

ASX/MEDIA RELEASE - VRS

16 August 2017

PRELIMINARY FINAL REPORT, YEAR ENDED 30 JUNE 2017

- **EBITDA \$9.8m**
- **Surveying Professional Services EBITDA up 16%**
- **Net Profit after Tax before Amortisation \$3.0m**
- **Cash generated from operations \$7.0m**
- **Cash at bank \$14.6m**
- **Second Consecutive Fully Franked Dividend of 0.5 cents per share**
- **Revenue on Surveying Professional Services up 40%**
- **Four new acquisitions in the year and one post year end**

Veris Limited (ASX code: VRS) has today reported its financial results for the financial year ending 30 June 2017 (FY2017).

EBITDA for the Group for FY2017 was \$9.8 million. Net Profit After Tax Before Amortisation (NPATBA) was \$3.0 million. These results were achieved by the continuing growth of the national surveying professional service business which delivers planning, urban design, survey and geospatial solutions under the Veris Brand, and the infrastructure construction business of OTOC Australia.

Veris continues to extend its service offerings and national coverage with the recent financial year acquisitions of Lawrence Group, WKC Spatial, Goodwin Midson and Lester Franks. Subsequent to year end LANDdata joined the group.

Veris continues to maintain a strong balance sheet with Cash Reserves of \$14.6 million. This was achieved after \$7.5 million was used to fund four acquisitions in the period. In addition CBA continued its support of Veris' strategy and approved an increased total facility of \$36.8m which was over 100% increase on the previous facility. This strong balance sheet and access to additional funding enables Veris to continue its growth strategy and further extend its business both nationally and into complementary planning & urban design, and geospatial segments.

In September 2016 Veris paid its first Fully Franked Dividend. In September 2017 the second company dividend will be paid, this will also be Fully Franked.

Veris Managing Director, Adam Lamond said:

"2017 has seen continued growth in both the property and infrastructure sectors on the East Coast of Australia; further underpinning our strategy to create a national professional services business focused on survey, urban design, planning and geo spatial solutions, as we close the chapter on our traditional construction business."

Perth

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Veris Limited
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CONFIDENCE™**



Through the exposure to the east coast over the last year, our business has continued to grow. We have added to this growth by continuing to acquire the best businesses in our industry.

The decision to discontinue the OTOC Australia construction division brings to the end an amazing chapter of our company's history which started in 2003. This decision provides a platform for the more sustainable company we are today, with a business more aligned to sustainable earnings and population growth.

Moving forward, there is a very clear focus within the professional services business to fully implement our National operating model and finish FY18 as one company with one brand as we continue to grow the culture of our national business."

Veris invite you to join a conference call at which, Managing Director, Adam Lamond and CFO, Brian Mangano will be presenting these results.

Call details are as follows:

Date: 17 August 2017
Time: 11:15am AEST
Duration: Approximately 60 Minutes

Dial: 1800 896 323
Passcode: 9412245054

Participants will be asked to state their name upon entry. Press *1 when prompted to ask a question during Q&A.

(Please click [here](#) for International Dial Participant information)

About Veris

Veris is a national professional service business delivering town planning, urban design, survey and spatial solutions to the infrastructure, property and resource markets throughout Australia.
For further information please contact

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**PRELIMINARY FINAL REPORT
YEAR ENDED 30 JUNE 2017**

Results for announcement to the market

A summary of the overall results for the year ended 30 June 2017.

Veris Limited			\$000
Surveying Professional Services Revenue	↑	40% to	66,775
Infrastructure Construction Revenue	↓	44% to	41,100
Revenue from ordinary activities	↓	11% to	107,875
Underlying EBITDA ¹	↓	39% to	9,814
Net Profit After Tax Before Amortisation (NPATBA) ²	↓	86% to	2,966
Statutory Profit from ordinary activities after tax attributable to members	↓	100% to	48
Statutory Profit for the period attributable to members	↓	100% to	48
Earnings per share (basic)	↓	100% to	0.02 cents
NTA Backing		30 June 2017	30 June 2016
Net tangible asset backing per ordinary security		\$0.0811	\$0.0805

¹ Underlying EBITDA is defined as earnings before depreciation, amortisation, interest, tax, impairment, restructuring, share-based payments and acquisition costs and is an unaudited non-IFRS measure

² Net Profit After Tax Before Amortisation (NPATBA) is an unaudited non-IFRS measure.



A reconciliation between statutory results and underlying results is provided below:

	30 June 2017	30 June 2016
	\$000	\$000
Statutory profit (loss) after tax	48	19,698
<u>Add back:</u>		
Tax expense/ (benefit) on amortisation (30%)	(1,250)	(912)
Amortisation	4,168	3,040
Net Profit after Tax Before Amortisation (NBATBA)	2,966	21,826
Tax expense (benefit) excluding amortisation	(884)	(8,838)
Net finance expense	846	751
Share-based payment	298	1,050
Restructuring costs	1,309	173
Acquisition costs/(benefit)	1,192	(1,336)
Depreciation	4,087	2,550
Underlying EBITDA	9,814	16,176

Dividends declared

Veris Limited paid its first dividend of 0.5 cents per share on 12 September 2016. This dividend was fully franked. A second consecutive dividend of 0.5 cents per share is approved for payment in September 2017 out of 2017 financial year profits. This dividend will be fully franked. The record date for determining entitlements to the dividend will be 1 September 2017. This dividend has been declared after the Balance Sheet date for FY17 and has not been provided for in the FY17 Financial Statements.

Dividends or distribution reinvestment plan

In FY16 Veris adopted a Dividend Reinvestment Plan (DRP) that applied to this dividend. The DRP will also be available for the dividend in September 2017.

Preliminary financial report

This report is based on accounts that have been audited.

Net Assets and Cash Position

Veris has \$14.6 million in cash at 30 June 2017. FY2017 net cashflow from operating activities was \$6.4 million. Veris repaid \$5.6 million in borrowings and lease liability payments during the year.

Control gained or lost over entities in the financial period

During the year, Veris acquired the following businesses and their assets; Lawrence Group Pty Ltd (29 July 2016); WKC Spatial ("WKC") (5 August 2016); Hillmir Pty Ltd trading as Goodwin Midson ("Goodwin Midson") (2 November 2016); and Lester Franks Survey & Geographic Pty Ltd (1 December 2016). LANDdata Survey Pty Ltd was purchased subsequent to 30 June 2017.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2017

	2017 \$000	2016 \$000
Revenue	107,875	120,858
Operating Expenses	(98,061)	(104,682)
	9,814	16,176
Depreciation	(4,087)	(2,550)
Amortisation	(4,168)	(3,040)
Acquisition Costs	(1,192)	1,336
Restructuring Costs	(1,309)	(173)
Share-based payment	(298)	(1,050)
Results from operating activities	(1,240)	10,699
Finance income	55	69
Finance costs	(901)	(820)
Net finance costs	(846)	(751)
Profit (loss) before income tax	(2,086)	9,948
Income tax benefit	2,134	9,750
Profit (loss) from continuing operations	48	19,698
Profit (loss) for the year	48	19,698
Total comprehensive income (loss) for the year	48	19,698
Earnings per share		
Basic earnings/(loss) per share - cents per share	0.02	7.40
Diluted earnings/(loss) per share - cents per share	0.02	7.40

The accompanying notes form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2017

	2017	2016
	\$000	\$000
Cash and cash equivalents	14,574	12,968
Trade and other receivables	15,983	14,353
Work in progress	4,616	6,750
Other current assets	1,118	1,856
Current tax asset	-	42
Total current assets	36,291	35,969
Non-current assets		
Plant and equipment	11,049	8,048
Intangible assets	40,525	31,844
Deferred tax asset	7,636	6,716
Total non-current assets	59,210	46,608
Total assets	95,501	82,577
Current liabilities		
Trade and other payables	7,291	10,384
Deferred vendor payments	1,544	2,700
Loans and borrowings	2,593	7,799
Employee benefits	5,481	4,092
Current tax liability	613	-
Total current liabilities	17,522	24,975
Non-current liabilities		
Loans and borrowings	8,935	3,593
Deferred vendor payments	1,200	300
Employee benefits	907	411
Total non-current liabilities	11,042	4,304
Total liabilities	28,564	29,279
Net assets	66,937	53,298
Equity		
Share capital	37,283	22,622
Share based payment reserve	1,747	1,449
Retained earnings	27,907	29,227
Total equity	66,937	53,298

The accompanying notes form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2017

	Share Capital	Share-based Payment Reserve	Retained Earnings	Total Equity
	\$000	\$000	\$000	\$000
Balance at 1 July 2016	22,622	1,449	29,227	53,298
Total comprehensive profit for the year				
Profit for the year	-	-	48	48
Total comprehensive profit for the year	-	-	48	48
Transactions with owners, recorded directly in equity				
Issue of ordinary shares (net of costs)	14,661	-	-	14,661
Dividends paid	-	-	(1,368)	(1,368)
Share based payment transactions	-	298	-	298
Balance at 30 June 2017	37,283	1,747	27,907	66,937

	Share Capital	Share-based Payment Reserve	Retained Earnings	Total Equity
	\$000	\$000	\$000	\$000
Balance at 1 July 2015	22,155	399	9,529	32,083
Total comprehensive income for the year				
Profit for the year	-	-	19,698	19,698
Total comprehensive income for the year	-	-	19,698	19,698
Transactions with owners, recorded directly in equity				
Issue of ordinary shares	467	-	-	467
Share based payment transactions	-	1,050	-	1,050
Balance at 30 June 2016	22,622	1,449	29,227	53,298

The accompanying notes form an integral part of these consolidated financial statements.

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2017

	2017	2016
	\$000	\$000
Cash flow from operating activities		
Receipts from customers	121,706	130,133
Payments to suppliers and employees	(114,737)	(113,765)
Cash generated from operations	6,969	16,368
Tax received	272	160
Interest paid	(901)	(820)
Interest received	55	69
Net cash from operating activities	6,395	15,777
Cash Flows from investing activities		
Proceeds from sale of property, plant and equipment	395	547
Purchase of property, plant and equipment	(822)	(1,348)
Deferred Vendor Payment	(2,545)	(2,400)
Acquisition of subsidiaries net of cash acquired	(7,500)	(3,158)
Net cash (used in) investing activities	(10,472)	(6,359)
Cash flow from financing activities		
Dividends paid	(1,060)	-
Repayment of borrowings and lease liabilities	(5,578)	(6,632)
Proceeds from share issues (net of costs)	12,321	-
Net cash from (used in) financing activities	5,683	(6,632)
Net increase in cash held	1,606	2,786
Cash and cash equivalents at 1 July	12,968	10,182
Cash and cash equivalents at 30 June	14,574	12,968

The accompanying notes form an integral part of these consolidated financial statements.

Notes to the Financial Statements
For the year ended 30 June 2017

Note 1: Statement of significant accounting policies

This preliminary financial report has been prepared in accordance with Australian Securities Exchange Listing rules as they relate to Appendix 4E and in accordance with the measurement requirements of Australian Accounting Standards and Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001. As such, this preliminary financial report does not include all the notes of the type included in the annual financial report and accordingly, should be read in conjunction with the Interim Financial Report for the six months ended 31 December 2016, and with any public announcements made by Veris Limited during the reporting period in accordance with the disclosure requirements of the Corporations Act 2001.

The Company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instruments 2016/191 issued by the Australian Securities and Investment Commission, relating to the "rounding off" of amounts in the Directors' Report and financial statements. Amounts have been rounded off to the nearest thousand dollars in accordance with that Class Order.

The accounting policies have been consistently applied to all years presented.

Note 2: Earnings per share

	2017	2016
Earnings used to calculate basic EPS - \$000	48	19,698
Weighted average number of ordinary shares outstanding during the period used in calculating basic EPS	309,734,798	264,625,881
Basic earnings/(loss) per share - cents per share	0.02	7.40
Weighted average number of ordinary shares outstanding during the period used in calculating Diluted EPS	312,601,525	266,786,587
Diluted earnings/(loss) per share - cents per share	0.02	7.40

Note 3: Segment Note

The Group has two reportable segments that are managed separately by the service provided. Internal management reports on the performance of these reportable segments are reviewed at least monthly by the Managing Director who is the Chief Operating Decision maker (CODM) of the Group. The operations in each of the Group's reportable segments are:

- Surveying – provides planning, design, survey and spatial solutions nationally.
- Infrastructure – provides turnkey construction and installation services to the resources and infrastructure sectors.

Information regarding the results of each reportable segment is detailed below. Comparative segment information has been presented in conformity with the requirement of AASB 8 Operating Segments.

	Surveying Professional Services		Infrastructure Construction		Total	
	2017 \$000	2016 \$000	2017 \$000	2016 \$000	2017 \$000	2016 \$000
Revenues	68,831	49,382	42,414	73,080	111,245	122,462
Inter-segment revenues	(2,056)	(1,565)	(1,314)	(39)	(3,370)	(1,604)
External revenues	66,775	47,817	41,100	73,041	107,875	120,858
Costs	(59,394)	(39,960)	(38,223)	(61,920)	(97,617)	(101,880)
Inter-segment costs	2,056	267	1,314	1,337	3,370	1,604
External costs	(57,338)	(39,693)	(36,909)	(60,583)	(94,247)	(100,276)
EBITDA*	9,437	8,124	4,191	12,458	13,628	20,582
Depreciation	(3,531)	(1,986)	(422)	(552)	(3,953)	(2,538)
Amortisation	(4,168)	(3,040)	-	-	(4,168)	(3,040)
EBIT**	1,738	3,098	3,769	11,906	5,507	15,004
	2017 \$000	2016 \$000	2017 \$000	2016 \$000	2017 \$000	2016 \$000
Segment assets	69,301	52,777	8,807	18,043	78,108	70,820
Segment liabilities	(15,018)	11,988	(4,587)	10,736	(19,605)	22,724

* EBITDA is defined as earnings before depreciation, amortisation, interest, tax, impairment, restructuring, share-based payments and acquisition costs and is an unaudited non-IFRS measure.

** EBIT is defined as earnings before interest, tax, impairment, restructuring, share-based payments and acquisition costs and is an unaudited non-IFRS measure.

– Ends –