trade payables (a)	5,420,611	6,286,170
Net GST payable	289,715	312,957
Other creditors	2,740,848	1,402,792
	8,451,174	8,001,919

(a) Trade payables are non-interest bearing and are normally settled on 30-day terms.

Information regarding the interest rate, foreign exchange and liquidity risk exposure is set out in Note 20.

NOTE 15: BORROWINGS

	2025 ($)	2024 ($)
Current		
Overdraft (a)	2,531,479	368,766
Trade Loan Facility (b)	1,530,756	767,795
Hire purchase liability	2,514,067	2,390,383
Less: Unexpired charges	(312,210)	(372,942)
	6,264,092	3,154,002
Non-current		
Loan facility – Daily Rate (c)	5,000,000	5,000,000
Hire purchase liability	3,562,864	5,198,635
Less: Unexpired charges	(271,365)	(445,727)
	8,291,499	9,752,908

(a) The Group has an Overdraft Facility which had a limit of $3,400,000 that was increased to $4,000,000 during the financial year. Interest at the base rate plus 2.60% per annum is charged monthly. A line fee of 0.50% per annum of the Facility Limit is payable quarterly in arrears. The facility is reviewed on an annual basis. At 30 June 2025, the Group had drawn $2,531,479 and had available $1,468,521 of undrawn overdraft facilities (June 2024: $3,031,234). In addition, there is an Electronic Payments Facility with a limit of $300,000. At 30 June 2025, the Group had available $300,000 under this facility (June 2024: $300,000).

(b) The Group has a trade loan facility to support it’s import trade arrangements. The facility had a limit of $2,000,000 which was increased to $3,100,000 during the financial year and each drawdown is repayable in 150 days. Interest is at the base rate plus 1.25% per annum. A line fee of 0.75% per annum of the Facility Limit is payable quarterly in arrears.

(c) The Group has a Loan Facility – Daily Rate with a limit of $5,000,000. The Loan Facility is repayable on the termination date of 1 October 2027. Interest at the base rate plus 1.65% per annum is charged and paid monthly. The interest rate is currently at 5.31% (June 2024: 6.00%). The facility is fully drawn and is reviewed on an annual basis.

The facilities are secured by a registered first mortgage over the assets and undertakings of the Group. The Group complied with all banking covenants during the financial year.

During the financial year the Group provided certain guarantees in respect of contractual performance obligations. These were secured by a bank guarantee to the value of $326,515. The Group fulfilled its obligations and subsequent to the end of the financial year the bank guarantee was in the process of being extinguished.

NOTE 15: BORROWINGS (continued)

Financing facilities available

At balance date, the following financing facilities had been negotiated and were available:

	2025 ($)	2024 ($)
Total facilities		
• Overdraft facility	4,000,000	3,400,000
• Loan facility – Daily Rate	5,000,000	5,000,000
• Trade Loan Facility	3,100,000	2,000,000
• Electronic payments facility	300,000	300,000
• Commercial card facility	100,000	50,000
	12,500,000	10,750,000
Facilities used at balance date		
• Overdraft facility	2,531,479	368,766
• Loan facility – Daily Rate	5,000,000	5,000,000
• Trade Loan Facility	1,530,756	767,795
• Electronic payments facility	-	-
• Commercial card facility	-	-
	9,062,235	6,136,561
Facilities unused at balance date		
• Overdraft facility	1,468,521	3,031,234
• Loan facility – Daily Rate	-	-
• Trade Loan Facility	1,569,244	1,232,205
• Electronic payments facility	300,000	300,000
• Commercial card facility	100,000	50,000
	3,437,765	4,613,439
Total facilities		
• Facilities used at balance date	9,062,235	6,136,561
• Facilities unused at balance date	3,437,765	4,613,439
	12,500,000	10,750,000

The carrying value of plant and equipment held under hire purchase contracts at 30 June 2025 is $9,493,827 (2024: $9,306,458). Additions during the year include $825,282 (2024: $1,383,371) of plant and equipment held under hire purchase contracts.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2025

NOTE 16: LEASE LIABILITIES

30 June 2025	**Premises** $	**Total** $
Current liabilities	1,875,121	1,875,121
Non-current liabilities	5,893,379	5,893,379
	7,768,500	7,768,500

30 June 2024	**Premises** $	**Total** $
Current liabilities	1,731,766	1,731,766
Non-current liabilities	7,709,191	7,709,191
	9,440,957	9,440,957

Reconciliation	**Premises** $	**Total** $
Balance at 1 July 2023	11,031,184	11,031,184
Principal repayments	(1,661,225)	(1,661,225)
Remeasurement of lease liability	70,998	70,998
Balance at 30 June 2024	9,440,957	9,440,957
Principal repayments	(1,744,373)	(1,744,373)
Remeasurement of lease liability	71,916	71,916
Closing balance 30 June 2025	7,768,500	7,768,500

The average lease term to expiry is 4 years.

Underlying assets serve as security for the related lease liabilities. A maturity analysis of future minimum lease payments is presented below:

Lease payments due 30 June 2025	<1 year $	1-5 years $	>5 years $	Total $
Net present values	1,875,121	5,893,379	-	7,768,500
Interest	247,431	335,157	-	582,588
Lease payments	2,122,552	6,228,536	-	8,351,088

Total cash outflow relating to leases for the period ended 30 June 2025 was $2,045,314 (2024: $2,018,146) of which $1,744,373 (2024: $1,661,225) related to principal payments and $300,941 (2024: $356,921) related to interest.

NOTE 17: PROVISIONS

	2025 ($)	2024 ($)
Current		
Annual Leave	2,255,060	2,184,293
Long service leave	1,612,305	1,365,404
After sales	115,600	294,061
Commissioning	81,916	121,377
	4,064,881	3,965,135
Non-Current		
Lease restoration	100,929	100,929
	100,929	100,929

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

NOTE 17: PROVISIONS (continued)

	2025 ($)	2024 ($)
Employee benefits (a)		
Balance at beginning of year	3,549,697	3,393,205
Net movements	317,668	156,492
Balance at the end of year - Current	3,867,365	3,549,697

(a) The provision for employee benefits represents annual and long service leave entitlements accrued.

Provision for restoration		
Balance at beginning of year	100,929	100,929
Net movements	-	-
Balance at the end of the year - Non-current	100,929	100,929

Provision for after sales		
Balance at beginning of year	294,061	361,699
Net movements	(178,461)	(67,638)
Balance at the end of the year - Non-current	115,600	294,061

Provision for commissioning		
Balance at beginning of year	121,377	178,960
Net movements	(39,461)	(57,583)
Balance at the end of the year - Non-current	81,916	121,377

NOTE 18: ISSUED CAPITAL

a.) Issued and paid up capital

	2025 ($)	2024 ($)
135,980,141 (2024: 135,769,452) Ordinary shares issued and fully paid	11,663,412	11,541,213

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held.

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

Ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

b.) Movements in ordinary shares on issue

	Year to 30 June 2025		Year to 30 June 2024	
	No.	$	No.	$
Movements in ordinary shares on issue				
Opening balance	135,719,452	11,541,213	135,719,452	11,509,613
Issue of shares on conversion of performance rights	260,689	122,199	50,000	31,600
Closing balance	**135,980,141**	**11,663,412**	**135,769,452**	**11,541,213**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2025

NOTE 19: RESERVES

	2025 ($)	2024 ($)
Share based payment reserve	157,777	108,034
Cash flow hedge reserve	157,994	31,092
Foreign currency translation reserve	9,188	2,577
	324,959	141,703

Share based payment reserve

The share-based payments reserve is used to record the value of equity instruments issued to Directors, employees and qualifying contractors as part of their remuneration.

During the year the Group had a share-based payment Performance Rights and Options Plan which provided that the Board of the Group may, from time to time, in its absolute discretion, make an offer to any Eligible Participant to apply for Performance Rights or Options, upon the terms set out in the Performance Rights and Options Plan and upon such additional terms and conditions as the Board determined.

In exercising that discretion, the Board may have regard to the following (without limitation):
(i) The Eligible Participant' s length of service with the Group;
(ii) The contribution made by the Eligible Participant to the Group;
(iii) The potential contribution of the Eligible Participant to the Group; or
(iv) Any other matter the Board considers relevant.

The share-based payment reserve comprises the cumulative share-based payment expense recognised in the Statement of Profit or Loss and Other Comprehensive Income in relation to equity-settled options and share rights issued but not yet exercised.

The fair value of share rights subject to a market condition is determined at grant date using a trinomial valuation model. The values calculated do not take into account the probability of rights being forfeited prior to vesting, as VEEM Ltd revises its estimate of the number of share rights expected to be eligible to vest at each reporting date.

FY 2022 Performance Rights

Tranche	Grant date	Vesting date	Expiry date	Balance at 1 July 2024	Granted during period	Exercised during period	Lapsed during period	Balance 30 June 2025
2	6 Jul 2021	6 Jul 2023	14 Aug 2024	50,000	-	-	(50,000)	-
3	6 Jul 2021	6 Jul 2024	14 Aug 2024	50,000	-	-	(50,000)	-

The share rights were due to vest on or after the vesting date upon the 30-day Volume Weighted Share Price of the company being $2.00 and $2.50 for tranches 2 and 3 respectively provided the beneficiary is still employed by the Company. All share rights had an accelerated vesting condition on a change of control event at any time up to expiry.

Valuation assumptions	**Tranche 1**	**Tranche 2**	**Tranche 3**
Valuation Date	6-Jul-21	6-Jul-21	6-Jul-21
Spot Price ($)	$1.34	$1.34	$1.34
Exercise Price ($)	nil	nil	nil
Expected future volatility (%)	50.14%	50.14%	50.14%
Risk free rate (%)	0.19%	0.19%	0.19%
Dividend yield (%)	1%	1%	1%
Fair value per right	$0.632	$0.49	$0.382

During the year tranche 2 and 3 rights lapsed and the value in the reserve ($43,600) was transferred to retained earnings.

NOTE 19: RESERVES (continued)

FY 2024 Performance rights

Tranche	Grant date	*Vesting date	Expiry date	1 Jul 2024	Granted during period	Exercised during period	Cancelled during period	30 June 2025
1	11 Dec 2023	11 Jan 2027	11 Jan 2027	210,689	-	(210,689)	-	-
2	11 Dec 2023	11 Jan 2027	11 Jan 2027	210,689	-	-	(210,689)	-
3	11 Dec 2023	11 Jan 2027	11 Jan 2027	210,752	-	-	(210,752)	-

**Latest vesting date – refer below for details.*

The share rights were to vest as follows:

1. Tranche 1: 12 months after date of issue and the 5-day volume weighted average share price (VWAP) of the Company has reached $1.07. This can occur at any point to expiry. This tranche vested during the year with the fully paid ordinary shares issued on 20 February 2025 and $122,199 transferred from the share-based payment reserve to issued capital.

2. Tranche 2: 24 months after date of issue and the 5-day VWAP of the Company had reached a price which is 25% higher than the higher of (i) the 5-day VWAP up to and including the date that is 12 months from the date of issue; or (ii) $1.07. This could occur at any point to expiry. This tranche was cancelled during the year and replaced by rights issued in FY25.

3. Tranche 3: 36 months after date of issue and the 5-day VWAP of the Company had reached a price which is 25% higher than the higher of (i) the 5-day VWAP up to and including the date that is 24 months from the date of issue; or (ii) $1.07. This could occur at any point to expiry. This tranche was cancelled during the year and replaced by rights issued in FY25.

Valuation assumptions	**Tranche 1**	**Tranche 2**	**Tranche 3**
Valuation Date	11- Dec-23	11- Dec-23	11- Dec-23
Spot Price ($)	$0.89	$0.89	$0.89
Exercise Price ($)	nil	nil	nil
Expected future volatility (%)	63.2%	63.2%	63.2%
Risk free rate (%)	3.95%	3.95%	3.95%
Fair value per right	$0.580	$0.519	$0.519

FY25 Performance rights

Tranche	Grant date	Latest Vesting date	Expiry date	FV per right ($)	1 Jul 2024	Granted during period	Exercised during period	Cancelled during period	30 June 25
1.1	6 Aug 2024	31 Aug 2027	31 Aug 2027	0.77	-	44,523	-	-	44,523
1.2	6 Aug 2024	31 Aug 2027	31 Aug 2027	0.65	-	24,883	-	-	24,883
1.3	6 Aug 2024	31 Aug 2027	31 Aug 2027	0.65	-	29,036	-	-	29,036
1.4	6 Aug 2024	31 Aug 2027	31 Aug 2027	0.91	-	26,133	-	-	26,133
1.5	6 Aug 2024	31 Aug 2027	31 Aug 2027	0.77	-	26,133	-	-	26,133
2.1	6 Aug 2024	31 Aug 2027	31 Aug 2027	0.61	-	44,523	-	-	44,523
2.2	6 Aug 2024	31 Aug 2027	31 Aug 2027	0.50	-	24,883	-	-	24,883
2.3	6 Aug 2024	31 Aug 2027	31 Aug 2027	0.50	-	29,036	-	-	29,036
2.4	6 Aug 2024	31 Aug 2027	31 Aug 2027	0.72	-	26,133	-	-	26,133
2.5	6 Aug 2024	31 Aug 2027	31 Aug 2027	0.61	-	26,133	-	-	26,133
3.1	6 Aug 2024	31 Aug 2027	31 Aug 2027	0.46	-	44,535	-	-	44,535
3.2	6 Aug 2024	31 Aug 2027	31 Aug 2027	0.30	-	24,891	-	-	24,891
3.3	6 Aug 2024	31 Aug 2027	31 Aug 2027	0.38	-	29,045	-	-	29,045
3.4	6 Aug 2024	31 Aug 2027	31 Aug 2027	0.55	-	26,140	-	-	26,140
3.5	6 Aug 2024	31 Aug 2027	31 Aug 2027	0.46	-	26,140	-	-	26,140

NOTE 19: RESERVES (continued)

The share rights will vest as follows:

1. Tranche 1: 12 months after the start date and the 30-day volume weighted average share price (VWAP) of the Company has reached $1.98. This can occur at any point to expiry.

2. Tranche 2: 24 months after the start date and the 30-day volume weighted average share price (VWAP) of the Company has reached $2.28. This can occur at any point to expiry.

3. Tranche 3: 36 months after the start date and the 30-day volume weighted average share price (VWAP) of the Company has reached $2.62. This can occur at any point to expiry.

Valuation assumptions	**Tranche 1**	**Tranche 2**	**Tranche 3**
Valuation Date	6-Aug-24	6-Aug-24	6-Aug-24
Spot Price ($)	$1.70	$1.70	$1.70
Exercise Price ($)	nil	nil	nil
Expected future volatility (%)	62.4%	62.4%	62.4%
Risk free rate (%)	3.75%	3.75%	3.75%

During the period a share-based payment expense of $215,542 was recorded (2024: $70,813).

Cash flow hedge reserve

This reserve records the portion of the gain or loss on hedging instruments in cash flow hedges that are determined to be effective hedges.

Foreign currency translation reserve

This reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries.

NOTE 20: FINANCIAL INSTRUMENTS

Capital risk management

The Group manages its capital to ensure it will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The capital structure of the Group consists of debt, cash and cash equivalents and equity attributable to equity holders of the Group, comprising issued capital and retained earnings.

The Group is not subject to externally imposed capital requirements.

Operating cash flows are used to maintain and expand operations, as well as to make routine expenditures such as tax, dividends and general administrative outgoings.

Gearing levels are reviewed by the Board on a regular basis in line with budgets and forecasts, the cost of capital and the risks associated with each class of capital.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

Categories of financial instruments

	2025 ($)	2024 ($)
Financial assets		
Cash and cash equivalents	813,355	170,558
Trade and other receivables	13,845,292	13,204,501
Derivative asset	18,800	-
Financial liabilities		
Trade and other payables	8,451,173	8,001,919
Trade loan facility	1,530,756	767,795
Loan facility – Daily Rate	5,000,000	5,000,000
Hire purchase liability	5,493,356	6,770,349
Lease liability	7,768,500	9,440,958
Derivative liability	-	77,638
Bank Overdraft	2,531,479	368,766

Financial risk management objectives

The Group is exposed to market risks (including foreign currency risk, fair value risk and interest rate risk), credit risk and liquidity risk.

Foreign currency risk management

The Group undertakes certain transactions denominated in foreign currencies, hence exposures to exchange rate fluctuations arise. The Group's main exposures are to US Dollar (USD), Euro (EUR) and Great British Pound (GBP) currency fluctuations impacting cash on hand, debtors and creditors. VEEM has a global supply program and a large portion of the USD and GBP exposures are reduced by the Group's operations having a natural hedge with materials purchased and sold in the same currency, with the major exposure being to the US Dollar exchange rate.

Propeller sales are denominated 42% in USD (2024: 42%), 8% in GBP (2024: 11%) and 15% in EUR (2024: 12%) hence increases in propeller sales will increase exposure to exchange rate movements. As all gyrostabiliser sales are in USD, and only part of the costs provides a natural hedge, the exposure to USD will increase in line with gyrostabiliser revenue increases.

The Board has adopted a policy of hedging net foreign currency exposures using forward contracts. As at 30 June 2024 there were forward exchange contracts in place for USD3,452,192; EUR480,000 and GBP425,000 (30 June 2024: USD2,174,825; EUR150,000 and GBP460,000). For fair value hedges, any gain or loss from ineffective hedging instruments at fair value is adjusted against the carrying amount of the hedged item and recognised in profit or loss. There is a derivative asset of $18,800 (30 June 2023 Liability: $77,638) recorded in relation to these forward exchange contracts recorded at fair value, the fair value is a Level 2 input in the fair value hierarchy.

	Cash ($)	Receivables ($)	Payable ($)	Total Asset /(Liability) ($)
USD	722,202	3,366,663	(276,657)	3,812,208
• Impact of a 5% increase to profit or loss				190,610
• Impact of a 5% decrease to profit or loss				(190,610)
EUR	33,952	1,040,513	(24,416)	1,050,049
• Impact of a 5% increase to profit or loss				52,502
• Impact of a 5% decrease to profit or loss				(52,502)
GBP	30,619	609,978	(655,274)	(14,677)
• Impact of a 5% increase to profit or loss				734
• Impact of a 5% decrease to profit or loss				(734)
INR	16,722	-	(1,928)	14,794
• Impact of a 5% increase to profit or loss				740
• Impact of a 5% decrease to profit or loss				(740)

NOTE 20: FINANCIAL INSTRUMENTS (continued)

The Group also manages market risk generally by keeping abreast of factors affecting its market on a continual basis. Business improvement practices continually evolve.

Interest rate risk management

The Group is exposed to interest rate risk as it borrows funds at both fixed and floating interest rates. The risk is managed by the Group by maintaining an appropriate mix between fixed and floating rate borrowings.

The Group's exposures to interest rate risk on financial assets and financial liabilities are detailed in the interest rate risk sensitivity analysis section of this note.

Interest rate risk sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for non-derivative instruments at the balance date and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period. A 100 basis point (2024: 100 basis points) increase or decrease has been used to assess the sensitivity to interest rate risk as this represents management's assessment of the potential change in interest rates.

If interest rates had been 100 basis points higher or lower throughout the year, and all other variables were held constant, the Group's net profit would increase by $90,622 and decrease by $90,622 (2024: $57,678) respectively. This is attributable to the Group's exposure to interest rates on its variable rate borrowings.

The Group's sensitivity to interest rates on its variable rate debt instruments has increased as the level of variable rate debt has increased since 30 June 2024. Interest rates on Hire Purchase agreements are fixed for the term of the agreement. New Hire Purchase agreements entered into during the year were at lower interest rates that the prior year reflecting the decrease in interest rate over the year.

Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties, and obtaining sufficient collateral or credit insurance where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group conducts due diligence on all counterparties before extending them credit including utilising information supplied by independent rating agencies where readily available and, if not available, the Group uses publicly available financial information.

The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties where appropriate. Credit exposure is controlled by counterparty limits that are reviewed and approved by management annually.

The Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies.

Where commercially sensible and available, VEEM Ltd takes out credit insurance against its overseas receivables and selected Australian receivables.

The carrying amount of financial assets recorded in the financial statements, net of any allowance for losses, represents the Group's maximum exposure to credit risk without taking account of the value of any collateral obtained.

Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Board of Directors, who have built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Included in note 15 is a listing of additional undrawn facilities that the Group has at its disposal as part of its management of liquidity risk.

The following table details the Group's expected contractual maturity for its non-derivative financial liabilities. These have been drawn up based on undiscounted contractual maturities of the financial liabilities based on the earliest date the Group can be required to repay. The tables include both interest and principal cash flows.

NOTE 20: FINANCIAL INSTRUMENTS (continued)

30 June 2025	%	1 year or less $	1–5 years $	5+ years $
Non-interest bearing – Trade and other payables		8,451,173	-	-
Fixed interest rate – Hire purchase liabilities	6.73	2,514,067	3,562,864	-
Fixed interest rate – Lease liabilities	3.45	2,122,552	6,228,536	-
Loan facility – Daily Rate	5.31	-	5,000,000	-
Trade Loan Facility	4.91	1,530,756	-	-
Bank overdraft	6.26	2,531,479	-	-
		17,150,027	14,791,400	-

30 June 2024	%	1 year or less $	1–5 years $	5+ years $
Non-interest bearing – Trade and other payables		8,001,920	-	-
Fixed interest rate – Hire purchase liabilities	6.73	2,390,383	5,198,635	-
Fixed interest rate – Lease liabilities	3.45	2,030,424	8,246,055	-
Loan facility – Daily Rate	6.00	-	5,000,000	-
Trade Loan Facility	5.60	767,795	-	-
Bank overdraft	6.93	368,766	-	-
		13,559,288	18,444,690	-

Fair value measurement

The directors consider that the carrying value of the financial assets and liabilities as recognised in the financial statements approximate their fair values.

Future minimum payments under hire purchase contracts together with the present value of the net minimum contract payments are as follows:

	2025 ($)	2024 ($)
Hire purchase commitments payable		
- within one year	2,514,067	2,390,382
- after one year but not more than five years	3,562,864	5,198,635
Minimum hire purchase payments	6,076,931	7,589,017
Less: Unexpired charges	(583,575)	(818,668)
Present value of net minimum lease payments	5,493,356	6,770,349
Represented by:		
Current	2,201,857	2,017,441
Non-current	3,291,499	4,752,908
	5,493,356	6,770,349

Capital commitments

At 30 June 2025 the Group had $4,963,609 of capital commitments (2024: $260,947).

NOTE 21: RELATED PARTY DISCLOSURE

The Group's related parties include key management personnel and their related entities as described below. The aggregate compensation for Directors and other key management personnel of the Group are set out below:

	2025 ($)	2024 ($)
Short-term employee benefits	1,605,886	1,986,295
Long term benefits	126,421	97,989
Share based payments	97,379	70,813
	1,829,686	2,155,097

Key management personnel transactions

The Group has two lease agreements with Voyka Pty Ltd, an entity controlled by an entity related to Mr Mark Miocevich and Mr Brad Miocevich. The Group pays Voyka Pty Ltd current monthly rent of $192,605 monthly excluding GST which is exclusive of any outgoings including rates, taxes, insurance premiums and maintenance costs. The leases end in 2029 and are on commercial terms.

During the year Mr Mark Miocevich purchased goods and services worth $1,156 (2023: $7,399). An entity related to Mr Brad Miocevich provided services of $12,057 (2024: $19,276) and purchased goods and services worth $810 (2024: $1,242). All these orders were on normal commercial terms.

Lumos Marketing, which is owned by a related party of Mr Mark Miocevich, provided $112,000 (2024: $92,170) of marketing services to the Group on normal commercial terms.

Qback Pty Ltd, which is part owned by a related party of Mr Mark Miocevich, provided $nil (2024: $13,200) of corporate services to the Group on normal commercial terms.

There were two related parties of Mr. Mark Miocevich employed during the financial year on normal commercial terms.

NOTE 22: SUBSIDIARIES AND JOINT VENTURES

Name of subsidiary / joint venture	Principal activity	Place of incorporation and operation	Proportion of ownership interest and voting power held by the Group	
			2025	**2024**
Microtherm Pty Ltd	Research and development into the treating of liver cancer with multiple heat sources.	Australia	50%	50%
VEEM Marine (Europe) B.V.	Marketing, sales and after-sales service of marine propulsion and stabilisation products and systems	Netherlands and Europe	100%	100%
GMB Engineering Pvt Ltd	Purchase of consumables and spare parts.	India	100%	100%

Microtherm Pty Ltd did not have any transactions during the financial year or balances at 30 June 2025 and has not been consolidated.

NOTE 23: AUDITOR'S REMUNERATION

The auditor of VEEM Limited is HLB Mann Judd.

	2025 ($)	2024 ($)
Audit or review of the financial statements	105,195	102,640
Tax compliance services	21,650	16,095
Other services	-	8,000
	126,845	126,735
Other services provided by network firms of the auditor		
HLB Den Hartog	5,874	13,068

NOTE 24: SUBSEQUENT EVENTS

No matters or circumstances have arisen since the end of the financial year which have significantly affected or may significantly affect the operating of the Group, the results of those operations, or state of affairs of the Group in future financial years apart from those listed below:

1. On 12 August 2025 the Company announced a 6-year $65 million contract extension with ASC Pty Ltd to continue supplying certain specialised parts as part of the maintenance program for the Collins Class submarines.
2. On 20 August 2025 the Company announced that it has achieved Huntington Ingalls Incorporated Newport News Shipbuilding (HII-NNS) approved supplier status.

NOTE 25: CONTINGENCIES

The Group has a contingent liability of $326,515 as at 30 June 2025 (2024: $Nil) in the form of a bank guarantee. This guarantee only gives rise to a liability where the Group fails to perform its contractual obligations. The obligations were satisfied and subsequent to the end of the financial year the bank guarantee was in the process of being extinguished.

The Group has no material contingent assets as at 30 June 2025 (2024: $Nil).

NOTE 26: PARENT ENTITY INFORMATION

Information relating to VEEM Limited, the parent entity, is detailed below:

	2025 ($)	2024 ($)
ASSETS		
Current	43,024,877	39,235,547
Non-current	54,172,109	54,727,200
Total assets	97,196,986	93,962,747
LIABILITIES		
Current	20,652,131	16,559,205
Non-current	22,321,177	25,190,767
Total liabilities	42,973,308	41,749,972
Net assets	54,223,678	52,212,775
EQUITY		
Issued capital	11,663,412	11,541,213
Reserves	318,332	139,126
Retained earnings	42,241,934	40,532,436
Total equity	54,223,678	52,212,775
INCOME		
Net profit after tax	3,3015,271	6,921,055
Total comprehensive income	3,150,983	7,060,181

CONTINGENT LIABILITIES AND COMMITMENTS

Commitments and contingent liabilities identified are as per those detailed within Notes 20 and 25.

GUARANTEES ENTERED INTO BY THE PARENT ENTITY

The parent has not entered into any guarantees in relation to debts of its subsidiaries in the year ended 30 June 2025 (2024: nil).

CONSOLIDATED ENTITY DISCLOSURE STATEMENT AS AT 30 JUNE 2025

Basis of preparation

The consolidated entity disclosure statement has been prepared in accordance with the s295(3A)(a) of the Corporations Act 2001 and includes the required information for VEEM Limited and the entities it controls in accordance with AASB 10 Consolidated Financial Statements.

Tax Residency

S295(3A)(vi) of the Corporations Act 2001 defines tax residency as having the meaning in the Income Tax Assessment Act 1997. The determination of tax residency may involve judgement as there are different interpretation that could be adopted and which could give rise to different conclusions regarding residency.

In determining tax residency, the Group has applied the following interpretations:

Australian Tax Residency

Current legislation and judicial precent has been applied, including having regard to the Tax Commissioner's public guidance.

Foreign tax residency

Where appropriate, independent tax advisers have been engaged to assist in the determination of tax residence to ensure applicable foreign tax legislation has been complied with.

Name of Entity	Type	Participation in JV	Country of incorporation	Ownership	Residency	Foreign jurisdiction
VEEM Ltd	Body Corporate	n/a	Australia	n/a	Australian	n/a
VEEM Marine (Europe) B.V.	Body Corporate	n/a	Netherlands	100%	Foreign	Netherlands
Microtherm Pty Ltd	Body Corporate	Participant in JV	Australia	50%	Australian	n/a
GMB Engineering Pvt Ltd	Body Corporate	n/a	India	100%	Foreign	India

DIRECTORS' DECLARATION

1. In the opinion of the Directors of VEEM Limited (the 'Company'):

   a. the accompanying financial statements and notes are in accordance with the Corporations Act 2001 including:

      i. giving a true and fair view of the Group's financial position as at 30 June 2025 and of its performancefor the year then ended; and

      ii. complying with Australian Accounting Standards, the Corporations Regulations 2001, professional reporting requirements and other mandatory requirements.

   b. the consolidated entity disclosure statement is true and correct.

   c. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

   d. the financial statements and notes thereto are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board.

2. This declaration has been made after receiving the declarations required to be made to the Directors in accordance with Section 295A of the Corporations Act 2001 for the financial year ended 30 June 2025.

This declaration is signed in accordance with a resolution of the board of Directors.

Mark David Miocevich
Managing Director

Dated this 20th Day of August 2025

INDEPENDENT AUDITOR'S REPORT
To the Members of VEEM Ltd

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of VEEM Ltd ("the Company") and its controlled entities ("the Group"), which comprises the consolidated statement of financial position as at 30 June 2025, 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 to the financial statements, including material accounting policy information, the consolidated entity disclosure statement and the directors' declaration.

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 financial position as at 30 June 2025 and of its financial performance for the year then ended; 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 Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* ("the Code") that are relevant to our audit of the financial report in Australia. We have also 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 judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Key Audit Matter	How our audit addressed the key audit matter
Carrying amount of the intangible asset (product development expenditure) Note 12 of the financial report	
The Group has an intangible asset in relation to capitalised expenditure on the development of gyroscopic stabilizers ("gyrostabilizer"). The development expenditure of $22.85 million is considered to be a key audit matter, given the size of the balance, as well as the specific criteria that have to be met for capitalisation. Additionally, determining whether there is any indication of impairment requires management judgement and assumptions which are affected by future market or economic developments	Our procedures included but were not limited to the following: - We assessed the recognition criteria for this intangible asset by challenging the key assumptions used and estimates made in capitalising development costs, including management's assessment of the stage of the project in the development phase and the accuracy of costs included; - We substantively tested a sample of additions to ensure the recognition criteria was met; - We considered management's assessment of whether any indicators of impairment were present by understanding the business rationale for projects and performing reviews for indicators of impairment; - We ensured management applied an appropriate amortisation method and amortisation period to this finite life intangible; and - We assessed the adequacy of the Group's disclosures in the financial report.
Revenue Recognition Note 2 of the financial report	
The Group has two distinct categories of revenue being revenue with performance obligations recognised at a point in time and revenue with performance obligations recognised over time. We focused on this area as a key audit matter due to the number and type of estimation events that may occur over the course of a contract life, leading to complex and judgemental revenue recognition and the direct impact on profit.	- Our procedures included but were not limited to the following: - We examined and tested the Group's key controls over revenue and related work-in-progress; - We assessed a sample of the Group's key contracts to determine if we concurred with management's assessment of performance obligations, the transaction price and any contract liabilities that may arise, the allocation of the transaction price, and when to recognise revenue, either at a point in time, or over time; - For a sample of contracts designated for over time recognition, we assessed the methodology and accuracy of recognising profit at the stage of completion at balance date; - We substantiated revenue transactions on a sample basis by agreeing the transaction to the customer's contract, purchase order, sales invoice, delivery docket, customer certification report, and bank receipt, where relevant; - We tested the appropriateness of progress claims on a sample basis; and - We assessed the adequacy of the Group's disclosures in the financial report.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2025 but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly 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 on 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.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of:

(a) the financial report (other than the consolidated entity disclosure statement) that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001*; and

(b) the consolidated entity disclosure statement that is true and correct in accordance with the *Corporations Act 2001*, and

for such internal control as the directors determine is necessary to enable the preparation of:

(a) the financial report (other than the consolidated entity disclosure statement) that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and

(b) the consolidated entity disclosure statement that is true and correct and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group 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 to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the 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 the Australian Auditing Standards, we exercise professional judgement 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 and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group 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 financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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 with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period 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.

REPORT ON THE REMUNERATION REPORT

Opinion on the Remuneration Report

We have audited the Remuneration Report included within the Directors' Report for the year ended 30 June 2025.

In our opinion, the Remuneration Report of VEEM Ltd. for the year ended 30 June 2025 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.

HLB Mann Judd

HLB Mann Judd
Chartered Accountants

Perth, Western Australia
20 August 2025

David Healy

D B Healy
Partner