RESULTS FOR ANNOUNCEMENT TO THE MARKET

This Preliminary Final Report is provided to the Australian Securities Exchange (ASX) under ASX Listing Rule 4.2A.3

Current Reporting Period:	31 December 2018
Previous Corresponding Period:	31 December 2017

For and on behalf of the Directors

TRACY CAUDWELL
COMPANY SECRETARY

Dated: 28 February 2019

RESULTS FOR ANNOUNCEMENT TO THE MARKET

Revenue and Net Profit (Loss)				**AUD $'000's**
Revenue from ordinary activities	up	1.98%	to	20,375
Profit/ (Loss) from ordinary activities	down	58.81%	to	665
Net Profit/ (Loss) for the period attributable to members	down	58.81%	to	665

Dividends

On 25 September 2018, the Company paid a final dividend in respect to the financial year ended 30 June 2018 of $338,000 representing a payment of $0.0026 per share.

The Directors have declared an interim fully franked dividend in respect to the 30 June 2019 year of $195,000, representing approximately 30% of Net Profit After Tax and $0.0015 per share with the following relevant details:

Date the dividend is payable	26 April 2019
Record date to determine entitlement to the dividend	8 March 2019
Amount per security	$0.0015
Total dividend	$195,000
Amount per security of foreign sourced dividend or distribution	N/A
Details of any dividend reinvestment plans in operation	N/A

COMMENTARY

The directors report accompanying this preliminary final report contains a review of operations and commentary on the results for the period ended 31 December 2018.

NET TANGIBLE ASSET BACKING

	31 Dec 2018	**31 Dec 2017**
Net Assets / (Liabilities)	29,803,321	28,821,484
Less intangible assets	(12,548,585)	(12,662,488)
Net tangible assets of the Company	17,254,736	16,158,996
Fully paid ordinary shares on issue at Balance Date	130,000,000	130,000,000
Net tangible asset backing per issued ordinary share as at Balance Date	13.27c	12.43c

AUDIT DETAILS

The accompanying half yearly financial report has been reviewed. A signed copy of the review report is included in the financial report.

ABN 51 008 944 009

Financial Report for the Half-year Ended 31 December 2018

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CORPORATE DIRECTORY

Directors
Mr Brad Miocevich (Non-Executive Chairman)
Mr Mark Miocevich (Managing Director)
Mr Ian Barsden (Non-Executive Director)
Mr Peter Torre (Independent Non-Executive Director)
Mr Michael Bailey (Independent Non-Executive Director)

Joint Company Secretaries
Mr Peter Torre
Mrs Tracy Caudwell

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Stock Exchange
Australian Securities Exchange
(Home Exchange: Perth, WA)

ASX Code
VEE

DIRECTORS' REPORT

The Directors submit the financial report of VEEM Ltd ("the Company") for the half-year ended 31 December 2018. 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 half-year and until the date of this report are as below. Directors were in office for this entire period unless otherwise stated.

Brad Miocevich	Non-Executive Chairman
Mark Miocevich	Managing Director
Ian Barsden	Non-Executive Director
Peter Torre	Independent Non-Executive Director
Michael Bailey	Independent Non-Executive Director

RESULTS OF OPERATIONS

The profit after tax for the half-year ended 31 December 2018 was $665,114 (31 December 2017: $1,614,695).

Dividends

On 25 September 2018, the Company paid a final dividend in respect to the financial year ended 30 June 2018 of $338,000 representing a payment of $0.0026 per share. (2017: $1,599,000)

PRINCIPAL ACTIVITIES

The principal activities of the Company during the course of the half-year were:

- Manufacturing bespoke products and services for the marine, defence and mining industries.

REVIEW OF OPERATIONS

Operational Review

The first half of the 2019 Financial Year (1H2019) brought upon a significant milestone in the history of the Company with it celebrating its 50th year in operation. VEEM commenced business in October 1968 specializing in Dynamic Balancing and truck and car drive shaft repairs and 50 years later, is pleased to report that it still provides those services to the local market.

The Company estimates that approximately 100,000 drive shafts and 40,000 industrial rotors of various shapes and sizes have been balanced over those 50 years. The advancement of the Company's capability over those years is evidenced by the increase in the size and scale of such balancing from rotors's up to 300kg, to now rotors up to 28 tonnes.
The Board and in particular the founding shareholders are very proud of what has been achieved and believe it demonstrates the Company's focus on achieving long term strategic objectives to position the Company for another successful 50 years ahead.

Revenue for 1H2019 was $20.3m (1H2018: $19.9m) and Net Profit After Tax was $665k (1H2018: $1.614m).

The result includes approximately $990,000 in marketing, advertising and travel costs mostly associated with the promotion of the Company's gyro stabiliser (Gyro's) range within the global ship building industry, including one-off costs associated with the Company's test vessel. The increase in marketing spend, which was previously flagged by the Company, is vindicated by the level of interest now being shown in the Company's Gyro's, which is now converting to receipt of purchase orders and sales to some of the world leading ship builders. Booked deliveries of Gyros during FY 2019 are $2.8M year to date. The Company expects its marketing costs to significantly abate in the second half which is expected to see an increase in sales across all aspects of the business, with the pipeline of work for 2H2019 remaining strong.

Whilst revenue was slightly higher than the prior corresponding period, gross profit margins were lower due to the nature of some of the work undertaken during the period coupled with certain production inefficiencies which were identified and rectified. The company is adjusting work centres to match the upcoming styles of work. This matching has been occurring during the first half and margins should improve over the second half.

The Company continued to build inventory during the period with total inventory levels now sitting at approximately $14.7m (Dec 17: $13m). This occurred despite progress claims increasing and a reduction in stock through sales. This reflects an increase in activity in business generally and the associated increased in work in progress that this necessitates. Work load is increasing across the Company with the biggest rise being in marine ride control and domestic mining processing components.

After successful sea trials with Damen Ships in June 2018, VEEM has now received a contract to supply the first of the largest size of gyro that VEEM currently offers, the VG1000SD. This has been the result of a tremendous amount of work by all the

After successful sea trials with Damen Ships in June 2018, VEEM has now received a contract to supply the first of the largest size of gyro that VEEM currently offers, the VG1000SD. This has been the result of a tremendous amount of work by all the staff at VEEM and delivery of this first VG1000SD will occur late 2019. This is an important sales milestone for the VEEM gryo program and is a critical step in providing confidence to the marine market as to the technological success of the gryo stabilization technology. More importantly VEEM's global reputation as a quality marine manufacturer has been demonstrated and accepted by the largest medium size shipbuilder in the world.

This period also saw the increased sales staff with a new Gyro agent, Halo Iron works, being appointed in June 2018. Halo have had an immediate impact by selling two gyros in this period and tendering many more. VEEM has also increased marketing activity with additional staff in the gyro and commercial area and has been further boosted with the return of Dr Steven Vidakovic in January 2019.

The commissioning of the new Perth Bell Tower ANZAC bell occurred on 11th November 2018 with an official ceremony on the 21st of October 2018. Nigel Taylor of Whitechapel Bells, who tuned the bell, reported that it had a perfect sound wave pattern and was the most accurate bell casting he had ever seen. Long may it ring.

Outlook

The Company remains focused on establishing itself as a global leader in the engineering, production and supply of Gyro's Whilst this effort may impact the short-term profitability of the Company, the Board's view is longer term, and the Company remains confident that sales and results will follow. The traditional engineering and propeller business continue to underpin our operations, and will provide the basis upon which the Company will continue its push into the gyro stabilizer market.

A new gyro assembly hall has been commissioned on a new leased site in Canning vale to enable a production cell assembly program to be established for gyros. This hall has a capacity to assemble up to 100 gyros per annum based on a standard shift and as such has sufficient capacity for VEEM's future production. There will also be a consolidation of two external facilities that VEEM currently leases which will somewhat offset the annual cost of the new assembly hall. This hall will contain full load test cells for all models of gyro in the range The Company is now seeing a large uptake in expressions of interest in the VEEM Gyro. Inquiries have changed from customers exploring the technology to customers now wanting a quotation to buy. Pleasingly the Company is seeing repeat inquiries and orders from existing customers which further demonstrates the technical and manufacturing quality of the VEEM gryo product.

Defence is continuing steadily with increasing interest from all major defence platforms being commence in Australia. There has also been some increased interest in existing platforms as the interest from traditional suppliers changes focus to new builds. The submarine refit program has moved slightly back and we should see valve orders flowing in during FY2020. Workload is steady this year and set to rise significantly for the next financial year.

Work load from marine ride control has been growing steadily as has workload for the Timcast range of Forever Pipe. This work represents the specialized engineering manufacturing ability that VEEM has built its business on over the last 50 years. Workload in these areas is expected to remain high.

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

On 28 February 2019, the Directors declared an interim fully franked dividend in respect to the 30 June 2019 year of $195,000, representing approximately 30% of Net Profit After Tax and $0.0015 per share.

Other than the above, there are no significant events subsequent to reporting date.

AUDITOR INDEPENDENCE DECLARATION

Section 307C of the Corporations Act 2001 requires our auditors, HLB Mann Judd, to provide the directors of the company with an Independence Declaration in relation to the review of the half-year financial report. This Independence Declaration is set out on page 4 and forms part of this directors' report for the half-year ended 31 December 2018.

This report is signed in accordance with a resolution of the Board of Directors made pursuant to s.306(3) of the Corporations Act 2001.

Brad Miocevich
Chairman
Perth, Western Australia
28 FEBRUARY 2019

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of VEEM Ltd for the half-year ended 31 December 2018 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 review; and

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

Perth, Western Australia
28 February 2019

N G Neill
Partner

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Condensed Statement of Profit or Loss and Other Comprehensive Income for the half-year ended 31 December 2018

	Note	31 December 2018 $	31 December 2017 $
Revenue	6	20,374,585	19,977,927
Other income		38,988	(141,002)
Changes in inventories of finished goods and work in progress		4,139,512	5,240,981
Raw materials and consumables		(10,439,035)	(12,288,751)
Employee benefits expense		(9,097,830)	(7,338,477)
Depreciation and amortisation expense		(836,792)	(782,604)
Repairs and maintenance expense		(554,025)	(415,138)
Occupancy expense		(1,171,480)	(1,121,014)
Borrowing costs expense		(253,136)	(182,959)
Advertising, marketing and travel expense		(989,139)	(557,584)
Other expenses	4	(600,652)	(610,764)
Profit before income tax		**610,996**	**1,780,615**
Income tax benefit/(expense)		**54,118**	**(165,920)**
Profit after income tax		**665,114**	**1,614,695**
Other comprehensive income net of income tax		-	-
Total comprehensive income for the half-year		**665,114**	**1,614,695**
Earnings per share			
Basic earnings per share (cents)		0.51	1.24
Diluted earnings per share (cents)		0.51	1.24

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

Condensed Statement of Financial Position as at 31 December 2018

	Note	31 December 2018 $	30 June 2018 $
ASSETS			
Current Assets			
Cash and cash equivalents		904,988	304,708
Trade and other receivables		6,325,295	8,873,661
Inventories	5	14,752,676	13,352,264
Current tax assets		1,590,814	1,016,048
Other assets	8	860,620	892,605
Total Current Assets		**24,434,393**	**24,439,286**
Non-Current Assets			
Property, plant and equipment	7	13,596,918	14,313,086
Intangible assets	9	12,548,585	11,922,950
Deferred tax assets		1,366,038	1,036,683
Total Non-Current Assets		**27,511,541**	**27,272,719**
Total Assets		**51,945,934**	**51,712,005**
LIABILITIES			
Current Liabilities			
Trade and other payables	11	7,683,642	6,709,914
Provisions		1,204,828	1,176,569
Borrowings	10	5,549,187	5,259,379
Total Current Liabilities		**14,437,657**	**13,145,862**
Non-Current Liabilities			
Borrowings	10	6,495,827	8,111,442
Deferred tax liabilities		1,209,129	978,494
Total Non-Current liabilities		**7,704,956**	**9,089,936**
Total Liabilities		**22,142,613**	**22,235,798**
Net Assets		**29,803,321**	**29,476,207**
EQUITY			
Issued capital	12	5,140,616	5,140,616
Retained earnings		24,662,705	24,335,591
Total Equity		**29,803,321**	**29,476,207**

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

Condensed Statement of Cash Flows for the half-year ended 31 December 2018

	31 December 2018 $	31 December 2017 $
Cash flows from operating activities		
Receipts from customers	24,379,255	22,693,204
Payments to suppliers and employees	(20,173,676)	(20,529,983)
Interest paid	(253,136)	(182,959)
Income tax paid	(619,368)	(836,939)
Net GST paid	(307,599)	(105,026)
Net cash flows provided by operating activities	**3,025,476**	**1,038,297**
Cash flows from investing activities		
Purchase of property, plant and equipment	(100,559)	(13,653)
Purchase of intangible assets	(549,697)	(1,846,729)
Net cash flows used in investing activities	**(650,256)**	**(1,860,382)**
Cash flows from financing activities		
Dividends paid	(338,000)	(1,599,000)
Proceeds from borrowings	1,000,000	4,000,000
Repayments of borrowings	(1,400,000)	-
Payments of finance lease liabilities	(570,981)	(563,190)
Net cash (used in) / provided by financing activities	**(1,308,981)**	**1,837,810**
Net increase in cash and cash equivalents	1,066,239	1,015,725
Cash at the beginning of the period, net of overdraft	(324,741)	344,932
Effects of exchange rate fluctuations on cash held	(15,589)	(12,933)
Cash and cash equivalents at the end of the period, net of overdraft	**725,909**	**1,347,724**

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

Condensed Statement of Changes in Equity for the half-year ended 31 December 2018

	Issued Capital $	Retained earnings $	Total $
At 1 July 2018	**5,140,616**	**24,335,591**	**29,476,207**
Profit for the half-year	-	665,114	665,114
Other comprehensive income	-	-	-
Total comprehensive income for the half-year	-	665,114	665,114
Dividends paid	-	(338,000)	(338,000)
Balance at 31 December 2018	**5,140,616**	**24,662,705**	**29,803,321**

	Issued Capital $	Retained earnings $	Total $
At 1 July 2017	**5,140,616**	**23,665,173**	**28,805,789**
Profit for the half-year	-	1,614,695	1,614,695
Other comprehensive income	-	-	-
Total comprehensive income for the half-year	-	1,614,695	1,614,695
Dividends paid	-	(1,599,000)	(1,599,000)
Balance at 31 December 2017	**5,140,616**	**23,680,868**	**28,821,484**

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

Notes to the Condensed Financial Statements for the half-year ended 31 December 2018

1. Corporate

The half-year financial report of VEEM Ltd ("the Company") for the half-year ended 31 December 2018 was authorised for issue on 28 February 2019 in accordance with a resolution of the directors on 21 February 2019.

VEEM Ltd is a company limited by shares incorporated and domiciled in Australia whose shares are publicly traded on the Australian Securities Exchange. The nature of the operations and principal activities of the Company are described in the Directors' Report.

2. Basis Of Preparation And Accounting Policies

(a) Basis of preparation

These general purpose condensed financial statements for the half-year ended 31 December 2018 have been prepared in accordance with Australian Accounting Standard 134 Interim Financial Reporting and the Corporations Act 2001. Compliance with AASB 134 ensures compliance with IAS 34 Interim Financial Reporting.

These half-year financial statements do not include all the notes of the type normally included in annual financial statements and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the Company as the full financial statements. Accordingly, these half-year financial statements are to be read in conjunction with the annual financial statements for the year ended 30 June 2018 and any public announcements made by VEEM Ltd during the half-year reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The half-year report has been prepared on an accruals basis and is based on a historical cost basis.

For the purpose of preparing the half-year financial report, the half-year has to be treated as a discrete reporting period. The accounting policies and methods of computation are the same as those adopted in the most recent annual financial statements. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

Going Concern

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

(b) Adoption of the revised standards

As outlined in 30 June 2018 Annual Report, the Company adopted AASB15 on 1 July 2016.

Standards and Interpretations applicable to 31 December 2018
In the half-year ended 31 December 2018, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Company and effective for the half-year reporting periods beginning on or after 1 July 2018.

AASB 9 Financial Instruments

AASB 9 replaces AASB 139 Financial Instruments: Recognition and Measurement and makes changes to a number of areas including classification of financial instruments, measurements, impairment of financial assets and hedge accounting model.

Financial instruments are classified as either held at amortised cost or fair value.

Financial instruments are carried at amortised cost if the business model concept can be satisfied.

All equity instruments are carried at fair value and the cost exemption under AASB 139 which was used where it was not possible to reliably measure the fair value of an unlisted entity has been removed. Equity instruments which are non-derivative and not held for trading may be designated as fair value through other comprehensive income (FVOCI). Previously classified available-for-sale investments, now carried at fair value are exempt from impairment testing and gains or loss on sale are no longer recognised in profit or loss.

The AASB 9 impairment model is based on expected loss at day 1 rather than needing evidence of an incurred loss, this is likely to cause earlier recognition of bad dept expenses. Most financial instruments held at fair value are exempt from impairment testing.

(b) Adoption of the revised standards (continued)

The Group has applied AASB 9 retrospectively with the effect of initially applying this standard recognised at the date of initial application, being 1 July 2018 and has elected not to restate comparative information accordingly, the information presented for 31 December 2017 and 30 June 2018 has not been restated.

There is no material impact to profit or loss or net assets on the adoption of this new standard in the current or comparative years.

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 that are relevant to the Company for the half-year ended 31 December 2018. Those which may have a significant impact on the Company are set out below. The Company has no plan to adopt these standards early.

AASB 16 Leases
AASB 16 replaces the current AASB 17 Leases standard. AASB 16 removes the classification of leases as either operating leases or finance leases- for the lessee - effectively treating all leases as finance leases. Most leases will be capitalised on the statement of financial position by recognising a 'right-of-use' asset and a lease liability for the present value obligation. This will result in an increase in the recognised assets and liabilities in the statement of financial position as well as a change in expense recognition, with interest and deprecation replacing operating lease expense.

Lessor accounting remains similar to current practice, i.e. lessors continue to classify leases as finance and operating leases.

AASB 16 is effective from annual reporting periods beginning on or after 1 January 2019, with early adoption permitted for entities that also adopt AASB 15.

This standard will primarily affect the accounting for the Company's operating leases. As at 31 December 2018, the Company has no non-cancellable operating lease commitments. The Company is considering the available options to account for this transition but the Company expects a change in reported earnings before interest, tax, depreciation and amortisation (EBITDA) and increases in lease assets and liabilities relating to leases. This will however be dependent on the lease arrangements in place when the new standard is effective. The Company has commenced the process of evaluating the impact of the new lease standard.

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

Significant accounting judgments and key estimates

The preparation of half-year 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.

In preparing this half-year financial report, the significant judgments made by management in applying the Company’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial report for the year ended 30 June 2018.

3. Segment Reporting

Management 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 operating 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 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.

4. Other Expenses

	6 months to 31 December 2018 $	6 months to 31 December 2017 $
Insurance	(137,959)	(153,084)
Bank charges	(82,607)	(63,515)
Safety and first aid	(35,512)	(36,395)
Motor vehicle expenses	(50,727)	(81,439)
Accounting and secretarial	(80,083)	(103,634)
Telephone expenses	(30,002)	(33,966)
Employee related expenses	(92,121)	(29,992)
Legal expenses	(1,254)	(7,626)
Other general expenses	(90,387)	(101,113)
	(600,652)	(610,764)

5. Inventories

	31 December 2018 $	30 June 2018 $
Work in progress – over time	9,224,000	4,670,847
Work in progress – point in time	1,084,802	1,151,358
Less: Progress billings	(4,666,056)	(2,356,643)
	5,642,746	3,465,562
Goods for resale, raw materials and stores	9,109,930	9,886,702
	14,752,676	13,352,264

Included in goods for resale, raw materials and stores are inventories carried at net realisable value with a carrying value of $823,396. The total amount expensed to profit or loss was $75,773.
There were no write downs charged to the statement of comprehensive income in relation to obsolete or damaged inventory in the current period (2017:$Nil)

6. Revenue

Revenue from contracts with customers

	6 months to 31 December 2018 $	6 months to 31 December 2017 $
Sales revenue		
• Revenue – point in time	1,084,802	1,721,047
• Revenue – over time	19,262,514	18,251,864
Other revenue		
• Apprentice subsidies	12,415	-
• Commissions received	540	252
• Scrap metal	14,314	4,764
	20,374,585	19,977,927

Notes to the Condensed Financial Statements for the half-year ended 31 December 2018

7. Property, Plant and Equipment

	Plant and Equipment	Motor Vehicles	Capital Work in Progress	Computer Equipment	Total
As at 30 June 2018					
Cost	35,207,615	547,376	271,234	1,424,000	37,450,225
Accumulated depreciation	(21,443,994)	(459,734)	-	(1,233,411)	(23,137,139)
Closing carrying amount	**13,763,621**	**87,642**	**271,234**	**190,589**	**14,313,086**
Half-year ended 31 December 2018					
Opening carrying amount	13,763,621	87,642	271,234	190,589	14,313,086
Additions	117,569	44,999	11,755	22,235	196,558
Transfers	-	-	(140,400)	-	(140,400)
Depreciation charge	(730,036)	(16,947)	-	(25,343)	(772,326)
Closing carrying amount	**13,151,154**	**115,694**	**142,589**	**187,481**	**13,596,918**
As at 31 December 2018					
Cost	35,325,184	592,375	142,589	1,446,235	37,737,983
Accumulated Depreciation	(22,174,030)	(476,681)	-	(1,258,754)	(23,909,465)
Carrying amount	**13,151,154**	**115,694**	**142,589**	**187,481**	**13,596,918**

8. Other Assets

	31 December 2018 $	30 June 2018 $
Prepayments	494,957	391,637
Suppliers paid in advance	365,663	500,968
	860,620	**892,605**

9. Intangible Assets

	Other Intellectual Property	Product Development	Total
As at 30 June 2018			
Cost	677,554	12,124,536	**12,802,090**
Accumulated amortisation	(35,595)	(843,545)	**(879,140)**
Closing carrying amount	**641,959**	**11,280,991**	**11,922,950**
Half-year ended 31 December 2018			
Opening carrying amount	641,959	11,280,991	11,922,950
Additions	23,764	525,937	549,701
Transfers	140,400	-	140,400
Amortisation	(51,148)	(13,318)	(64,466)
Closing carrying amount	**754,975**	**11,793,610**	**12,548,585**
As at 31 December 2018			
Cost	841,718	12,650,473	13,492,191
Accumulated amortisation	(86,743)	(856,863)	(943,606)
Carrying amount	**754,975**	**11,793,610**	**12,548,585**

Notes to the Condensed Financial Statements
for the half-year ended 31 December 2018

10. Borrowings

	31 December 2018 $	30 June 2018 $
Current		
Bank overdraft (a)	179,079	629,449
Bill facility – secured (a)	4,200,000	3,500,000
Hire purchase liability	1,282,049	1,263,072
Less: Unexpired charges	(111,941)	(133,142)
	5,549,187	**5,259,379**
Non-current		
Bill facility – secured (a)	4,900,000	6,000,000
Hire purchase liability	1,654,031	2,203,093
Less: Unexpired charges	(58,204)	(91,651)
	6,495,827	**8,111,442**

(a) The bank overdraft and bill facility are secured by a registered first mortgage over the assets and undertakings of the Company. The Company has a Multi Option Facility with a limit of $11,400,000 that may be allocated between the Overdraft facility and Commercial Bill Facility. In addition there is an Electronic payments Facility with a limit of $300,000.

The interest rate of the Commercial Facility is currently at 3.60% (June 2018: 3.56%).

	31 December 2018 Used	31 December 2018 Unused
Multi option facility	9,279,079	2,120,921
Electronic pay way facility	-	300,000
Commercial Card facility	47,830	2,170

11. Trade and Other Payables

	31 December 2018 $	30 June 2018 $
Trade payables (i)	5,915,386	4,672,674
Annual leave payable	1,090,429	1,043,041
GST payable	209,090	306,311
Other creditors	468,737	687,888
	7,683,642	6,709,914

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

12. Issued Capital
(a) Issued and paid up capital

	31 December 2018 $	30 June 2018 $
Ordinary shares fully paid	5,140,616	5,140,616
	5,140,616	5,140,616

(b) Movements in ordinary shares on issue

	6 months to 31 December 2018		Year to 30 June 2018	
	No.	$	No.	$
Movements in ordinary shares on issue				
Opening balance	130,000,000	5,140,616	130,000,000	5,140,616
Closing balance	130,000,000	5,140,616	130,000,000	5,140,616

VEEM

Notes to the Condensed Financial Statements for the half-year ended 31 December 2018

12. Issued Capital (continued)

(c) Share options

There are no options on issue at balance date.

13. Contingent Liabilities & Commitments.

(a) Operating lease commitments	**31 December 2018**	**30 June 2018**
- within one year	-	1,165,273
- after one year but not more than 5 years	-	-
	-	1,165,273

(b) Hire purchase commitments payable		
- within one year	1,282,049	1,263,072
- after one year but not more than five years	1,654,031	2,203,093
- longer than five years	-	-
Minimum hire purchase payments	2,936,080	3,466,165
Less: Unexpired charges	(170,145)	(224,793)
Present value of hire purchase payments	2,765,935	3,241,372
Represented by:		
Current	1,170,108	1,129,931
Non-current	1,595,827	2,111,441
	2,765,935	3,241,372

14. Subsequent Events

On 28 February 2019, the Directors declared an interim fully franked dividend in respect to the 30 June 2019 year of $195,000, representing approximately 30% of Net Profit After Tax and $0.0015 per share.

Other than the above, there are no significant events subsequent to reporting date.

15. Dividends

	6 months to 31 December 2018 $	**6 months to 31 December 2018 $**
Fully franked dividends paid	338,000	1,599,000
Total dividends paid	338,000	1,599,000

16. Financial Instruments

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

Directors Declaration

In the opinion of the directors of VEEM Ltd ('the company'):

1. The financial statements and notes thereto, are in accordance with the Corporations Act 2001 including:

   a. complying with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001; and

   b. giving a true and fair view of the Company's financial position as at 31 December 2018 and of its performance for the half-year then ended.

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

This declaration is signed in accordance with a resolution of the Board of Directors made pursuant to s.303(5) of the Corporations Act 2001.

Brad Miocevich
Chairman
Perth, Western Australia
28 FEBRUARY 2019

INDEPENDENT AUDITOR'S REVIEW REPORT
To the members of VEEM Ltd

Report on the Condensed Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of VEEM Ltd ("the company"), which comprises the condensed statement of financial position as at 31 December 2018, the condensed statement of profit or loss and other comprehensive income, the condensed statement of changes in equity and the condensed statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of VEEM Ltd is not in accordance with the *Corporations Act 2001* including:

(a) giving a true and fair view of the company's financial position as at 31 December 2018 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Directors' responsibility for the half-year financial report

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

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the company's financial position as 31 December 2018 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the company, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

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Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

HLB Mann Judd

HLB Mann Judd
Chartered Accountants

Perth, Western Australia
28 February 2019

Norman Neill

N G Neill
Partner