Veris Limited
30 June 2019
Annual Financial Report

Contents

Director's Report

Your Directors present their report together with the consolidated financial statements of Veris Limited ABN 80 122 958 178 ("the Company" or "Veris") and the entities it controlled (together referred to as ''the Group'') at the end of, or during, the year ended 30 June 2019.

Information on Directors

Directors of the Company during the whole of the financial year ended 30 June 2019 and up to the date of this report are as follows:

NAME	PERIOD OF DIRECTORSHIP
Derek La Ferla Independent Non-Executive Chairman	Appointed 28 October 2011
Tom Lawrence Independent Non-Executive Director	Appointed 13 October 2011
Karl Paganin Independent Non-Executive Director	Appointed 19 October 2015
Adam Lamond Managing Director	Appointed 13 October 2011 (Managing Director from 29 March 2017)
Brian Elton Executive Director	Appointed 29 March 2018

The experience, other directorships or special responsibilities of the directors in office at the date of this report are as follows:

Derek La Ferla- Independent Non-Executive Chairman

Experience
Mr Derek La Ferla has 30 years' experience as a corporate lawyer and company director. In addition to his role as Non-Executive Chairman of Veris, he is currently chairman of ASX listed companies Sandfire Resources NL and Threat Protect Australia Limited, and deputy chairman of BNK Banking Corporation Limited. Mr La Ferla is also a member of the WA Council for the Australian Institute of Company Directors and a member of its National Board. Mr La Ferla has held senior positions with some of Australia's leading law firms, and is currently a partner with Western Australian firm, Lavan, in the firm's Corporate Services Group.

Special Responsibilities
Member of the Nomination and Remuneration Committee
Member of the Audit and Risk Committee

Other Listed Company Directorships in last 3 years
Sandfire Resources Limited (May 2010 – Current)
Threat Protect Australia Limited (September 2015 – Current)
BNK Banking Corporation Limited (November 2015 – Current)

Interests in Shares of Veris
598,417 fully paid ordinary shares

Director's Report

Information on Directors (continued)

Adam Lamond - Managing Director

Experience
Mr Lamond has over 20 years' commercial experience with particular expertise in construction and infrastructure activities across Australia. Mr Lamond held the position of Chief Executive Officer of OTOC Limited from its listing in October 2011 to January 2014. Mr Lamond held the role of Executive Director – Business Development from January 2014 to March 2017, when he was appointed Managing Director. During this time Mr Lamond led the Company into its new strategic direction and diversification and has continued an active role within the Company throughout, supporting the evolution of the national surveying strategy and continued growth across infrastructure, property and resource markets throughout Australia.

Special Responsibilities
Member of the OHS Committee

Interests in Shares of Veris
46,041,815 fully paid ordinary shares

Tom Lawrence - Independent Non-Executive Director

Experience
Mr Lawrence is a qualified accountant with a Bachelor of Laws and a Masters Degree in taxation. Mr Lawrence was the principal of Lawrence Business Management for over 15 years, providing tax and management advice to a diverse range of businesses. He now works as a solicitor for Capital Legal, advising clients on a broad range of business related transactions.

Special Responsibilities
Chairman of the Audit and Risk Committee
Member of the Nomination and Remuneration Committee
Member of the OHS Committee

Interests in Shares of Veris
8,136,093 fully paid ordinary shares

Karl Paganin - Independent Non-Executive Director

Experience
Mr Paganin has over 15 years senior experience in Investment Banking, specialising in transaction structuring, equity capital markets, mergers and acquisitions and strategic management advice to listed companies. Mr Paganin was a Director of Major Projects and Senior Legal Counsel for Heytesbury Pty Ltd (the private trading company of the Holmes à Court Family) which was the proprietor of John Holland Group Pty Ltd. Mr Paganin holds degrees in Law (B.Juris, LLB) and Arts (BA) from the University of Western Australia and is a Non-Executive Director of ASX listed Southern Cross Electrical Engineering Limited.

Special Responsibilities
Chairman of the Nomination and Remuneration Committee
Member of the Audit and Risk Committee
Member of the OHS Committee

Other Listed Company Directorships in last 3 years
Southern Cross Electrical Engineering Ltd (June 2015 – current)
Poseidon Nickel Limited (1 October 2018 – current)

Interests in Shares of Veris
8,125,170 fully paid ordinary shares

Director's Report

Information on Directors (continued)

Brian Elton – Executive Director
Experience
Brian Elton has over 40 years of experience in urban and regional planning in the UK and Australia focussing on urban strategy, urban policy and governance and the delivery of major projects. Mr Elton has expertise in the areas of strategic communications and engagement, housing, social planning and is a highly regarded strategic advisor to public and private sectors organisations and to not-for-profit groups. He has held senior executive positions in local and State Government and founded Elton Consulting in 1989. Mr Elton was appointed Executive Director on 29 March 2018 when Elton Consulting Pty Ltd was acquired by the Company.
Mr Elton has been involved in some of Australia's largest urban renewal, major infrastructure and city-making projects and in ground breaking urban policy reforms. He is passionate about sustainable urbanism.
Mr Elton is a Fellow of the Planning Institute of Australia and a Member of the Australian Institute of Company Directors. His affiliations include the International Association of Public Participation, Green Building Council of Australia and the Urban Development Institute of Australia.

Interests in Shares of Veris
14,835,733 fully paid ordinary shares

Information on Company Secretary

Lisa Wynne - Company Secretary & Interim Chief Financial Officer

Experience
Ms Lisa Wynne is a Chartered Accountant and Chartered Secretary with significant experience across the commercial sector with particular experience in the finance, accounting, corporate services, urban planning and resources industries across ASX & TSX listed companies. Former owner of a consulting company, for 11 years, Ms Wynne provided corporate and financial services to public companies and held the role of Company Secretary and Chief Financial Officer of a number of ASX listed companies. Ms Wynne was appointed to the role of Interim Chief Financial Officer of Veris on 21 June 2019.

Directors Meetings
The number of directors meetings and number of meetings attended by each of the directors of the Group during the financial year are:

Director	Board Meetings		Audit & Risk Committee		Remuneration & Nomination Committee		Occupational Health & Safety Committee	
	A	B	A	B	A	B	A	B
Derek La Ferla	17	17	2	2	3	3	*	*
Adam Lamond	17	17	*	*	*	*	4	4
Tom Lawrence	17	17	2	2	3	3	4	4
Karl Paganin	17	17	2	2	3	3	4	4
Brian Elton	17	17	*	*	*	*	*	*

A = Number of Meetings attended
B = Number of meetings held during the time the director held office during the year
* = Not a member of the relevant committee

Director's Report

Dividends

Dividends paid or declared by the Company to members since the end of the previous financial year were:

Declared and paid during the year 2018	Cents per share (cents)	Franked amount per share (cents)	Total Amount $'000 (1)	Record Date	Date of Payment
Final FY2018 ordinary	0.5	0.5	1,770	11 September 2018	25 September 2018

(1) The Dividend was fully underwritten, on 25 September 3,332,125 shares were issued under the Veris Dividend Reinvestment Plan (DRP) and on 26 September 5,096,593 shares were issued in accordance with the DRP Underwriting Agreement.

Principal Activities

Veris is a professional service business delivering surveying, professional and advisory, and geospatial services to the infrastructure; land and property; energy, mining & resource; and defence, agribusiness, tourism, leisure and government sectors throughout Australia. Veris Limited is the Group's holding company that is listed on the ASX under the code VRS.

Veris Limited had three operating segments in the 2019 financial year namely Veris Australia, Elton Consulting and Aqura Technologies.

Veris Australia

Veris Australia is a professional surveying business that covers a broad spectrum of service lines including cadastral, civil and construction, and engineering surveying along with 3D spatial services such as lidar, 3D laser scanning, ground penetrating radar, mobile laser scanning and hydrographic surveys. It also provides town planning and urban design services. Veris Australia markets include infrastructure, land and property, resources and defence.

Elton Consulting

Elton Consulting professional and advisory services include urban and regional planning, communications and engagement, strategy and policy, social sustainability, bid strategy and preparation and a design studio. It provides expert advice to businesses, governments and not-for-profit organisations across infrastructure, property, housing, resources, energy, public policy and human services.

Aqura Technologies

Aqura Technologies complements the accomplished existing spatial solution capabilities of the Veris Australia segment with highly specialised ICT and Communications services, offering industry-leading technology solutions to the industrial communications sector.

Director's Report

Principal Activities (continued)

Significant Changes

The following significant changes in the nature of the activities of the Group occurred during the year:

- Payment of the Group's third dividend of $0.005 per share in September 2018.
- Commonwealth Bank of Australia continued supporting the business with the approval of new banking facilities for the Group. The facilities have a term to 30 November 2020.
- A non-cash goodwill impairment charge to the carrying value of goodwill of the Veris Australia segment was recognised during the year.
- Consolidation of Melbourne properties and closure of less profitable office locations in Veris Australia.
- Operational review of the Veris Australia business conducted during the year, with final phase completed in June 2019.
- Securing work on long term East Coast projects such as Melbourne Metro, Westgate Tunnel, North Connex, Inland Rail, M4 Smart motorway project, Sydney Metro, West Connect and Eaton Range Realignment project.
- First full year contribution for Elton Consulting following its acquisition in March 2018.
- Strategic Plan 2019 – 2024 was endorsed by the Board in June 2019.

Operating and Financial Review

2019 saw Veris Australia operating as one company and the achievement of multi state project awards. In late 2018, the Company commenced an Operational review to improve gross margin in the Veris Australia business. The Phase 1 of the Operational Review was completed in December 2018 with Phase 2 completed in June 2019. A significant number of measures have been undertaken to increase efficiency and improve margins, particularly across the Veris Australia business.

During the year, Elton Consulting achieved a national footprint, building on its Sydney, Melbourne, Canberra and Darwin offices with start-up offices in Brisbane and Perth, co-located with Veris Australia. Elton had significant project awards in health, education, social housing, transport and social infrastructure as well as property development for state, federal and local governments and Tier 1 companies. After significant revenue growth in 2018, revenue was stable showing only minor growth in 2019, as a result of slowdowns in government awards associated with election periods in NSW, Victoria and federally.

Aqura continued into 2019 to provide services to key Tier 1 clients including awards of new works packages totalling in excess of $13 million across its key service lines, Industrial Wireless, Content Access Networks and Unified Communications. These awards are as a result of the BHP three-year Services Contract entered into with BHP in 2019 and in addition, in 2019 Aqura successfully entered into an umbrella supply agreement with Rio Tinto demonstrating Aqura's ability to sustain strong revenue growth year-on-year. These awards signify the demand for Aqura's diverse range of service capabilities across Australia and New Zealand.

In addition to improving the Veris Australia operations and successfully diversifying into professional and advisory services, the Company has also approved the five-year Strategic Plan 2019-2024. This strategy was endorsed by the Veris Board in June 2019 and is supported by the Company's bankers. At Veris Australia this strategy includes targeting opportunities in higher value, higher margin projects with greater technical content including 3D spatial and geospatial work. Investments made in geospatial in FY19 set a strong platform to grow this work in FY20.

For the year ended 30 June 2019 the Group reported EBITDA of $6,498,000 (Earnings before Interest, Tax, Depreciation and Amortisation) down from $11,189,000 in 2018.

Director's Report

Operating and Financial Review (continued)

For the year ended 30 June 2019 the Group reported EBITDA of $6,498,000 (Earnings before Interest, Tax, Depreciation and Amortisation) down from $11,189,000 in 2018.

Key points to assist in understanding Veris' results are as below:

Key Item	**FY2019 $000**	**FY2018 $000**	**Comments**
Revenue	125,884	106,834	Revenue from continuing operations was up 18% mainly due to Elton Consulting contributing a full year followings its acquisition in 2018 and the increase in the Veris Australia segment as a result of organic growth
EBITDA*	6,498	11,189	EBITDA from continuing operations decreased year on year primarily as a result of the decrease in the Veris Australia segment EBTIDA of $6,244,000, offset by increases in EBITDA of $964,000 from Aqura Technologies and a full year contribution from Elton Consulting contributing a year on year increase of $1,271,000
Acquisition costs	95	1,628	Decrease due to no material acquisition activity during the financial year
Restructuring costs	3,294	1,770	Increase as a result of restructuring costs for Veris Australia of $2,589,000, following the Operational Review and in Corporate for $650,000 and $55,000 for Aqura Technologies
Impairment of Intangibles	34,431	-	Impairment of the Veris Australia segment Goodwill, refer Note 15 Intangible Assets
Net Assets	27,094	68,203	Net assets decreased on prior year, with the non-cash impairment of Goodwill in Veris Australia segment accounting for $34m of the decrease
Working Capital**	5,483	12,426	Working capital reduced in FY19 due to a decrease in Trade and other receivables and Work in progress offset by a decrease in loans & borrowings; and a decrease in cash, even with the significant increase in cash generated from operations

* 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.
** Working capital is defined as current assets less current liabilities.

Director's Report

Operating and Financial Review (continued)

EBIT and EBITDA is a non-IFRS measure that in the opinion of Veris provides useful information to assess the financial performance of the Group. A reconciliation between statutory results and underlying results is provided below. The non-IFRS measure is unaudited:

	FY2019 $000	FY2018 $000
Statutory profit/(loss) after tax	(40,089)	(1,304)
Add back:		
Tax benefit	(2,143)	(871)
Net finance expense	1,339	1,006
Restructuring costs	3,294	1,770
Acquisition costs	95	1,628
Share-based payment	586	1,031
Impairment of Intangibles	34,431	-
EBIT profit/(loss)	(2,487)	3,260
Depreciation and amortisation	8,985	7,681
Discontinued operations	-	248
EBITDA	**6,498**	**11,189**

Risks

There are specific risks associated with the activities of the Group and general risks, some are within and some are beyond the control of the Company and the Directors. The most significant risks identified that may have a material impact on the future financial performance of the Company and the market price of the Group's shares are:

Project Delivery Risk

Execution of projects involves professional judgment regarding scheduling, development and delivery. Failure to meet scheduled milestones could result in professional product liability, warranty or other claims against the Company. The Company maintains a range of review processes, insurance policies and risk mitigation programs designed to closely monitor progress and services and outputs delivered.

Legal and Contractual Risk

Errors, omissions or incorrect rates and quantities mean the Group may not achieve full benefits of project deliverables and may lead to a negative impact on financial performance. Additionally, accepting unfavourable and/or failing to understand contractual terms can lead to disputes with third parties and litigation. The Company seeks to mitigate these risks by defining the company's commercial appetite for contractual and financial risk, following a tendering process and estimation programme and using the knowledge and experience of staff for pricing, contract reviews and screening.

Political Risk

Major infrastructure and civil work may depend on Government approval and funding. Project timing may vary when government approval and funding is either delayed and/or withheld due to reasons such as political, economic and environmental changes. The Group have diversified its revenue base across multiple sectors, suppliers and states to mitigate and reduce potential impact to results.

Integration Risk

In the last 3 years Veris has integrated 9 companies as part of its strategy to create a national professional services surveying business. A key focus is embedding a "one business" culture and approach, including clear articulation of our 'one business' vision across the business and standardisation of systems and processes. This ensures acquired businesses are integrated so that synergies and economies of scale can continue to be achieved, along with offering a better service to our growing national customer base. This will mitigate against companies operating in silos with increased costs and risks to the Group.

Director's Report

Risks (continued)

Goodwill

As a result of the acquisition of 9 companies Veris has purchased a significant amount of Goodwill. This Goodwill has been generated by the vendors of the acquired businesses over a number of years and has resided in a variety of business names. Veris has created a national corporate brand and has transitioned the goodwill generated by 9 of the individual vendors, to create corporate Goodwill in the Veris Brand. This mitigates the risk associated with individuals as the business grows in scale. Goodwill for the Elton Consulting segment remains separate. The goodwill is attributable mainly to the skills and technical talent of workforce, and the synergies expected to be achieved from integrating the companies into the Group's existing business.

Growth risk

If the Group does not meet performance targets or adequately manage market expectations, the ability to fund growth opportunities may be compromised. Veris has a defined strategy which is supported by the board and senior management and a comprehensive internal and external communications plan ensures transparency with the market and alignment with the workforce.

Competition risk

There is potential for changes in the market, whereby a competitor's product or technology may lead to loss of competitive advantage of the Group, or a competitor may become more aggressive in response to our strategy which may compromise our ability to achieve growth targets. The business has a process in place to monitor competitor behaviour, both in response to Veris' strategy, as well as changing market conditions, business environment and innovations.

Technology risk

Information technology and data are critical to Veris' value creating activities and lost access to its IT systems and data would have a major impact on the business. An IT security audit has been completed to understand our control environment in relation to information technology and data, and a plan has been established to address any shortfalls and to ensure appropriate cyber security, disaster recovering and business continuity planning are in place.

Business Integrity & reputation risk

As a listed company with a national presence, the Group is subject to numerous rapidly evolving and complex laws and regulations. Stakeholder trust is directly tied to ethical behaviour, compliance with applicable rules and regulations and internal policies and procedures. The Group has commenced an operation and enterprise risk assessment during the year to clearly identify and manage potential risks.

Significant Changes in State of Affairs

There were no significant changes in the state of affairs of the Group other than that referred to in the financial statements or notes thereto and sections of this report.

Likely Developments

The Veris Group continues on its national strategy of developing a national professional services business and increasing its capabilities and geographical market presence. Other than the matters discussed above, there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group, in future financial years.

Director's Report

Remuneration Report – Audited

The directors are pleased to present your Company's 2019 Remuneration Report which sets out the remuneration information for Veris Limited's Non-Executive Directors, Executive Directors and other Key Management Personnel. The information provided in this Remuneration Report has been audited as required by section 308(3C) of the Corporations Act 2001. This Remuneration Report forms part of the Directors' Report. For the purposes of this report 'Key Management Personnel' (KMP) of the Company are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company, directly or indirectly.

The report contains the following sections:

a) Directors and Executive Disclosures
b) Remuneration Policy
c) Remuneration Advice
d) Performance linked compensation
e) Details of share-based compensation and bonuses
f) Voting and comments made at the Company's 2019 Annual General Meeting
g) Contractual Arrangements
h) Details of remuneration
i) Analysis of bonuses included in remuneration
j) Equity Instrument Disclosure Relating to Key Management Personnel
k) Other Transactions with Key Management Personnel

a) Director and Executive Disclosures
The details of directors and key management personnel disclosed in this report are outlined below.

Non-Executive Directors		
Derek La Ferla	Chairman	(Independent)
Tom Lawrence	Non-Executive Director	(Independent)
Karl Paganin	Non-Executive Director	(Independent)
Executive KMP		
Adam Lamond	Managing Director	
Brian Elton	Executive Director	
Brian Mangano	Chief Financial Officer	(Ceased Employment 1 July 2019)
Lisa Wynne	Company Secretary and Interim Chief Financial Officer	(Appointed Interim CFO 21 June 2019)

b) Remuneration policy

The Group has high expectations of its personnel and its executive leadership team. The Group aligns the performance outcomes of its executives with its own corporate outcomes and as such remuneration will be based on merit, performance and responsibilities assigned and undertaken.

Remuneration & Nomination Committee
The Group has a Remuneration and Nomination Committee, which is responsible for:

- Assessing appropriate remuneration policies, levels and packages for Board Members, the MD, and (in consultation with the MD) other senior executive officers;
- Monitoring the implementation by the Group of such remuneration policies; and
- Recommending the Group's remuneration policy so as to:
  - motivate directors and management to pursue the long-term growth and success of the Group within an appropriate control framework; and
  - demonstrate a clear relationship between key executive performance and remuneration.

Director's Report

Remuneration Report – Audited (continued)

Non-executive director remuneration policy
The Constitution and 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 Constitution was amended by special resolution of the members on 23 November 2016 with the aggregate remuneration increasing from $250,000 to $500,000 per annum, which is to be apportioned amongst Non-Executive Directors.

The Company has entered into service agreements with its current Non-Executive Directors; refer details of the contractual arrangements on page 17 of this remuneration report. Retirement payments, if any, are agreed to be determined in accordance with the rules set out in the Corporations Act 2001 at the time of the Directors retirement or termination. Non-Executive Directors' remuneration may include an incentive portion consisting of bonuses and/or options, as considered appropriate by the Board, which may be subject to shareholder approval in accordance with the ASX Listing Rules.

Executive remuneration policy
The Company's remuneration policy is to ensure the remuneration package appropriately reflects the person's duties and responsibilities and that remuneration is competitive in attracting, retaining and motivating people of the highest quality. The Company aims to reward executives with a level of remuneration commensurate with their position and responsibilities within the Company so as to attract and retain executives of the highest calibre, whilst incurring a cost that is acceptable to shareholders.

During the period, the overall executive remuneration framework was overhauled and a revised remuneration structure has been designed to link reward more directly to the strategy and drivers of Veris over a longer timeframe of 4 years creating long term shareholder value. Previously Veris had separate LTI and STI structures whereby the STI was an annual cash payment and the LTI was the issue of performance rights with TSR and EPS vesting hurdles over a 3 year period. On advice received from external consultants, Veris has now combined and simplified its incentive structures so that the LTI and STI are now combined and the hurdles are fit for purpose for the phase of the company's life cycle.

Veris is in a growth phase, acquiring 9 entities in the last 4 years. Veris now has a National footprint and over 700 staff. Veris has implemented a new operating model which is crucial to ensure success over the next 1-4 years. The primary objectives of the new plan were to reflect the new operating model implemented effective 1 July 2018 where each region is accountable for strategy execution and daily operational performance and improvement and to reward executives for share price growth, retention and stated objectives in line with the Veris strategy.

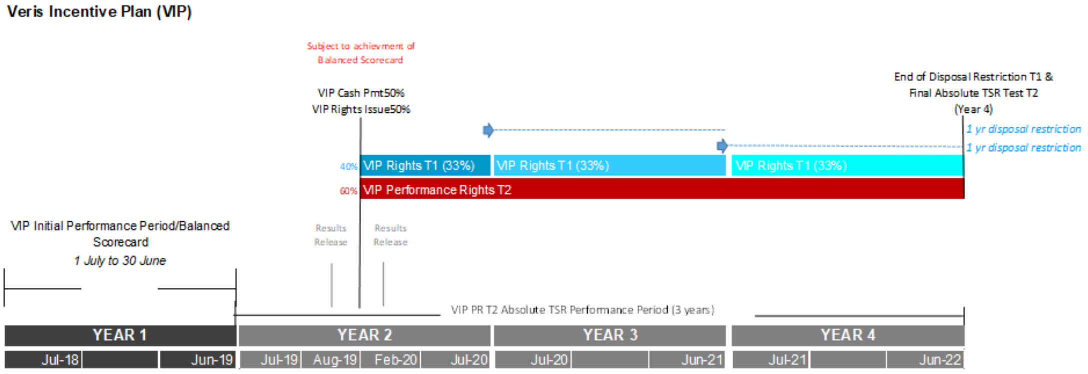
The FY19 Plan allows for a payment equal to up to 50-80% of TEC based on the achievement of an annual scorecard encompassing, corporate (absolute EPS) financial (EBITDA and Budget), personal, behavioural and safety hurdles. The payment that will be made will be mandated to be taken 50% in cash and 50% in equity. The equity will be issued by way of performance rights, of which 60% will vest based on achievement of a 3 year absolute TSR hurdle and 40% will vest in a future period in time, depending on continued employment for 4 years post issue (33% year 2; 33% year 3, 33% year 4).

The reasoning for the use of an absolute TSR hurdle as opposed to a comparator group is that Veris does not have a comparator group listed on the ASX, given it is the only listed Professional Advisory, Surveying & Geospatial group, hence a comparator group to measure TSR against does not exist.

Director's Report

Remuneration Report – Audited (continued)

The 2019 incentive structure is outlined as follows:



The key design features of the VIP are summarised below:

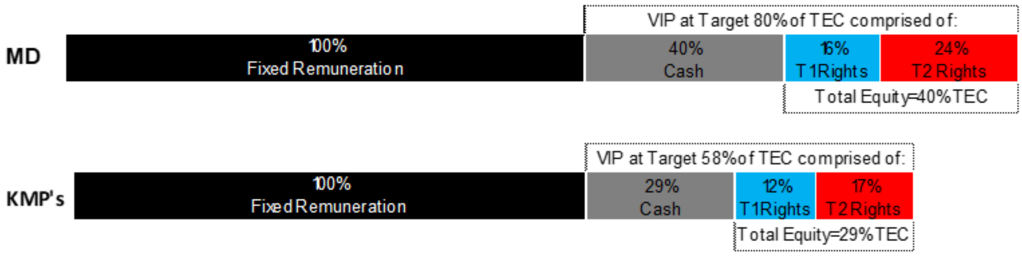
Plan design	Details
Eligibility	KMPs (currently 3, 4 as at 30 June 2019)
Opportunity	MD target = 80% Other KMPs target = 50%-60%
Initial performance period & Score card (MD)	1 year EPS: 30% (to be determined but circa min 5% growth for base) Budget EBITDA: 25% Personal: 20% Behavioural: 5%
Instruments	Cash and Performance Rights
Cash v Equity	50:50 ratio of cash and equity (with 40% in Retention Performance Rights (T1) and 60% in 3 Year Performance Rights linked to TSR (T2)
Equity allocation method	The number of T1 & T2 Performance Rights issued is based on the dollar value of the Executive's VIP outcome, multiplied by 50% divided by 30 cents.
Performance Periods & Restrictions	T1 Rights – vesting equally over 3 years (33% per year) with additional 1 year disposal restriction T2 Rights – 100% vesting over 3 year measurement period (4 year from plan inception) subject to achievement of absolute TSR hurdle.
TSR measure	T2 Rights – will only vest into Veris ordinary shares if Veris share price achieves a 20%-30% compounded growth over the three year measurement period.
Dividends	No dividends are paid on Rights prior to vesting.
Leaver	Good leaver and Board discretion to apply
Clawback	Board has discretion to claw back Rights and Shares if certain clawback events occur during the performance periods.

Director's Report

Remuneration Report – Audited (continued)

The following graph represents the target remuneration mix for the KMP's in the current year. The Incentive amount (at risk amount) is provided based on target levels and not the value granted during the year.

Remuneration Framework



Notes:

1. T1 Rights are Performance Rights issued (subject to the achievement of the Year 1 Balanced Score Card) which vest evenly over a 3 year period (1/3 per year) based on retention (with disposal restrictions).
2. T2 Rights are Performance Rights issued (subject to achievement of a 3 year absolute TSR target).

Total Fixed Remuneration

The Base Salary is a monetary recognition for the undertaking of tasks and assumption of responsibilities in line with an individual's role in the organisation. It is set against industry and regional benchmarking for role, market conditions and complexity of task. Where appropriate independent remuneration advice is obtained. There are no guaranteed base pay increases included in any executive contracts. Statutory superannuation is payable in addition to the base pay.

Incentives (VIP)

In 2019 the Group adopted a Veris Incentive Plan ("VIP"), a 4 year plan with 50/50 Cash/Equity split as an essential part of retaining senior executives in an increasingly competitive market. The Plan provides a combined short-term and long-term incentive component of the remuneration for executives and KMP's to be identified by the Board. The purpose of the Plan is to encourage alignment of personal and shareholder interest and:

- Foster a long term perspective within the employees necessary to increase shareholder return;
- Drive sustainable, long term performance of the Company;
- Retain key senior executives;
- Provide an opportunity for employees to participate in the Company's share price performance; and
- Ensure that the Company has a remuneration model that makes it an attractive employment option for talented personnel

Director's Report

Remuneration Report – Audited (continued)

Executives have the opportunity to earn an annual incentive if predefined targets are achieved. The pre-defined targets are set by the Remuneration and Nomination Committee and comprise of a Balanced Score Card covering financial, non-financial, company and individual objectives, chosen as they represent the key drivers for the short-term success of the business and provide a framework for delivering long-term value:

Balanced Scorecard and Weightings

MD & KMP's	Financial	Market	Individual	Values
	Budgeted EBITDA (14%)	Absolute EPS (19%)	KPI's (20%)	Behaviours (5%)

The Group's incentives are paid in the form of cash and Performance Rights (mandated to be paid 50/50) and are calculated as a percentage of Total Fixed Remuneration, based on achievement of the Balanced Scorecard in year 1. The behaviours of our employees against the values of the Company are also assessed through a performance evaluation process. Incentives play a key role in aligning superior operational outcomes for shareholders with the remuneration outcomes for management.

The Group bases its VIP on a combination of continued valued service of the particular executive and overall corporate performance of the Group as a whole so as to align each of the executives' incentives with the total performance of the Group.

For the financial year ended 30 June 2019 the KMP's had target Incentives of between $210,000 and $356,000, which represents between 50% and 80% of the KMP's individual Total Fixed Remuneration. The Remuneration and Nomination Committee is responsible for determining the Incentives payable based on an assessment of whether the KPIs are met. The performance evaluation in respect of the year ended 30 June 2019 has taken place and no Incentives have been paid or will be payable to the KMP's.

c) Remuneration Advice

Remuneration is regularly compared with the external market by participation in industry salary surveys and during recruitment activities generally. During the year no consulting firms were engaged to provide advice in regards to remuneration. In the prior year, to assist with the design of the FY19 Incentive Plan, the Board engaged consulting firms, The Reward Practice and PWC to provide advice in regards to remuneration. The Reward Practice provided advice in the form of a written report detailing benchmarking of executive salaries. PWC provided advice in regards to long-term incentive structures to ensure effective alignment with business requirements and key shareholder group expectations. During the current and prior year, no remuneration recommendations, as defined by the Corporations Act, were provided by The Reward Practice and PWC.

d) Performance Linked Compensation

The following table shows key performance indicators for the Group over the last five years.

	Financial Year Ended 30 June	2019	2018	2017	2016	2015
LTI	Closing Share Price ($)	0.047	0.24	0.15	0.23	0.07
	EPS (cents)	(11.13)	(0.39)	0.02	7.4	(3.6)
STI	Profit/(Loss) from Continuing Operations ($'000)	(40,089)	(1,056)	48	19,698	(8,786)
	EBITDA	6,498	11,189	5,704	16,176	4,681
	Average % of Maximum STI awarded to Executives [i] (%)	-	29%	25%	92%	34%
	Dividends paid ($'000)	-	1,636	1,368	-	-

[i] Represents STI payable/paid as a percentage of the maximum STI payable.

Director's Report

Remuneration Report – Audited (continued)

e) Details of share-based compensation and bonuses

(i) Options

No options were granted to directors and key management personnel during or since the end of the reporting period.

(ii) Performance Rights granted as compensation to key management personnel

1,297,196 Performance Rights were granted to directors and key management personnel during the reporting period, however the Balanced Scorecard was not achieved for the FY19 year and all Performance Rights have lapsed.

(iii) Exercise of Performance Rights Granted as Compensation in Prior Years

During the year, the following shares were issued on the vesting of performance rights previously granted as compensation in previous financial years:

Key Management Personnel	Number of Shares	Amount paid $/share
Adam Lamond	-	-
Brian Elton	-	-
Brian Mangano	1,950,230	-
Lisa Wynne	661,765	-

(iv) Details of Long Term Incentives affecting current and future remuneration

Key Management Personnel	Instrument	#	Grant date	% vested in year	# vested in year (B)	% forfeited/lapsed in year	# forfeited /lapsed in year	Financial years in which grant vests	Face value of vested rights
Brian Mangano		828,848	5 June 2017	-		-	-	2020	-
		354,392	12 April 2019	-	-	-	-	2020	-
		1,183,240							
Lisa Wynne		328,500	5 June 2017	-	-	328,500	-	2019	-
		142,524	12 April 2019	-	-	142,524	-	2022	-
		471,024							

Director's Report

Remuneration Report – Audited (continued)

(v) Vesting and Exercise of Performance Rights Granted as Remuneration

FY2019 Veris Incentive Plan (VIP) Performance Outcomes

During the current period, under the new VIP (a 4 year plan with 50/50 Cash/Equity split) to be paid/issued at the end of FY2019 following the achievement of KPIs outlined in the below Balanced Scorecard:

Balanced Scorecard and Weightings

	Financial	Market	Individual	Values
MD & KMP's	Budgeted EBITDA (14%)	Absolute EPS (19%)	KPI's (20%)	Behaviours (5%)

On the basis that the Balanced Scorecard is achieved, 50% will be paid in cash and 50% in equity by way of issue of Performance Rights, of which 60% will vest based on achievement of a 3 year absolute TSR hurdle and 40% will vest in a future period in time, depending on continued employment for 4 years post issue (33% year 2; 33% year 3, 33% year 4). The absolute TSR hurdle is outlined in the below table:

	TSR over 3 years	% of Grant to Vest
***Performance Vesting Hurdles:**	< 75%	0%
	>75 % 120%	Pro-rata vesting between 25% & 100%
	>120%	100%

* Safety must be maintained at all times and no LTI's will vest in the instance of a major safety breach such as a serious injury or fatality

At the beginning of the year 1,297,196 Performance Rights were issued to KMPs under the VIP. With the exception of vesting on cessation of employment of a good leaver, no Performance Rights have vested under the VIP to remaining KMPs and all of the 1,297,196 Performance Rights have lapsed.

FY2017 LTI Plan Performance Outcomes

In the prior period, vesting of the Performance Rights was subject to the achievement of the two separate financial performance hurdles (over a three year vesting period) outlined in the table below. Subject to the achievement of the performance hurdles, each Key Executive Performance Right may be converted (on a one for one basis) into one Share.

	50% Absolute TSR**		50% Absolute EPS Pool (cents per share)***	
***Performance Vesting Hurdles:**	<100%	Nil	<6c	Nil
	>100% < 180%	Pro-rata vesting between 25% and 100%	>6 < 6.5c	pro rata vesting between 25%-100%
	180%>	100%	6.5c>	100%

* Safety must be maintained at all times and no LTI's will vest in the instance of a major safety breach such as a serious injury or fatality

** Performance of management measured against absolute shareholder return target

*** Performance of management measured against a normalised EPS pooled approach setting an aggregate value of dollars of EPS that must be achieved over the three years (i.e. a pool consisting of year 1 EPS plus year 2 EPS plus year 3 EPS)

Director's Report

Remuneration Report – Audited (continued)

The achievement of the above hurdles was assessed in August 2018 against the base 3 year EPS pool for the period 2017 to 2019 and the base share price of Veris at 30 June 2017 of 15 cents.

Absolute Total Shareholder Return
Veris TSR was 59% during the performance period 1 July 2016 to 30 June 2019, resulting in nil vesting of the FY2017 Performance Rights (with the exception of 637,500 relating to a good leaver on termination of employment).

3 Year EPS Pool

Veris 3 year EPS Pool for the period 30 June 2017 to 30 June 2019 was 4.53 resulting in nil vesting of the FY2017 Performance Rights.

f) Voting and comments made at the Company's 2018 Annual General Meeting

The adoption of the Remuneration Report for the financial year ended 30 June 2018 was put to the shareholders of the Company at the Annual General Meeting held 21 November 2018. The Company received more than 99% of votes, of those shareholders who exercised their right to vote, in favour of the remuneration report for the 2018 financial year. The resolution was passed without amendment on a show of hands.

g) Contractual Arrangements

On appointment to the board, all non-executive directors enter into a service agreement with the Company in the form of a letter of appointment. The letter summarises the board policies and terms, including remuneration, relevant to the office of director.

Director's Report

Remuneration Report – Audited (continued)

Remuneration and other terms of employment for the managing director, chief executive officer, chief financial officer and other key management personnel are also formalised in service agreements. Major provisions of the agreements relating to remuneration are set out below.

Name	Term of agreement	Base Salary including superannuation	Termination
Derek La Ferla	Mr La Ferla will hold office until the next annual general meeting of the Company where he may be subject to retirement by rotation under the company's constitution.	$125,744	In accordance with the company's constitution and the Corporations Act 2001 (Cth).
Adam Lamond (A) (B) (C)	Until validly terminated in accordance with the terms of the Agreement.	$444,567	Termination by Company with reason – 1 months' notice Termination by Company without reason – 3 months' notice (or payment of the equivalent of 5 months' salary to dispense of the notice period)
Tom Lawrence	Mr Lawrence will hold office until the next annual general meeting of the Company where he may be subject to retirement by rotation under the company's constitution.	$77,305	In accordance with the company's constitution and the Corporations Act 2001 (Cth).
Karl Paganin	Mr Paganin will hold office until the next annual general meeting of the Company where he may be subject to retirement by rotation under the company's constitution.	$77,305	In accordance with the company's constitution and the Corporations Act 2001 (Cth).
Brian Elton	24 Months or until validly terminated in accordance with the terms of the Agreement.	$350,000	Termination by Company with reason – 1 months' notice Termination by Company without reason – Following the 24 months, 3 months' notice (or payment of the equivalent of 5 months' salary to dispense of the notice period)
Brian Mangano (A) (B) & (C) & (D)	Until validly terminated in accordance with the terms of the Agreement.	$331,538	Termination by Company with reason – 1 months' notice Termination by Company without reason – 3 months' notice (or payment of the equivalent of 5 months' salary to dispense of the notice period)
Lisa Wynne (A) (B) & (C) & (E)	Until validly terminated in accordance with the terms of the Agreement.	$290,175	Termination by Company with reason – 1 months' notice Termination by Company without reason – 3 months' notice (or payment of the equivalent of 5 months' salary to dispense of the notice period)

(A) Key management personnel are also entitled to receive on termination of employment their statutory entitlements of accrued annual and long service leave, together with any superannuation benefits.

(B) Key management personnel's contracts allow for participation in the Company's Incentive Plan (subject to Board and Shareholder approval, if applicable).

(C) These contracts provide for the provision of short-term incentives by way of a cash bonus subject to key performance indicators to be determined by the Remuneration & Nomination Committee annually.

(D) Brian Mangano held the role of Chief Financial Officer until 21 June 2019.

(E) Lisa Wynne assumed the role of Interim Chief Financial Officer effective 21 June 2019. Lisa holds the role of Interim Chief Financial Officer and Company Secretary at the date of this report.

Director's Report

Remuneration Report – Audited (continued)

h) Remuneration of directors and key management personnel of the group for the current and previous financial year

		Short-term employee benefits			Post-employ-ment benefits	Termination Benefits		Share-based Payments Accounting Value (at risk)[F]		
		Salary & fees $[A]	Incentive Cash bonus $[B]	Non-monetary $	Super-annuation $	Cash $	Perfor-mance Rights $[D]	Perfor-mance Rights $[E]	Total $	Proportion of remuneration performance related
Directors										
Non-Executive Directors										
Derek La Ferla (Chairperson)	**2019**	**125,744**	**-**	**-**	**-**	**-**	**-**	**-**	**125,744**	**-**
	2018	130,580	-	-	-	-	-	-	130,580	-
Tom Lawrence	**2019**	**77,305**	**-**	**-**	**-**	**-**	**-**	**-**	**77,305**	**-**
	2018	77,305	-	-	-	-	-	-	77,305	-
Karl Paganin	**2019**	**77,305**	**-**	**-**	**-**	**-**	**-**	**-**	**77,305**	-
	2018	77,305	-	-	-	-	-	-	77,305	-
Executive Directors										
Adam Lamond (Managing Director)	**2019**	**415,286**	**-**	**-**	**20,531**	**-**	**-**	**-**	**435,817**	**0%**
	2018	399,136	49,754	-	20,049	-		-	468,939	11%
Brian Elton Exec Director	**2019**	**319,638**	**-**	**-**	**30,365**	**-**	**-**	**-**	**350,003**	**0%**
	2018	94,138	-	-	8,943	-	-	-	103,081	-
Total Directors' Remuneration	**2019**	**1,015,278**	**-**	**-**	**50,896**	**-**		**-**	**1,066,174**	**0%**
	2018	778,465	49,754	-	28,992	-	-	-	902,515	7%

Director’s Report

Remuneration Report – Audited (continued)

		Short-term employee benefits			Post-employment benefits	Termination Benefits		Share-based Payments Accounting Value (at risk)(E)		
		Salary & fees $(A)	Incentive Cash bonus $(B)	Non-monetary $	Super-annuation $	Cash $	Performance Rights $ (D)	Performance Rights $ (E)	Total $	Proportion of remuneration performance related
Other Executives										
Brian Mangano (CFO)	**2019**	**311,640**	**-**	**-**	**32,629**	**363,385**	**18,874**	**-**	**726,528**	**-**
	2018	308,598	31,828	-	29,317	-	-	155,010	523,576	6%
Lisa Wynne (Company Secretary) (C)	**2019**	**158,322**	**-**	**-**	**16,225**	**-**	**-**	**2,377**	**176,924**	**1%**
	2018	150,000	19,200	-	15,243	-		54,135	238,112	8%
Total Executives’ Remuneration	**2019**	**469,962**	**-**	**-**	**48,854**	**363,385**	**18,874**	**2,377**	**903,452**	**-**
	2018	458,598	51,028	-	44,560	-	-	207,503	761,688	34%
Total Directors’ and Executives’ Remuneration	**2019**	**1,485,240**	**-**	**-**	**99,750**	**363,385**	**18,874**	**2,377**	**1,969,626**	**-**
	2018	1,237,062	100,782	-	118,856	-	-	207,503	1,664,202	17%

Notes in relation to the table of directors’ and executive officers’ remuneration

(A) Salary and Fees includes annual leave and long service leave.

(B) Short-term incentive bonus is for the achievement of KPIs within their individual roles for the financial year ended 30 June 2018. The performance evaluation in respect of the year ended 30 June 2019 has taken place and no short-term incentive bonuses will be paid.

(C) Pro-rata based on annual salary of $213,786.

(D) The value of the Performance Rights granted in the year is the fair value of the rights calculated at grant date. This amount is allocated to remuneration over the vesting periods for the FY17 Rights Plan (in years 1 July 2016 to 30 June 2019), and over a one year period for the FY19 Rights Plan which were issued to Brian Mangano on cessation of employment. As announced on 1 July 2019, no other KMP’s received incentives during the year. The fair value of the Performance Rights has been measured using Monte Carlo simulation model.

(E) The value of the Performance Rights granted in the year is the fair value of the rights calculated at grant date that had not yet fully vested at the commencement of the financial year. This amount is allocated to remuneration over the vesting periods (in years 1 July 2016 to 30 June 2022). The fair value of the Performance Rights has been measured using Monte Carlo simulation model. This value includes an assumption that the instruments will vest at the end of the vesting period unless forfeited during the financial year, which they did.

Director's Report

Remuneration Report – Audited (continued)

i) Analysis of bonuses included in remuneration – audited

Details of the vesting profile of the *cash* component of the Veris VIP combined short-term & long term Incentives awarded as remuneration to key management personnel during the period are detailed below.

		Incentive bonus – Cash Component		
Key Management Personnel	**Maximum Potential Value of Cash Incentive Payment $ (A)**	**Included in remuneration $**	**% of Maximum Potential Incentive Payment Awarded**	**% Maximum Potential STI Payment Forfeited**
Adam Lamond	194,720	-	-	100%(B)
Brian Elton	105,000	-	-	100%(B)
Brian Mangano	106,318	-	-	100%(B)
Lisa Wynne	42,757	-	-	100%(B)

(A) These amounts represent the cash component of the Incentive bonus, KMP's also had the opportunity to receive the equal value outlined in the table above in Performance Rights in accordance with the Veris VIP combined short-term & long term Incentives.

(B) The amounts forfeited are due to the KPIs in the balanced scorecard not being met in relation to the financial year.

j) Equity Instrument Disclosure Relating to Key Management Personnel

Analysis of movements in Performance Rights issued, held and transacted by directors and key management personnel

KMP	# Held 1 July 2018	Granted in year	Grant Value	Grant Face Value	Number Vested in year	Number forfeited / lapsed in year	Number held at 30 June 2019
Adam Lamond	-	491,113	-	-	-	(491,113)	-
Brian Elton	-	309,167	-	-	-	(309,167)	-
Brian Mangano	828,848	354,392	-	-	-	-	1,183,240(A)
Lisa Wynne	328,500	142,524	-	-	-	(471,024)	-

(A) Subsequent to the end of the financial year, 1,183,240 Performance Rights held by former CFO, Brian Mangano vested on cessation of employment.

Director's Report

Remuneration Report – Audited (continued)

Analysis of movements in Shares Issued, held and transacted by directors and key management personnel

The number of ordinary shares in the Company held during the reporting period by each director and key management personnel of the Group, including their personally related parties are set out below. There were no shares granted as compensation during the reporting period.

	Balance at 30/06/2018	Movement	Balance at 30/06/2019
Directors			
Derek La Ferla	584,501	13,916	598,417
Adam Lamond	45,841,815	200,000	46,041,815
Tom Lawrence	3,222,598	4,913,495	8,136,093
Karl Paganin	5,662,721	2,462,449	8,125,170
Brian Elton	11,179,560	3,656,173	14,835,733
KMP's			
Brian Mangano [A]	2,919,234	1,880,766	4,800,000
Lisa Wynne	373,089	483,768	856,857
Total	**69,783,518**	**13,610,567**	**83,394,085**

[A] KMP shareholding at cessation of employment.

k) Other Transactions with Key Management Personnel

The Company rents office space from Elton Property, a company controlled by director, Brian Elton. Amounts paid during the year of $372,514.11 are based on market rates and normal commercial terms. This amount has not been included as remuneration in the tables above.

THIS CONCLUDES THE AUDITED REMUNERATION REPORT

Director's Report

Shares Under Option

As at 30 June 2019 there are no shares under option.

Indemnification and Insurance of Officers

During the financial year the Group paid insurance premiums of $43,500 (2018: $54,950) to insure the directors, secretaries and executive officers of the Group and its subsidiary companies. The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the directors and officers in their capacity as directors and officers of Veris Limited and its subsidiary companies, and any other payments arising from liabilities incurred by the officers in connection with such proceedings, other than where such liabilities arise out of conduct involving wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else to cause detriment to the Group. The directors have not included details of the nature of the liabilities covered or the amount of the premium paid in respect of the directors' and officers' liability and legal expenses insurance contracts, as such disclosure is prohibited under the terms of the contract.

Non-Audit Services

During the year KPMG, the Group's auditor, has performed certain other services in addition to its statutory duties. The board has considered the non-audit services provided during the year by the auditor and in accordance with advice provided by the Audit Committee, is satisfied that the provision of those non-audit services during the year by the auditor is compatible with, and did not compromise, the auditor independence requirements of the Corporations Act 2001 for the following reasons: All non-audit services were subject to the corporate governance procedures adopted by the Group and have been reviewed by the Audit Committee to ensure they do not impact the integrity and objectivity of the auditor; and the non-audit services provided do not undermine the general principals relating to the auditor independence as set out in APES110 Code of Ethics for the Professional Accountants, as they did not involve reviewing or auditing the auditors own work, acting in a management or decision making capacity for the Group, acting as an advocate for the Group or jointly sharing risks and rewards.

Details for the amounts paid to KPMG, the Group's auditor, and its related practices for audit and non-audit services to the Group provided during the year are set out below.

	Consolidated	
	2019 $000	**2018 $000**
Audit services:		
Audit and review of the financial reports	226	254
Services other than audit services:		
Other services (Due Diligence)	-	51
Other services (Integration)	9	551
	235	856

Director's Report

Environmental Regulations and Performance

It is the Group's policy to comply with all environmental regulations applicable to it. The Company confirms, for the purposes of section 299(1)(f) of the Corporations Act 2001 that it is not aware of any breaches by the Group of any environmental regulations under the laws of the Commonwealth of Australia, or of a State of Territory of Australia.

In the majority of the Veris' business situations, Veris is not the owner or operator of plant and equipment requiring environmental licences. Veris typically assists its clients with the management of their environmental responsibilities, rather than holding those responsibilities directly.

The Group is not aware of any breaches by Veris of any environmental regulations under the laws of the Commonwealth of Australia, or of a State or Territory.

Proceedings on Behalf of the Group

There are no proceedings on behalf of the Group under Section 237 of the Corporations Act 2001 in the financial year or at the date of the report.

Lead auditor's independence declaration

The lead auditor's independence declaration is set out on page 78 and forms part of the directors' report for the year ended 30 June 2019.

Rounding off

The Company is of a kind referred to in ASIC Instrument 2016/191 and in accordance with that Instrument, amounts in the condensed consolidated interim financial statements and directors' report have been rounded off to the nearest thousand dollars, unless otherwise stated.

Corporate Governance Statement

Veris is committed to implementing sound standards of corporate governance. In determining what those standards should involve, the Group has had regard to the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (3rd Edition) ("ASX Recommendations"). This corporate governance statement outlines the key principles and practices of the Company which in the terms of the Group's Corporate Governance Charter, define the Group's system of governance. A copy of the Group's Corporate Governance Statement has been placed on the Group's website under the Investors tab in the corporate governance section –
https://www.veris.com.au/media/2781/corporate-governance-statement-2019-final-final.pdf

Signed in accordance with a resolution of the directors:

Derek La Ferla
Chairman
Dated at Perth 30 August 2019

Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the Year Ended 30 June 2019

	Note	**2019 $000**	**2018 $000**
Revenue	*3*	125,884	106,834
Operating expenses	*1*	(119,386)	(95,645)
		6,498	**11,189**
Depreciation	*14*	(5,087)	(3,585)
Amortisation	*15*	(3,898)	(4,096)
Acquisition related	*4*	(95)	(1,628)
Restructuring costs		(3,294)	(1,770)
Share-based payment		(586)	(1,031)
Impairment of Intangibles	*15*	(34,431)	-
Results from operating activities		(40,893)	(921)
Financial income		3	18
Finance costs		(1,342)	(1,024)
Net finance costs		(1,339)	(1,006)
Profit / (loss) before income tax		**(42,232)**	**(1,927)**
Income tax benefit	*16*	2,143	871
Profit / (loss) from continuing operations		**(40,089)**	**(1,056)**
Profit / (loss) from discontinued operations, net of tax	*2*	**-**	**(248)**
Profit / (loss) for the period		**(40,089)**	**(1,304)**
Total comprehensive income/ (loss) for the year		**(40,089)**	**(1,304)**
Earnings/ loss per share			
Basic earnings cents per share	*5*	(11.13)	(0.39)
Diluted earnings cents per share	*5*	(11.13)	(0.39)
Earnings/ loss per share – Continuing operations			
Basic earnings cents per share		(11.13)	(0.32)
Diluted earnings cents per share		(11.13)	(0.32)

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

Consolidated Statement of Financial Position
A 30 June 2019

Assets	Note	30 Jun 2019 $000	30 Jun 2018 $000
Current assets			
Cash and cash equivalents	*18*	3,685	5,588
Trade and other receivables	*11*	25,864	30,932
Work in progress		8,280	10,538
Other current assets		3,039	1,705
Total current assets		40,868	48,763
Non-current assets			
Plant and equipment	*14*	13,551	15,242
Intangible assets	*15*	19,190	58,598
Deferred tax asset	*17*	8,913	6,275
Total non-current assets		41,654	80,115
Total assets		82,522	128,878
Liabilities			
Current Liabilities			
Trade and other payables	*12*	18,765	17,532
Deferred vendor payments	*8*	3,554	2,286
Loans and borrowings	*20*	3,356	6,381
Employee benefits	*13*	9,176	9,505
Current tax liability		534	533
Total current liabilities		35,385	36,337
Non-current liabilities			
Loans and borrowings	*20*	18,403	19,647
Deferred vendor payments	*8*	-	3,625
Employee benefits	*13*	1,640	1,066
Total non-current liabilities		20,043	24,338
Total liabilities		55,428	60,675
Net assets		**27,094**	**68,203**
Equity			
Share capital	*21*	43,051	40,887
Share based payment reserve	*21*	2,949	2,349
(Accumulated losses)/retained earnings		(18,906)	24,967
Total equity		**27,094**	**68,203**

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

Consolidated Statement of Changes in Equity
For the Year ended 30 June 2019

	Note	Share Capital $000	Share Based Payment Reserve $000	Retained Earnings $000	Total Equity $000
Balance at 1 July 2018		40,887	2,349	24,967	68,203
Adjustment on initial application of AASB 9	*30*			(721)	(721)
Adjustment on initial application of AASB 15	*30*			(1,293)	(1,293)
Adjusted balance at 1 July 2018		40,887	2,349	22,953	66,189
Total comprehensive income for the year					
Loss for the year		-	-	(40,089)	(40,089)
Total comprehensive loss for the year		-	-	(40,089)	(40,089)
Transactions with owners of the Company, recognised directly in equity					
Issue of ordinary shares (net of costs)	*21*	2,164	-	-	2,164
Dividends paid	*22*	-	-	(1,770)	(1,770)
Share-based payment transactions		-	600	-	600
Total transactions with owners of the Company		2,164	600	(1,770)	994
Balance at 30 June 2019		**43,051**	**2,949**	**(18,906)**	**27,094**

	Note	Share Capital $000	Share Based Payment Reserve $000	Retained Earnings $000	Total Equity $000
Balance at 1 July 2017		37,283	1,747	29,907	66,937
Total comprehensive income for the year					
Profit for the year		-	-	(1,304)	(1,304)
Total comprehensive profit for the year		-	-	(1,304)	(1,304)
Transactions with owners of the Company, recognised directly in equity					
Issue of ordinary shares (net of costs)	*21*	3,604	-	-	3,604
Dividends paid	*22*	-	-	(1,636)	(1,636)
Share-based payment transactions		-	602	-	602
Total transactions with owners of the Company		3,604	602	(1,636)	2,570
Balance at 30 June 2018		**40,887**	**2,349**	**24,967**	**68,203**

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

Consolidated Statement of Cash Flow
For the Year Ended 30 June 2019

	Note	2019 $000	2018 $000
Cash flows from operating activities			
Receipts from customers		143,784	101,980
Payments to suppliers and employees		(136,212)	(101,021)
Cash generated from operations		7,572	959
Tax received		-	14
Interest paid		(1,330)	(1,133)
Interest received		3	22
Net cash from operating activities	*19*	6,245	(138)
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		1,769	3,828
Purchase of property, plant and equipment		(1,858)	(1,844)
Deferred vendor payment		(2,140)	(1,928)
Acquisition of subsidiaries net of cash acquired		266	(14,071)
Net cash (used in) investing activities		(1,963)	(14,015)
Cash flows from financing activities			
Dividends paid		-	(1,258)
Repayment of borrowings and lease liabilities		(6,185)	(4,575)
Proceeds from loans		-	11,000
Proceeds from share issues (net of costs)		-	-
Net cash (used in) from financing activities		(6,185)	5,167
Net increase/(decrease) in cash and cash equivalents		(1,903)	(8,986)
Cash and cash equivalents at 1 July		5,588	14,574
Cash and cash equivalents at 30 June	*18*	**3,685**	**5,588**

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

Notes to the Consolidated Financial Statements

BASIS OF PREPARATION

REPORTING ENTITY

Veris Limited (the “Company” or “Veris”) is a for-profit company domiciled in Australia. The Company’s registered office is at Level 12, 3 Hasler Road, Osborne Park WA 6017. The consolidated financial statements of the Company as at and for the year ended 30 June 2019 comprises the Company and its subsidiaries (together referred to as the “Group”). The Group is a professional service business delivering surveying, professional and advisory, and geospatial services to the infrastructure; property; energy, mining & resource; defence; agribusiness; tourism; leisure and government sectors throughout Australia.

STATEMENT OF COMPLIANCE

The consolidated financial statements are general purpose financial statements prepared in accordance with Australian Accounting Standards (AASBs) adopted by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. The consolidated financial statements comply with International Financial Reporting Standards (IFRSs) adopted by the International Accounting Standards Board (IASB). This consolidated annual report was approved by the board of directors on 30 August 2019.

NOTE INDEX

Notes to the Consolidated Financial Statements

GROUP PERFORMANCE

1. OPERATING SEGMENTS

The Group has three reportable segments that are being managed separately by the service provided. In 2019 the segments include Veris Australia, Aqura Technologies and Elton Consulting.

The 2019 reportable segments and the services they provide are :

- Veris Australia – examine and record the features of a piece of land or infrastructure in order to create maps, plans, detailed descriptions and to facilitate construction
- Aqura Technologies – provides specialised ICT and Communications services
- Elton Consulting – provide expert advice to businesses, governments and not-for-profit organisations to support them to make considered and informed decisions on policy, strategy, city-making and service delivery.

Information regarding the results of each reporting segment is detailed below for the year ended 30 June 2019.

	Veris Australia*		Aqura Technologies		Elton Consulting**		Total	
	2019 $000	**2018 $000**	**2019 $000**	**2018 $000**	**2019 $000**	**2018 $000**	**2019 $000**	**2018 $000**
Revenues	93,058	94,214	14,710	12,430	18,396	5,142	126,164	111,786
Inter-segment revenues	(111)	(4,812)	(99)	(140)	(70)	-	(280)	(4,952)
External revenues	92,947	89,402	14,611	12,290	18,326	5,142	125,884	106,834
Costs	(87,279)	(82,191)	(12,846)	(11,530)	(16,093)	(4,110)	(116,218)	(97,831)
Inter-segment costs	111	4,812	99	140	70	-	280	4,952
External costs	(87,168)	(77,379)	(12,747)	(11,390)	(16,023)	(4,110)	(115,938)	(92,878)
EBITDA*	**5,779**	**12,023**	**1,864**	**900**	**2,303**	**1,032**	**9,946**	**13,956**
Depreciation	(4,811)	(3,440)	(171)	(38)	(90)	(26)	(5,072)	(3,503)
Amortisation	(2,908)	(3,848)	-	-	(990)	(248)	(3,898)	(4,096)
EBIT**** for reportable segments	(1,940)	4,735	1,693	862	1,223	759	976	6,357
	2019 $000	**2018 $000**	**2019 $000**	**2018 $000**	**2019 $000**	**2018 $000**	**2018 $000**	**2019 $000**
Segment assets	45,648	92,012	6,605	6,378	21,196	22,891	73,449	121,281
Segment liabilities	(29,093)	(29,558)	(7,380)	(5,149)	(2,335)	(3,010)	(38,808)	(37,716)

**Relates to Veris Australia and legacy surveying businesses*

***2018 comparative relates to 3 months from acquisition*

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

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

During the year there were no major customers of the Group, individually representing more than 10% of total Group revenue (2018: none).

Notes to the Consolidated Financial Statements

1. OPERATING SEGMENTS (CONTINUED)

RECONCILIATIONS OF REPORTABLE SEGMENT REVENUES, PROFIT OR LOSS, ASSETS AND LIABILITIES

	2019 $000	2018 $000
Revenues		
Total revenue for reportable segments	126,164	111,786
Elimination of inter-segment revenue	(280)	(4,952)
Consolidated revenue	125,884	106,834
Expenses		
Total expenses for reportable segments	116,218	97,831
Elimination of inter-segment costs	(280)	(4,952)
Corporate overheads	3,448	2,766
Consolidated operating expenses	119,386	95,645
Profit (loss)		
EBIT for reportable segments	976	6,357
Unallocated amounts (including corporate overheads)	(4,049)	(3,880)
Acquisition related cost/income	(95)	(1,628)
Restructuring costs	(3,294)	(1,770)
Impairment of Intangibles (Note 15)	(34,431)	-
Net finance expense	(1,339)	(1,006)
Consolidated profit (loss) before income taxes	(42,232)	(1,927)

Assets	2019 $000	2018 $000
Total assets for reportable segments	73,449	121,281
Other unallocated amounts	9,073	7,597
Consolidated total assets	82,522	128,878
Liabilities		
Total liabilities for reportable segments	38,808	37,716
Other unallocated amounts	16,620	22,959
Consolidated total liabilities	55,428	60,675

2. DISCONTINUED OPERATIONS

In July 2017, the construction operations of Aqura's Infrastructure business were discontinued. The Communications business has been extracted from the Infrastructure operations and forms part of the continued operations of the group.

The construction operations were not previously classified as held-for-sale or as a discontinued operation.

Notes to the Consolidated Financial Statements

2. DISCONTINUED OPERATIONS (CONTINUED)

Results of Discontinued Operations

	2019 $000	2018 $000
Revenue	-	2,449
Expenses	-	(2,405)
	-	44
Depreciation	-	(217)
Restructuring	-	-
Net finance costs	-	(112)
Profit (loss) from discontinued operations for the period before tax	-	(285)
Income tax (expense)/ benefit	-	37
Profit (loss) from discontinued operations for the period, net of tax	**-**	**(248)**

Earnings per share

	2019	2018
Basic earnings cents per share	-	(0.07)
Diluted earnings cents per share	-	(0.07)

Cash flows from (used in) discontinued operations

	2019 $000	2018 $000
Net cash flows from (used in) operating activities	-	(769)
Net cash flows from (used in) investing activities	-	3,826
Net cash flows from (used in) financing activities	-	(395)
Results from discontinued operating activities	-	2,662

3. REVENUE

	2019 $000	2018 $000
Veris Australia	92,947	89,402
Aqura Technologies	14,611	12,290
Elton Consulting	18,326	5,142
	125,884	106,834

Notes to the Consolidated Financial Statements

4. ACQUISITIONS

Prior Year Acquisitions

The following entities were acquired during the year ended 30 June 2018 and the original disclosures made in the 2018 Annual Report were on a provisional basis.

	2019 Goodwill $000	2018 Goodwill $000
Elton Consulting Group Pty Ltd (i)	11,172	12,251

i) Adjustments made in relation to KMP and vendor leaving employment at Elton Consulting Group, 180 day adjustment and associated tax adjustments.

Other acquisition costs of $95,000 have been incurred in relation to previous and potential acquisitions.

5. EARNINGS PER SHARE

	2019	2018
Earnings/ (losses) used to calculate basic EPS ($000)	(40,089)	(1,304)
Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS (number of shares)	360,068,213	331,684,479
Basic earnings per share (cents per share)	(11.13)	(0.39)

Diluted Earnings per share
Dilutive potential shares relate to Performance Rights granted to eligible employees under the Group's Long Term Incentive Plan (refer Note 23). There is no material impact on basic EPS arising from dilutive potential shares due to loss in 2019.

6. SUBSEQUENT EVENTS

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group, in future financial years.

Notes to the Consolidated Financial Statements

RISK MANAGEMENT

7. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the consolidated financial statements in conformity with AASBs require management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

Critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements relate to contract revenue, contract work in progress, deferred vendor payments, contingent consideration and impairment of assets such as goodwill (refer Note 15). Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period which the estimates are revised and in any future periods affected.

Going Concern
For the year ended 30 June 2019, the Group recorded a loss before income tax of $42,232,000, this included an impairment of intangible assets of $34,431,000. The Group's net cash flow from operating activities was $7,572,000 with a net current asset position of $5,483,000.

During the year the Group negotiated new covenant and payment terms with its primary bankers for the remainder of the FY19 financial year and for the FY20 financial year. The facilities were utilised to $18,987,417 as at 30 June 2019 and have a term to 30 November 2020. The loan covenants state that the Group is to maintain EBITDA in line with bank agreed forecasts as set out in note 20, which is dependent on the Group achieving its FY20 budget. Prior to the expiration of the term of these facilities, it is the intention by both parties to revisit the terms beyond this period. Should these terms not be agreed with the Group's bankers, the company may pursue other funding alternatives available to it to support the ongoing requirements of the business.

For these reasons the Directors continue to adopt the going concern basis in preparing these financial statements.

Contract revenue and work in progress

Revenue is recognised when a customer obtains control of the goods or services. Determining the timing of the transfer of control – at a point in time or over time – requires judgement such as the assessment of the probability of customer approval of variations and acceptance of claims, estimation of project completion date and assumed levels of project execution productivity. In making these assessments we have considered, for applicable contracts, the individual status of legal proceedings, including arbitration and litigation.

Revenue from the Group arises from providing professional services to our customers whereby we deliver surveying, professional and advisory, and geospatial services to various industries. These are to be predominately recognised over time with reference to inputs on satisfaction of the performance obligations. The services that have been determined to be one performance obligation are highly inter-related and fulfilled over time, therefore revenue continues to be recognised over time. Incentives, variations and claims exist which are subject to the same higher threshold criteria of only recognising revenue to the extent it is highly probable that a significant reversal or revenue will not happen.

Deferred vendor payments

As part of the purchase price of the two acquisitions during the prior year, the Group agreed to pay the vendors performance payments subject to the acquisitions reaching certain targeted earn out values – one of these acquisitions was based on Gross Margin & Revenue, and the other is based on EBITDA. The value for deferred vendor payment is estimated based on actual results to date plus forecasts. Actual results may differ from these estimates. This information is set out under Note 4 and 8.

Notes to the Consolidated Financial Statements

7. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

Deferred tax assets relating to tax losses

The Group recognises a deferred tax asset relating to tax losses incurred, as detailed in Note 17. The recoverability of this deferred tax asset is dependent on the generation of sufficient taxable income to utilise those tax losses. Management judgements and estimates are required in the assessment of this recoverability, including forecasting sufficient future taxable income.

8. FINANCIAL INSTRUMENTS

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. The Board has established an Audit & Risk Committee, which is responsible for overseeing how management monitors risk and reviewing the adequacy of the risk management framework in relation to the risks faced by the Group. The Committee reports regularly to the Board of Directors on its activities.
Risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through their training and management standards and procedures, aim to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The fair values and carrying amounts of various financial instruments recognised at reporting date are noted below:

	2019		2018	
	Carrying Amount $000	Fair Values $000	Carrying Amount $000	Fair Values $000
Hire purchase liabilities	(10,349)	(10,349)	(12,403)	(12,403)
Cash advance facility	(11,410)	(11,410)	(13,625)	(13,625)

The carrying amounts of the financial instruments are a reasonable approximation of their fair values, on account of their short maturity cycle.

Notes to the Consolidated Financial Statements

8. FINANCIAL INSTRUMENTS (CONTINUED)

Measurement at fair values

i. Valuation techniques and significant unobservable inputs
The following table shows the valuation technique used in measuring Level 3 fair values at 30 June 2019, as well as the significant unobservable inputs used.

Type	Valuation Technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Deferred vendor payments	The Company forecast that LandData and Elton will reach their targeted earn out values for the performance milestones and therefore have recognised the maximum amount payable under the contract for contingent consideration. Given that payments are due within two years of acquisition the amount recognised approximates to fair value. Elton also have a deferred payment which is based on the lapse of time.	For Elton the target is EBITDA, for LandDATA it's a combination of Gross Margin and Revenue. For further details refer to the Deferred Vendor Payment note below.	The estimated fair value of the deferred vendor payments would decrease if any of the conditions were not met. Generally, a change in the annual revenue will impact Elton and LandDATA. We expect a change in revenue to be accompanied by a directionally similar change in margin.

ii. Level 3 fair values
Sensitivity analysis
For the fair values of deferred vendor payments, reasonably possible changes at 30 June 2018 to one of the significant unobservable inputs, holding other inputs constant, would have the following effects.

Movements in the value of Deferred Vendor Payments

	Opening Balance	Acquired in the year	Paid in the year	Adjusted in the year	Closing Balance
	$000	$000	$000	$000	$000
Lawrence	500	-	(500)	-	-
Lester Franks	700	-	(647)	(53)	-
LANDdata	947	-	(518)	62	491
Elton Consulting	3,864	-	(475)	(326)	3,063
	6,011	-	(2,140)	(317)	3,554

Landdata
Deferred Vendor Payment Provision at 30 June 2019 is based on Earnout Period 2 which runs from 31 July 2018 to 30 July 2019. Earn-out is conditional on a percentage Gross Margin being achieved and of minimum revenues of $8,625,000 in Earnout Period 2. An incentive bonus of 25% is payable at the end of Earnout Period 2 if Gross margin is greater than $4,400,000.

Notes to the Consolidated Financial Statements

8. FINANCIAL INSTRUMENTS (CONTINUED)

Elton

Deferred Vendor Payment Provision at 30 June 2019 is based on Earn-out Period 2 for $1,000,000 which runs from 30 March 2019 to 29 March 2020 and is payable 50% in cash and 50% in shares. Earn-out requires EBITDA to be over $2,600,000 and is capped at $3,100,000. In addition, there is an additional deferred payment of $2,000,000 payable 50% in cash and 50% in shares and will be paid 2 years after completion of the acquisition.

Risk Management Strategies

The Group is primarily exposed to (i) credit risks; (ii) liquidity risks; and (iii) interest rate risks. The nature and extent of risk exposure, and the Group's risk management strategies are noted below.

Credit risks

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers.

As detailed in Note 1, the Company has successfully implemented its diversification strategy, through the acquisition surveying businesses, and thus mitigated the risk of dependence on key customers.

Credit risk is kept continually under review and managed to reduce the incidence of material losses being incurred by the non-receipt of monies due.

Credit risk is managed through monitoring and follow-up of accounts receivable on a regular basis, and follow up on overdue customer balances.

Bad debts are written off in the year in which they are identified. Specific provisions are made against identified doubtful debts.

There has been no change in the above policy since the prior year.

The Group's maximum exposure to credit risk is:

	2019 $000	2018 $000
Cash and cash equivalents	3,685	5,588
Trade and other receivables	25,864	30,932
Work in progress	8,280	10,538
	37,829	47,058

The Group does not hold collateral against the credit risks, however, management considers the credit risks to be low on account of the risk management policy noted above. The trading terms generally offer 30 days credit from the date of invoice. As of the reporting date, none of the receivables have been subject to renegotiated terms.

The ageing analysis of past due trade and other receivables at reporting date are:

	2019 $000	2018 $000
Current (not past due)	14,289	14,996
Past due 1 – 30 days	7,441	10,534
Past due 31 – 60 days	2,046	2,672
Past due 61 – 90 days	816	1,045
Past due 90 days	2,092	1,892
Provision for impairment	(820)	(207)
Total	25,864	30,932

The Group is also subject to credit risks arising from the failure of financial institutions that hold the entity's cash and cash equivalents. However, management considers this risk to be negligible.

Notes to the Consolidated Financial Statements

8. FINANCIAL INSTRUMENTS (CONTINUED)

The Group's maximum exposure to credit risk for trade and other receivables at the reporting date by geographic region was $25,864,000 (2017: $30,932,000) for Australia. The allowance for impairment for 2019 amounted to ($820,000) (2018: $207,000). Based on historic default rates, the Group believes that no impairment allowance is necessary in respect of trade receivables not past due or past due by up to 30 days.

The movement in the allowance for impairment in respect of trade receivables during the year was as follows:

	2019 $000	2018 $000
Balance 1 July under IAS 39	207	261
Adjustment on initial application of IFRS 9	721	-
Balance 1 July under IFRS 9	928	261
Impairment loss reversed	(203)	(247)
Impairment loss provided	95	193
Total	820	207

Liquidity risks
Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. Liquidity risk is constantly monitored and managed through forecasting short term operating cash requirements and the committed cash outflows on financial liabilities.

The table below details the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements.

The following are the contractual maturities of financial liabilities including interest:

2019

Non-derivative financial liabilities	Carrying Amount $000	Contractual Cash Flows $000	6 Months or less $000	6 – 12 Months $000	1 – 2 Years $000	2 – 5 Years $000	>5 Years $000
Hire purchase liabilities	10,349	11,131	1,752	1,751	3,447	4,181	-
Trade and other payables	18,765	18,765	18,765	-	-	-	-
Deferred vendor payments	3,554	3,681	491	3,190	-	-	-
Cash advance facility	11,410	13,405	287	287	3,359	8,737	735
	44,078	46,982	21,295	5,228	6,806	12,918	735

Deferred vendor payment Contractual Cash Flows is the amount payable under the contingent consideration arrangement discussed above before any adjustments for the time value of money

Notes to the Consolidated Financial Statements

8. FINANCIAL INSTRUMENTS (CONTINUED)

2018

Non-derivative financial liabilities	Carrying Amount $000	Contractual Cash Flows $000	6 Months or less $000	6 – 12 Months $000	1 – 2 Years $000	2 – 5 Years $000	>5 Years $000
Hire purchase liabilities	12,403	13,154	2,022	1,842	3,229	6,061	-
Trade and other payables	17,532	17,532	17,532	-	-	-	-
Deferred vendor Payments	6,011	6,147	1,406	980	3,761	-	-
Cash advance facility	13,625	16,059	1,843	1,818	3,405	8,993	-
	49,571	52,892	22,803	4,640	10,395	15,054	-

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

Market risk
Market risk is the risk that changes in market prices, such as interest rates and equity prices will affect the Group's income. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Interest rate risk
Interest rate risk is the risk that the fair values and cash-flows of the Group's financial instruments will be affected by changes in the market interest rates.
The Group's cash and cash equivalents, and loans and borrowings are exposed to interest rate risks. The average nominal interest rate is 4.42% for loans and borrowings (2018: 4.70%) detailed in note 20. Interest sensitivity is calculated for a 1% change below:

	2019		2018	
	+1% $000	-1% $000	+1% $000	-1% $000
Consolidated Group				
Cash and cash equivalents	37	(37)	56	(56)
Loans and borrowings	218	(218)	(260)	260
	255	(255)	204	(204)

Capital Management
The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors has not implemented a formal capital management policy or a dividend policy.

There were no changes in the Group's approach to capital management during the year other than updated loan covenants (refer Note 20). The Group is not subject to externally imposed capital requirements. Capital comprises share capital and retained earnings.

Currency risk
The Group receivables are all denominated in Australian dollars and accordingly no currency risk exists.

Notes to the Consolidated Financial Statements

9. COMMITMENTS

Operating leases
Commitments in relation to future minimum lease payments under non-cancellable operating leases:

	2019 $000	2018 $000
Not later than one year	4,206	3,244
Later than one year but not later than five years	8,676	3,668
Later than five years	1,597	-
Total commitments not recognised in financial statements	14,479	6,912

The non-cancellable operating leases are predominately for the lease of office accommodation and motor vehicles. The leases are generally for a term of between 1 to 5 years and the leases typically have options to extend the term. The above figures do not contain values for these options as the group is not committed to taking the options as at 30 June 2019

10. CONTINGENT LIABILITIES

A contingent liability is a possible obligation arising from past events and whose existence will be confirmed only by occurrence or non-occurrence of one of more uncertain future events not wholly within the control of the Group. A contingent liability may also be a present obligation arising from past events but is not recognised on the basis that an outflow of economic resources to settle the obligation is not viewed as probable, or an amount of the obligation cannot be reliably measured. When the Group has a present obligation, and an outflow of economic resources is assessed as probable and the Group can reliably measure the obligation, a provision is recognised.

As a result of operations the Group may receive contractual claims from clients or end users seeking compensation or litigation. The Group maintains professional indemnity insurance or other contractual arrangements that would severally apply to such claims. At 30 June 2019 no individually significant matters exist where the Group estimates a more than remote likelihood of economic outflow.

WORKING CAPITAL

11. TRADE AND OTHER RECEIVABLES

	2019 $000	2018 $000
Trade receivables	25,864	30,829
Other receivables	-	103
	25,864	30,932

The Group's exposure to credit and currency risk is disclosed in note 8. Payment terms are typically 30 days end of month.

12. TRADE AND OTHER PAYABLES

	2019 $000	2018 $000
Trade and other payables	18,765	17,532
	18,765	17,532

The Group's exposure to liquidity risk related to trade and other payables is disclosed in note 8.

Notes to the Consolidated Financial Statements

CAPITAL EMPLOYED

13. EMPLOYEE BENEFITS

	2019 $000	2018 $000
Current		
Annual leave	4,396	4,081
Long service leave	2,697	3,502
Superannuation	1,693	1,558
Other employee provisions	390	181
Shares	-	183
	9,176	9,505
Non-current		
Long service leave	1,640	920
Shares	-	146
	1,640	1,066

14. PLANT AND EQUIPMENT

	2019 $000	2018 $000
Leasehold Improvements at cost	1,669	1,300
Less: accumulated depreciation	(627)	(368)
	1,042	932
Plant and equipment at cost	22,998	20,838
Less: accumulated depreciation	(13,598)	(10,702)
	9,400	10,136
Motor vehicles at cost	5,402	7,941
Less: accumulated depreciation	(2,293)	(3,767)
	3,109	4,174
Total written down value	13,551	15,242

Notes to the Consolidated Financial Statements

14. PLANT AND EQUIPMENT (CONTINUED)

Reconciliations of the carrying amounts of each class of plant and equipment at the beginning and end of the current financial year are set out below

2019	Leasehold Improvements $000	Plant & Equipment $000	Motor Vehicles $000	Total $000
Carrying amount at 1 July 2018	932	10,136	4,174	15,242
Acquired through business acquisitions	-	-	-	-
Additions at cost	319	2,975	480	3,774
Disposals at carrying value	-	(23)	(355)	(378)
Depreciation	(209)	(3,688)	(1,190)	(5,087)
Transfers between classes at carrying value	-	-	-	-
Carrying amount at 30 June 2019	1,042	9,400	3,109	13,551

2018	Leasehold Improvements $000	Plant & Equipment $000	Motor Vehicles $000	Total $000
Carrying amount at 1 July 2017	353	7,899	2,797	11,049
Acquired through business acquisitions	353	349	180	882
Additions at cost	425	5,860	2,873	9,158
Disposals at carrying value	(36)	(1,619)	(466)	(2,121)
Depreciation	(236)	(2,280)	(1,210)	(3,726)
Transfers between classes at carrying value	73	(73)	-	-
Carrying amount at 30 June 2018	932	10,136	4,174	15,242

The carrying value of finance leased assets at 30 June 2019 is $5.9 million (2018: $8.7 million).

Impairment Loss

The Group assesses whether there are indicators that assets, or groups of assets, may be impaired at each reporting date. There were no indicators present in 2019 however goodwill is assessed annually regardless of indicators, refer Note 15. In this regard a formal estimate of the recoverable amount is made. Veris has made an assessment of the recoverable amount of its assets as at 30 June 2019. No impairment loss was recognised in the year ended 30 June 2019 (2018: $nil).

Notes to the Consolidated Financial Statements

15. INTANGIBLE ASSETS

	Goodwill $000	Customer Relationships $000	Brands $000	Total $000
Carrying amount at 1 July 2017				
Veris Australia	31,661	8,864	-	40,525
Elton Consulting	-	-	-	-
	31,661	**8,864**	**-**	**40,525**
Movements during the year				
Additions:				
Veris Australia	3,395	3,360	-	6,755
Elton Consulting	11,070	3,496	292	14,858
Amortisation:				
Veris Australia	-	(3,848)	-	(3,848)
Elton Consulting	-	(228)	(20)	(248)
Adjustments:				
Veris Australia	(625)	-	-	(625)
Elton Consulting	1,181	-	-	1,181
Carrying value 1 July 2018				
Veris Australia	34,431	8,376	-	42,807
Elton Consulting	12,251	3,268	272	15,791
	46,682	**11,644**	**272**	**58,598**
Movements during the year				
Amortisation:				
Veris Australia	-	(2,908)	-	(2,908)
Elton Consulting	-	(912)	(78)	(990)
Adjustments:				
Veris Australia	-	-	-	-
Elton Consulting	(1,079)	-	-	(1,079)
Impairment:				
Veris Australia	(34,431)	-	-	(34,431)
Elton Consulting	-	-	-	-
Carrying amount at 30 June 2019				
Veris Australia	-	5,468	-	5,468
Elton Consulting	11,172	2,356	194	13,722
	11,172	**7,824**	**194**	**19,190**

Notes to the Consolidated Financial Statements

15. INTANGIBLE ASSETS (CONTINUED)

Goodwill has arisen on businesses purchased and an impairment review is carried out annually. For the purpose of impairment testing, goodwill has been allocated to CGU's as per the above.

Impairment Assessment

The Group tests annually whether the above intangible assets or goodwill are impaired, in accordance with the accounting policy stated in note 30 e (ii). An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

The recoverable amount of goodwill and other intangible assets are determined based on value in use of the company's CGU's which management have assessed to be its operating divisions. The discounted cash flow method (value in use) estimates the value of the CGU as being equal to the present value of the future cash flows which are expected to be derived from the CGU.

At 31 December 2018 reporting date, there were two indicators of impairment:

- Market capitalisation was less than net asset value (Veris Group)
- Revenue and EBITDA % was not meeting budgeted expectations (Veris Australia CGU)

The Group determined value in use to be higher than fair value and therefore the recoverable amount of goodwill and other intangible assets are determined based on value in use of the company's CGU's, which management have assessed to be its operating businesses. The discounted cash flow method (value in use) estimates the value of the CGU as being equal to the present value of the future cash flows which are expected to be derived from the CGU.

Recoverable amount testing
Key assumptions – Veris Australia CGU

The recoverable amount of the Veris Australia CGU has been determined using a value in use discounted cash flow model.

In determining value in use, it is necessary to make a series of assumptions to estimate future cash flows. The key assumptions requiring judgement include projected cash flows, growth rate estimates, discount rates, working capital and capital expenditure. The key assumptions utilised in the "value in use" calculations for the Veris Australia CGU are budgeted EBITDA, long term growth rate (2.5%) (2018: 2.0%) and discount rate (9.9%) (2018: 9.3%).

(i) Projected cash flows
The Group determines the recoverable amount based on a "value in use" calculation, using five years cash flow projections. The projections are based on the approved budget for the year ending 30 June 2020 and the management forecast for the subsequent financial years ending 30 June 2024.

Budgeted EBITDA has been based on past experience and the Group's assessment of economic and regulatory factors affecting the industry within which the Group operates.

(ii) Long term growth rate
The future annual growth rates for FY2024 onwards to perpetuity are based on a growth rate of 2.5% (2018: 2.0%)

(iii) Discount rate (9.9%) (2018: 9.3%)
Post tax nominal discount rate of 9.9% (2018: 9.3%) reflect the Group's estimate of the time value of money and risks specific to each CGU.

(iv) Terminal value (2.5%) (FY18: 2.0%)

Notes to the Consolidated Financial Statements

15. INTANGIBLE ASSETS (CONTINUED)

As a result of changes in key assumptions, impairment testing of the Veris Australia CGU for the current reporting period resulted in an impairment loss of $34,431,000 being recognised to reflect the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount testing
Key assumptions – Elton Consulting CGU

The recoverable amount of the Elton Consulting CGU has been determined using a value in use discounted cash flow model.

In determining value in use, it is necessary to make a series of assumptions to estimate future cash flows. The key assumptions requiring judgement include projected cash flows, growth rate estimates, discount rates, working capital and capital expenditure. The key assumptions utilised in the "value in use" calculations for the Elton Consulting CGU are budgeted EBITDA, long term growth rate (2.5%) and discount rate (9.9%). There are no comparative rates for the Elton Consulting CGU for FY18, as it was only acquired in the months prior to 30 June 2018 year end, in March 2018.

(i) Projected cash flows
The Group determines the recoverable amount based on a "value in use" calculation, using five years cash flow projections. The projections are based on the approved budget for the year ending 30 June 2020 and the management forecast for the subsequent financial years ending 30 June 2024.

Budgeted EBITDA has been based on past experience and the Group's assessment of economic and regulatory factors affecting the industry within which the Group operates.

(ii) Long term growth rate (2.5%)
The future annual growth rates for FY 2024 onwards to perpetuity are based on a growth rate of 2.5%.

(iii) Discount rate (9.9%)
Post tax nominal discount rate of 9.9% reflect the Group's estimate of the time value of money and risks specific to each CGU.

(iv) Terminal value (2.5%)

Following impairment testing for the current reporting period, no impairment of Elton Consulting intangible assets has been recognised as the recoverable amount of the Elton Consulting CGU which all of its assets are assigned exceeds the carrying amount of the CGU.

Sensitivities – Elton Consulting CGU
The directors and management have performed an assessment of reasonably possible changes in the key assumptions. Management has identified that a reasonably possible change in two key assumptions could cause the carrying amount to exceed the recoverable amount. The following table shows the amount (in percent) by which these two assumptions would need to change individually for the estimated recoverable amounts to be equal to the carrying amount.

	2019 $000	**2018 $000**
Discount rate	3.0	-
Budgeted EBITDA growth rate	(3.2)	-

Notes to the Consolidated Financial Statements

16. INCOME TAX BENEFIT

	2019 $000	2018 $000
Current tax - Australia	-	-
Deferred tax	(2,130)	(60)
Adjustment for prior periods	(13)	(697)
Adjustment - other	-	(114)
Income tax benefit reported in income statement	(2,143)	(871)

The prima facie tax on the result from ordinary activities before income tax is reconciled to the income tax as follows:

Reconciliation of effective tax rate

	2019 $000	2018 $000
(Loss)/ Profit before income tax – continuing operations	(42,232)	(1,927)
Income tax at 30% (2018: 30%)	(12,670)	(578)
Add (less) tax effect of:		
Other non-allowable/ assessable items	10,540	518
Research and development offset	-	-
Adjustment for prior periods	4	(697)
Adjustment - other	(17)	(114)
Income tax expense/ (benefit) – continuing operations	(2,143)	(871)
(Loss)/ Profit before income tax – discontinued operations	-	(285)
Income tax at 30% (2018: 30%)	-	(86)
Add (less) tax effect of:		
Other non-allowable/ assessable items	-	(3)
Adjustment for prior periods	-	126
Income tax expense/ (benefit) – discontinued operations	-	37

17. DEFERRED TAX ASSETS/ LIABILITIES

Deferred tax liability	Assets		Liabilities		Net	
	2019 $000	2018 $000	2019 $000	2018 $000	2019 $000	2018 $000
Work in progress	-	-	(1,524)	(2,645)	(1,524)	(2,645)
Plant & Equipment	-	-	(526)	(30)	(526)	(30)
Employee Benefits	3,182	3,046	-	-	3,182	3,046
Provisions	747	579	-	-	747	579
Intangibles	-	-	(2,425)	(3,594)	(2,425)	(3,594)
Carried forward R&D offset available	8,453	8,453	-	-	8,453	8,453
Carried forward tax losses available	916	262	-	-	916	262
Other	145	245	(55)	(31)	90	214
Tax assets/ (liabilities)	13,443	12,585	(4,530)	(6,309)	8,913	6,276

Notes to the Consolidated Financial Statements

17. DEFERRED TAX ASSETS/ LIABILITIES (CONTINUED)

Movement in deferred tax balances	**2019 $000**	**2018 $000**
Opening balance	6,276	7,636
Deferred tax liability on intangibles – Business Combinations	-	(2,145)
Subsidiaries acquired opening balances	-	10
Prior year adjustments	490	628
Other adjustment	17	-
Charge to profit or loss – continuing operations	2,130	61
Charge to profit or loss – discontinued operations	-	86
Closing deferred tax asset	8,913	6,276

NET DEBT

18. CASH AND CASH EQUIVALENTS

	2019 $000	**2018 $000**
Cash at bank and in hand	3,685	5,588
Cash and cash equivalents in the statement of cash flows	3,685	5,588

The Group's exposure to interest rate risk and a sensitivity analysis for the financial assets and liabilities disclosed in note 8.

Notes to the Consolidated Financial Statements

19. RECONCILIATION OF CASH FLOW FROM OPERATIONS WITH PROFIT AFTER INCOME TAX

	2019 $000	2018 $000
Cash flows from operating activities		
Profit/(loss) after income tax	(40,089)	(1,304)
Non-cash flows in profit:		
Depreciation (Note 14)	5,087	3,585
Amortisation of intangible assets (Note 15)	3,898	4,096
Impairment of Intangible assets	34,431	-
Profit on sale of fixed assets	(1,391)	(2,254)
Other	24	265
Share based payment	586	1,031
Income tax expense/ (benefit) from all operations	(2,143)	(908)
	403	4,511
Change in trade and other debtors	4,347	(11,512)
Change in other assets	(1,208)	(1,939)
Change in work in progress	965	(4,222)
Change in trade creditors	1,219	10,507
Change in provisions and employee benefits	519	2,517
Net cash used in operating activities	6,245	(138)

Significant non-cash investing and financing transactions
Property, plant and equipment of $1.9 million (2018: $7.3 million) was acquired under finance leases.

Movements in borrowings

	$000
Opening balance 1 July 2018	26,028
Movements:	
Proceeds from borrowings	1,916
Repayments of borrowings and lease liabilities	(6,185)
Closing balance 30 June 2019	21,759

Proceeds from borrowings relates to $1,916,000 of Hire Purchase borrowings which were paid directly to the supplier of the asset.

20. LOANS AND BORROWINGS

	2019 $000	2018 $000
Current liabilities		
Hire purchase liabilities (HP)	3,356	3,431
Cash advance facility	-	2,950
	3,356	6,381
Non-current liabilities		
Hire purchase liabilities	6,993	8,972
Cash advance facility	11,410	10,675
	18,403	19,647

Notes to the Consolidated Financial Statements

20. LOANS AND BORROWINGS (CONTINUED)

TERMS AND DEBT REPAYMENT SCHEDULE

Terms and conditions of outstanding loans were as follows:

	Nominal interest rate%	Year of maturity	2019 $000 Carrying Amount	2018 $000 Carrying Amount
Hire purchase liabilities (HP)	4.15 – 5.35	2019 – 2024	10,349	12,403
Cash advance facility	4.0 – 4.6	2019 – 2024	11,410	13,625
			21,759	**26,028**

Hire purchase rate is fixed at contract agreement stage. The cash advance facility has a variable interest rate. All loans and borrowings are denominated in Australian Dollars.

	Facility Available 2019 $000	Used 2019 $000	Unused 2019 $000	Facility Available 2018 $000	Used 2018 $000	Unused 2018 $000
Cash advance facility (a)	17,000	(11,410)	5,590	25,000	(13,625)	11,375
Insurance Bonds	5,000	(56)	4,944	5,000	(812)	4,188
Other (b)	8,500	(433)	8,067	10,300	(432)	9,868
Total financing facilities	30,500	(11,899)	18,601	40,300	(14,869)	25,431

a) The carrying amount of this facility was $11.4 million as at 30 June 2019 (2018: $13.6 million). The funds are available for business acquisitions. The facility is repayable in tranches over the next three years. The loan contains covenants stating that at the end of each quarter the Group is to maintain EBITDA in line with Bank agreed forecast.

b) Other facilities include a $5.5 million bank overdraft, $2.5 million contingent instrument facility and $500,000 credit card facility.

c) Lease liabilities are effectively secured as the rights to leased assets revert to the lessor in the event of default.

Hire Purchase Liabilities

Hire purchase liabilities of the Group are payable as follows:

	Future minimum HP payments 2019 $000	Interest 2019 $000	Present value of minimum HP payments 2019 $000	Future minimum HP payments 2018 $000	Interest 2018 $000	Present value of minimum HP payments 2018 $000
Less than 1 year	3,802	(448)	3,354	3,814	(383)	3,431
Between 1 & 5 years	7,329	(334)	6,995	9,340	(368)	8,972
	11,131	(782)	10,349	13,154	(751)	12,403

Financing is arranged for major leasehold improvements, plant & equipment, and motor vehicle additions

Notes to the Consolidated Financial Statements

EQUITY

21. CAPITAL AND RESERVES

Share capital

	2018 $000	2018 $000	2019 No. of Shares	2018 No. of Shares
Balance at the beginning of the year	40,887	37,283	345,358,386	325,705,364
Issued via Dividend Reinvestment Plan	1,696	379	8,428,718	2,238,596
Conversion of Performance Rights	-	-	9,249,495	1,289,426
Issued as consideration for business combinations	468	3,225	6,977,990	16,125,000
Balance at the end of the year	43,051	40,887	370,014,589	345,358,386

Issues of ordinary shares

- On 12 July 2018, 37,037 ordinary shares were issued as an incentive for continued employment to key personnel following the acquisition of Lester Franks in November 2016. The shares were issued for nil cash consideration with a fair value of $0.24 per share.
- On 8 August 2018, 4,305,997 ordinary shares were issued for $nil consideration on vesting of Performance Rights to a key executive under the Veris FY17 Employee Incentive Scheme.
- On 10 September 2018, 4,305,998 ordinary shares were issued for $nil consideration on vesting of Performance Rights to a key executive under the Veris FY17 Employee Incentive Scheme.
- On 25 September 2018, 3,332,125 ordinary shares were issued and on 26 September 2018, 5,096,593 ordinary shares were issued, all at a price of $0.21 in accordance with the DRP.
- On 9 November 2018, 637,500 ordinary shares were issued for $nil consideration on vesting of Performance Rights to a key executive under the Veris FY17 Employee Incentive Scheme on cessation of employment.
- On 12 December 2018, 425,926 ordinary shares were issued as an incentive for continued employment to key personnel following the acquisition of Lester Franks in November 2016. The shares were issued for nil cash consideration with a fair value of $0.10 per share.
- On 9 April 2019, 4,098,360 ordinary shares were issued as an incentive for continued employment to key personnel following the acquisition of Elton Consulting in March 2018. The shares were issued for nil cash consideration with a fair value of $0.061 per share.
- On 8 May 2019, 7,916,667 ordinary shares were issued to the vendors of Elton Consulting as part consideration for the Milestone Payment One under the Share Sale Agreement. The shares were issued for nil cash consideration with a fair value of $0.069 per share.

The Group does not have authorised capital or par value in respect of its issued shares.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Group. All shares rank equally with regard to the Group's residual assets.

Notes to the Consolidated Financial Statements

21. CAPITAL AND RESERVES (CONTINUED)

Reserves

	2019 $000 Share Based Payments	2018 $000 Share Based Payments	2019 $000 Retained Earnings/ (Accumulated Losses)	2018 $000 Retained Earnings
Balance at the beginning of the year	2,349	1,747	24,967	27,907
Profit/ (loss) for the year	-	-	(40,327)	(1,304)
Dividends paid	-	-	(1,770)	(1,636)
Adoption of new standards	-	-	(2,014)	-
Share based payment transactions	600	602	-	-
Balance at the end of the year	2,949	2,349	(19,144)	24,967

The retained earnings reserve represents profits of entities within the Group. Such profits are available to enable payment of franked dividends in future years. Dividends amounting to $1.8 million were distributed during the year (2018: $1.6 million).

22. DIVIDENDS

On 30 August 2018 the Company declared a fully franked dividend for 2018 of 0.5 cents per share, totalling $1,770,000 (2018: $1,636,000). On 25 September 3,332,125 shares issued under the Dividend Reinvestment Plan (DRP) at 21.0 cents per share and on 26 September a further 5,096,593 shares were issued at 21.0 cents per share in accordance with the DRP Underwriting Agreement. The 21.0 cents price per share was based on 5% discount to the VWAP on each day during the Price Determination Period which was 5 days.

Franking Credit Balance

The amount of franking credits available for the subsequent financial year are:

	2019 $	2018 $
Franking account balance as at the end of financial year at 30% (2018:30%)	5,535,898	6,295,357

The ability to utilise the franking credits is dependent upon there being sufficient available profits to declare dividends.
The above available amounts are based on the balance of the dividend franking account at year-end adjusted for:

- franking credits that will arise from the payment of the current tax liabilities;
- franking debits that will arise from the payment of dividends recognised as a liability at the year-end;
- franking credits that will arise from the receipt of dividends recognised as receivables by the tax consolidated group at the year-end; and
- franking credits that the entity may be prevented from distributing in subsequent years.

Notes to the Consolidated Financial Statements

23. SHARE-BASED PAYMENTS

(a) Share – Based Payment Arrangements

As at 30 June 2019, the Group had the following share-based payment arrangements.

(i) 2017 Performance Rights Plan

On 5 June 2017, the Group granted further Performance Rights to eligible employees under the Group's Long Term Incentive Plan in respect of the three financial years 30 June 2017 to 30 June 2019. Subject to continued employment and achievement of financial performance hurdles absolute total shareholder return and absolute earnings per share growth), the Performance Rights will vest as follows:

Number of Performance Rights granted	Vesting Date (A)	Lapsed (B)	Vested during the Period (C)	Vesting Hurdles: 50% TSR (D)		Vesting Hurdles: 50% 3 Year Absolute EPS Pooling (E)	
-	30 June 2019	1,443,500	637,500,	<100%	Nil	< 6 c	Nil
				100% < 180%	Pro-rata vesting between 25% and 100%	>6- <6.5 c	pro rata vesting between 25%-100%
-		**1,443,500**	**637,500**	180%	100%	6.5 c >	100%

(A) On vesting, Performance Rights will automatically convert to ordinary shares on a one for one basis. Performance Rights that do not vest will lapse. An unvested Performance Right will lapse upon the earlier to occur of:

i. failure to satisfy the applicable vesting conditions;
ii. the holder purporting to transfer the Performance Right otherwise than with the consent of the Board or by force of law;
iii. the employment of the holder ceasing, where such a condition was imposed on the grant of the Performance Right;
iv. in the opinion of the Board, the holder commits any fraudulent or dishonest act or is in breach of his or her obligations to the Company or subsidiary;
v. the expiry date; or
vi. the seven year anniversary of the date of grant of the Performance Rights.

(B) During the period, 334,000 Performance Rights lapsed due to cessation of employment

(C) During the period, 637,500 Performance Rights vested on cessation of employment and 1,109,500 lapsed due to the hurdles not being achieved.

(D) Performance of management measured against an absolute shareholder return target of VRS

(E) Performance management measured against a normalised EPS pooled approach setting an aggregate value of dollars of EPS that must be achieved over the three years (i.e. a pool consisting of year 1 EPS plus year 2 EPS plus year 3 EPS

Notes to the Consolidated Financial Statements

23. SHARE-BASED PAYMENTS (CONTINUED)

(ii) 2019 Performance Rights Plan

<u>DIRECTORS & KMP'S</u>

On 20 December 2018, the Group granted Performance Rights to the Managing Director, Adam Lamond and Executive Director, Brian Elton and on 12 April 2019, the Group granted Performance Rights to Key management Personnel under the Group's new Veris combined Incentive Plan ("VIP") relating to financial years 30 June 2019 to 30 June 2022 based on the achievement KPIs outlined in the below Balanced Scorecard:

Balanced Scorecard and Weightings			
Financial	**Market**	**Individual**	**Values**
Budgeted EBITDA (14%)	Absolute EPS (19%)	KPI's (20%)	Behaviours (5%)

On the basis that the Balanced Scorecard was achieved, 50% will be paid in cash and 50% in equity by way of issue of Performance Rights, of which 60% would have vested based on achievement of a 3 year absolute TSR hurdle and 40% would have vested in a future period in time, depending on continued employment for 4 years post issue (33% year 2; 33% year 3, 33% year 4). The Balanced Scorecard was not achieved for the FY19 year and all Performance Rights have lapsed. The absolute TSR hurdle is outlined in the below table:

Number of Performance Rights granted	Vesting Date [A]	Lapsed [B]	Vested during the Period
1,297,196	30 June 2022	942,804	-
1,297,196		**942,804**	**-**

Vesting Hurdles*			
60% TSR [C]		40% 3 Year Retention [D]	
<75%	Nil	Yr 2	1/3
75% < 120%	Pro-rata vesting between 25% and 100%	Yr 3	1/3
120%	100%	Yr 4	1/3

* Safety must be maintained at all times and no LTI's will vest in the instance of a major safety breach such as a serious injury or fatality

[A] On vesting, Performance Rights will automatically convert to ordinary shares on a one for one basis. Performance Rights that do not vest will lapse. An unvested Performance Right will lapse upon the earlier to occur of:

vii. failure to satisfy the applicable vesting conditions;
viii. the holder purporting to transfer the Performance Right otherwise than with the consent of the Board or by force of law;
ix. the employment of the holder ceasing, where such a condition was imposed on the grant of the Performance Right;
x. in the opinion of the Board, the holder commits any fraudulent or dishonest act or is in breach of his or her obligations to the Company or subsidiary;
xi. the expiry date; or
xii. the seven year anniversary of the date of grant of the Performance Rights.

[B] During the period, 942,804 Performance Rights lapsed due to the KPI's outlined in the Balanced Scorecard not being achieved

[C] Performance of management measured against an absolute shareholder return target of VRS

[D] Based on continued employment and disposal restrictions

Notes to the Consolidated Financial Statements

23. SHARE-BASED PAYMENTS (CONTINUED)

SENIOR MANAGEMENT

On 12 April 2019 the Group granted 2,419,949 Performance Rights to eligible employees which will vest subject to their continued employment over a two year period.

Number of Performance Rights granted	Vesting Date (A)	Lapsed (B)	Vested during the Period	Vesting Hurdles* 100%
2,419,949	30 June 2021	1,334,622	-	2 Year Retention (C)
2,419,949		**1,334,622**	**-**	

(A) On vesting, Performance Rights will automatically convert to ordinary shares on a one for one basis. Performance Rights that do not vest will lapse. An unvested Performance Right will lapse upon the earlier to occur of:

xiii. failure to satisfy the applicable vesting conditions;
xiv. the holder purporting to transfer the Performance Right otherwise than with the consent of the Board or by force of law;
xv. the employment of the holder ceasing, where such a condition was imposed on the grant of the Performance Right;
xvi. in the opinion of the Board, the holder commits any fraudulent or dishonest act or is in breach of his or her obligations to the Company or subsidiary;
xvii. the expiry date; or
xviii. the seven year anniversary of the date of grant of the Performance Rights.

(B) During the period, 104,960 Performance Rights lapsed due to cessation of employment and 1,229,662 Performance Rights lapsed due to a portion of the KPI's outlined in the Balanced Scorecard not being met.

(C) Based on continued employment for two years to 30 June 2021

(b) Measurement of Fair Values of Share-Based Payments

During the period, 3,717,145 Performance Rights were issued (2018: nil). The fair value of the Tranche A, Tranche B, Tranche C and Tranche E Rights Performance Rights issued under the Group's VIP during 2019 has been measured using the Black Scholes option pricing model. The fair value of the Tranche D Rights has been measured using the Monte Carlo simulation, which simulates the Company's share price at the test date and incorporates the probability of the TSR vesting condition being met.

Notes to the Consolidated Financial Statements

23. SHARE-BASED PAYMENTS (CONTINUED)

The inputs used in the measurement of the fair values at grant date of the equity-settle share-based payment plans were as follows:

	EXECUTIVE DIRECTORS RIGHTS			
	Tranche A (A)	Tranche B (A)	Tranche C (A)	Tranche D (B)
Performance Measure	**1 Yr Retention**	**1 Yr Retention**	**1 Yr Retention**	**TSR**
Grant Date	20 Dec 2018	20 Dec 2018	20 Dec 2018	20 Dec 2018
Share Price at Grant Date	$0.095	$0.095	$0.095	$0.095
Exercise Price	Nil	Nil	Nil	Nil
Commencement of Annual Balanced Scorecard Performance Period	1 Jul 2018	1 Jul 2018	1 Jul 2018	1 Jul 2018
Annual Scorecard Measurement Date	30 Jun 2019	30 Jun 2019	30 Jun 2019	30 Jun 2019
Annual Scorecard Measurement Period (Years)	1	1	1	1
Commencement of Performance Period	1 Jul 2019	1 Jul 2019	1 Jul 2019	1 Jul 2019
Performance Measurement Date	30 Jun 20	30 Jun 21	30 Jun 22	30 Jun 22
Vesting Period/Life of Rights (Years)	1.53	2.53	3.53	3.53
Volatility	60%	60%	60%	60%
Risk-free Rate	1.93%	1.93%	1.87%	1.87%
Number of Rights	106,704	106,704	106,704	480,168
Fair Value at Grant Date	**$0.091**	**$0.089**	**$0.087**	**$0.043**

(A) 40% of Rights subject to retention (1/3 Year 2; 1/3 Year 3; 1/3 Year 4)
(B) 60% of Rights subject to achievement of a 3 year absolute TSR target

	KEY MANAGEMENT PERSONNEL RIGHTS				SNR MGMT RIGHTS
	Tranche A (A)	Tranche B (A)	Tranche C (A)	Tranche D (B)	Tranche E (C)
Performance Measure	**1 Yr Retention**	**1 Yr Retention**	**1 Yr Retention**	**TSR**	**2 Yr Retention**
Grant Date	12 Apr 2019	12 Apr 2019	12 Apr 2019	12 Apr 2019	12 Apr 2019
Share Price at Grant Date	$0.058	$0.058	$0.058	$0.058	$0.058
Exercise Price	Nil	Nil	Nil	Nil	Nil
Commencement of Annual Balanced Scorecard Performance Period	1 Jul 2018	1 Jul 2018	1 Jul 2018	1 Jul 2018	1 Jul 2018
Annual Scorecard Measurement Date	30 Jun 2019	30 Jun 2019	30 Jun 2019	30 Jun 2019	30 Jun 2019
Annual Scorecard Measurement Period (Years)	1	1	1	1	1
Commencement of Performance Period	1 Jul 2019	1 Jul 2019	1 Jul 2019	1 Jul 2019	1 Jul 2019
Performance Measurement Date	30 Jun 20	30 Jun 21	30 Jun 22	30 Jun 22	30 Jun 21
Vesting Period/Life of Rights (Years)	1.22	2.22	3.22	3.22	2.22
Volatility	60%	60%	60%	60%	60%
Risk-free Rate	1.50%	1.50%	1.44%	1.44%	1.50%
Number of Rights	66,255	66,255	66,256	298,150	2,419,949
Fair Value at Grant Date	**$0.055**	**$0.053**	**$0.052**	**$0.025**	**$0.053**

(A) 40% of Rights subject to retention (1/3 Year 2; 1/3 Year 3; 1/3 Year 4)
(B) 60% of Rights subject to achievement of a 3 year absolute TSR target
(C) 100% of Rights subject to retention (continued employment to 30 June 2021)

The measure of volatility used in option pricing models is the annualised standard deviation of the continuously compounded rates of return on the share over a period of time. For the Rights, the recent volatility of the share price of Veris was calculated for one, two, and three-year periods, using data extracted from Bloomberg.

(c) Unvested Unlisted Performance Rights

828,848 Performance Rights issued during 2017 remain unvested at 30 June 2019 (2018: 2,909,848 Performance Rights issued 2017). 1,439,719 Performance Rights issued during 2019 remain unvested at 30 June 2019 (2018:N/A).

Notes to the Consolidated Financial Statements

OTHER INFORMATION

24. RELATED PARTIES

Key management personnel compensation
The key management personnel compensation included in 'employee benefits' is as follows:

	2019 $	2018 $
Short-term employee benefits	1,485,240	1,337,843
Post-employment benefits	99,750	118,856
Share-based payment	2,377	207,503
Termination benefit - Cash	363,385	-
Termination benefit – Share-based	18,874	-
	1,969,626	1,664,202

During the year, the Company did not have or repay any loans from related parties (2018: $nil).

Individual directors and executives compensation disclosures
Information regarding individual directors and executive's compensation and some equity instruments disclosures as required by Corporations Regulations 2M.3.03 is provided in the remuneration report section of the directors' report on pages 10 to 22.

Key management personnel transactions
The aggregate value of transactions and outstanding balances related to key management personnel and entities over which they have control of significant influence was as follows.

	Transaction values for the year ended 30 June		Balance outstanding as at 30 June	
Transaction	**2019 $**	**2018 $**	**2019 $**	**2018 $**
Rent (a)	**372,514**	83,201	-	-
	372,514	83,201	-	-

(a) The Company rents office space from Elton Property, a company controlled by a director. Amounts billed were based on market rates and were due and payable under normal payment terms.

Apart from the details disclosed in this note, no director has entered into a material contract with the Group since the end of the previous financial year and there were no material contracts involving directors' interests existing at year-end.

25. AUDITOR'S REMUNERATION

Audit and review services

KPMG	2019 $	2018 $
Audit and review of financial reports	226,448	254,000
Due Diligence	-	51,413
Integration	8,724	551,031
	235,172	856,444

Notes to the Consolidated Financial Statements

GROUP STRUCTURE

26. SUBSIDIARIES

The following entities are consolidated:

Name of Entity	Country of Incorporation	Ownership Interest 2019 %	Ownership Interest 2018 %
Parent Entity			
Veris Limited	Australia		
Controlled Entity			
Veris Australia Pty Ltd	Australia	100	100
Elton Consulting Group Pty Ltd	Australia	100	100
Aqura Technologies Pty Ltd (previously named OTOC Australia Pty Ltd)	Australia	100	100
Emerson Stewart Pty Ltd	Australia	100	100
Whelans Australia Pty Ltd	Australia	100	100
Whelans International Pty Ltd	Australia	100	100
Bosco Jonson Pty Ltd	Australia	100	100
Geo-metric Surveying Pty Ltd	Australia	100	100
Linker Surveying Pty Ltd	Australia	100	100
Queensland Surveying Pty Ltd	Australia	100	100
Southern Hemisphere Investments Pty Ltd	Australia	100	100
A Perfect Day Elise Pty Ltd	Australia	100	100
TBBK Pty Ltd	Australia	100	100
Lawrence Group Pty Ltd	Australia	100	100
Lester Franks Survey & Geographic Pty Ltd	Australia	100	100

27. DEED OF CROSS GUARANTEE

Pursuant to ASIC Corporation (wholly-owned companies) Instrument 2016/785, all the wholly-owned subsidiaries of Veris Limited are relieved from the Corporations Act 2001 requirements for preparation, audit and lodgement of financial reports, and Directors' report.

It is a condition of the Instrument that the Company and each of the subsidiaries (referenced in Note 26) enter into a Deed of Cross Guarantee ("the Deed"). The effect of the Deed is that the Company guarantees to each creditor payment in full of any debt in the event of winding up of any of the subsidiaries under certain provisions of the Corporations Act 2001. If a winding up occurs under other provisions of the Act, the Company will only be liable in the event that after six months any creditor has not been paid in full. The subsidiaries have also given similar guarantees in the event that the Company is wound up.

The consolidated statement of comprehensive income and consolidated statement of financial position, comprising the Company and controlled entities which are a party to the Deed as at 30 June 2019, after eliminating all transactions between parties to the Deed of Cross Guarantee, as of and for the year ended 30 June 2019 is the same as the consolidated statement of comprehensive income and consolidated statement of financial position of the Group as of and for the year ended 30 June 2019.

Notes to the Consolidated Financial Statements

28. PARENT ENTITY DISCLOSURES

As at, and throughout, the financial year ended 30 June 2019 the parent company of the Group was Veris Limited.

Results for the Year	2019 $000	2018 $000
Profit/(loss) for the year	(35,000)	2,758
Other comprehensive income	-	-
Total comprehensive profit/ (loss) for the year	(35,000)	2,758

Financial position of parent entity at year end	2019 $000	2018 $000
Current assets	8,504	14,462
Total assets	48,847	84,732
Current liabilities	(14,774)	(6,772)
Total liabilities	(26,273)	(29,910)
Total equity of the parent entity comprising of:		
Share capital	43,051	40,887
Accumulated loss & Reserves	(20,477)	13,935
Total equity	22,574	54,822

29. BASIS OF PREPARATION

(a) Presentation Currency

These consolidated financial statements are presented in Australian dollars, which is the Company's functional currency. The Company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instruments 2016/191 dated 1 April 2016. All financial information presented in Australian dollars has been rounded to the nearest thousand unless otherwise stated.

(b) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for the following material items in the statement of financial position:

- financial instruments at fair value through profit or loss are measured at fair value

Notes to the Consolidated Financial Statements

30. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, and have been applied consistently by Group entities.

(a) Basis of consolidation

(i) Business combinations

The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration payable is measured at fair value at the acquisition date. If the contingent consideration is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

If share-based payment awards (replacement awards) are required to be exchanged for awards held by the acquiree's employees (acquiree's awards), then all or a portion of the amount of the acquirer's replacement awards is included in measuring the consideration transferred in the business combination. This determination is based on the market-based measure of the replacement awards compared with the market-based measure of the acquiree's awards and the extent to which the replacement awards relate to pre-combination service.

(ii) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it 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 over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

(iii) Transactions eliminated on consolidation

Intra-group balances, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

(b) Financial instruments

(i) Non-derivative financial assets

The Group initially recognises loans and receivables and deposits on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Notes to the Consolidated Financial Statements

30. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group has the following non-derivative financial assets: cash, loans and receivables.

Loans and receivables
Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprise trade and other receivables.

Cash and cash equivalents
Cash and cash equivalents comprise cash balances and call deposits with original maturities of three months or less. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

(ii) Non-derivative financial liabilities

The Group initially recognises financial liabilities (including liabilities designated at fair value through profit or loss) on the trade date at which the Group becomes a party to the contractual provisions of the instrument. The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expired. Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group has the following non-derivative financial liabilities: loans and borrowings, bank overdrafts, and trade and other payables.

Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortised cost using the effective interest rate method for all others.

(iii) Share capital

Ordinary shares
Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects. Dividends on ordinary shares are recognised as a liability in the period in which they are declared.

(c) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Notes to the Consolidated Financial Statements

30. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised in profit or loss.

(ii) Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is recognised in profit or loss on either a straight-line or diminishing value basis over the estimated useful lives of each part of an item of property, plant and equipment. Items of property, plant and equipment are depreciated from the date that they are installed and are ready for use.

The depreciation rates for the current and comparative periods are as follows:

- Plant and equipment 14-33%
- Motor vehicles 14-33%
- Leasehold Improvements 20%

Depreciation methods, useful lives and residual values are reviewed at each reporting date.

(d) Intangible assets and goodwill

(i) Goodwill

Goodwill represents the excess of the cost of a business acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill acquired in a business combination is not amortised. Instead goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on disposal of an entity include the carrying amount of goodwill relating to the entity sold. Goodwill is allocated to individual cash generating units for the purpose of impairment testing.

(ii) Other intangible assets

Other intangible assets including customer relationships and brands that are acquired by the Group, which have finite useful lives, are measured at cost less accumulated amortisation and accumulated impairment losses.

(iii) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

Notes to the Consolidated Financial Statements

30. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(iv) Amortisation

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use. The estimated useful lives for the current and comparative periods are as follows:

- Customer relationships and Brands 3-5 years

(e) Impairment

(i) Non-derivative financial assets (including receivables)

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, the disappearance of an active market for a security.

The Group considers evidence of impairment for receivables and they are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Receivables that are not individually significant are collectively assessed for impairment by grouping together receivables with similar risk characteristics.

In assessing collective impairment the Group uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgment as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics. All impairment losses are recognised in profit or loss.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost, the reversal is recognised in profit or loss.

(ii) Non-financial assets

The carrying amounts of the Group's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. 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 the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units that are expected to benefit from the synergies of the combination.

Notes to the Consolidated Financial Statements

30. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Any impairment loss on a disposal group first is allocated to goodwill, and then to remaining assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets and employee benefit assets, which continue to be measured in accordance with the Group's accounting policies. Impairment losses on initial classification as held for sale and subsequent gains of losses on re-measurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

Once classified as held for sale, intangible assets and property, plant and equipment are no longer amortised or depreciated.

(f) Employee benefits

(i) Other long-term employee benefits

The Group's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods plus related on-costs. That benefit is discounted to determine its present value.

(ii) Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(iii) Share-based payment transactions

The grant date fair value of rights granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the options. The amount recognised as an expense is adjusted to reflect the actual number of performance rights for which the related service and non-market vesting conditions are met.

(g) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Notes to the Consolidated Financial Statements

30. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Revenue

Revenue from the rendering of a service is recognised upon the delivery of the service to the customers. Construction contract revenue is recognised in profit or loss in proportion to the stage of completion of the transaction at the reporting date. The stage of completion is assessed by reference to surveys of work performed.

Contract revenue includes the initial amount agreed in the contract plus any variations in contract work, claims and incentive payments, to the extent that it is probable that they will result in revenue and can be measured reliably. As soon as the outcome of a construction contract can be estimated reliably, contract revenue is recognised in profit or loss in proportion to the stage of completion of the contract. Contract expenses are recognised as incurred unless they create an asset related to future contract activity.

(i) Work in progress

Work in progress represents the gross unbilled amount expected from customers for contract work performed to date. It is measured at cost plus profit recognised to date less progress billings and recognised losses. Cost includes all expenditure related directly to specific projects and an allocation of fixed and variable overheads incurred in the Group's contract activities based on normal operating capacity.

(j) Leased assets

(i) Lease payments

Payments made under operating leases are recognised in profit or loss on a straight line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

(ii) Lease classification

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Other leases are operating leases and the leased assets are not recognised in the Group's statement of financial position. Investment property held under an operating lease is recognised on the Group's statement of financial position at its fair value.

(k) Finance income and expense

Finance income comprises interest income on funds invested. Interest income is recognised as it accrues in profit or loss, using the effective interest method. Finance expenses comprise interest expense on borrowings. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit and loss using the effective interest method.

Notes to the Consolidated Financial Statements

30. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Income tax

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend is recognised.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognised for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(i) Tax consolidation

The Group and its wholly-owned entities are part of a tax-consolidated group. As a consequence, all members of the tax-consolidated group are taxed as a single entity from that date. The head entity within the tax-consolidated group is Veris Limited.

The Group recognises deferred tax assets arising from unused tax losses of the tax-consolidated group to the extent that it is probable that future taxable profits of the tax-consolidated group will be available against which the asset can be utilised. Any subsequent period adjustments to deferred tax assets arising from unused tax losses as a result of revised assessments of the probability of recoverability is recognised by the head entity only.

(ii) Nature of tax funding arrangements and tax sharing arrangements

The head entity, in conjunction with other members of the tax-consolidated group, has entered into a tax funding arrangement which sets out the funding obligations of members of the tax-consolidated group in respect of tax amounts. The head entity in conjunction with other members of the tax-consolidated group has also entered into a tax sharing agreement. The tax sharing agreement provides for the determination of the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations. No amounts have been recognised in the financial statements in respect of this agreement as payment of any amounts under the tax sharing agreement is considered remote.

Notes to the Consolidated Financial Statements

30. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(iii) Goods and services tax

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the balance sheet. Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

(m) Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise performance rights granted to employees.

(n) Segment reporting

The Group determines and presents operating segments based on the information that internally is provided to the Managing Director, who is the Group's chief operating decision maker.

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are regularly reviewed by the Group's Managing Director to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.
Segment results that are reported to the Managing Director include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets (primarily the Group's headquarters), head office expenses, and income tax assets and liabilities.

(o) Prior year comparatives

Certain comparative information has been re-presented so it is in conformity with the current year classification.

(p) Changes in accounting policies

Veris has adopted all of the new and revised Accounting Standards and Interpretations issued by the AASB that are relevant to the operations of Veris and effective for reporting periods beginning on or after 1 July 2018.

AASB 9 Financial instruments

The Group has initially adopted AASB 9 Financial Instruments from 1 July 2018.

AASB 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces AASB 139 Financial Instruments: Recognition and Measurement.

Notes to the Consolidated Financial Statements

30. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The following table summarises the impact, net of tax, of transition to AASB 9 on the opening balance of retained earnings.

Retained earnings	**2018**
	$000
Recognition of expected credit losses under AASB 9	**721**

The effect of adopting AASB 9 on the carrying amounts of financial assets at 1 July 2018 relates solely to the new impairment requirements. The following table explains the original measurement categories under AASB 139 and the new measurement categories under AASB 9.

	Classification	
	Original (AASB 139)	**New (AASB 9)**
Trade and other receivables	Loans and receivables	Amortised cost

Trade and other receivables that were classified as loans and receivables under AASB 139 are now classified as financial assets measured at amortised cost. An increase of $651,000 in the allowance for impairment over these receivables was recognised in opening retained earnings at 1 July 2018 on transition to AASB 9.

AASB 9 replaces the 'incurred loss' model in AASB 139 with an 'expected credit loss' (ECL) model. The new impairment model applies to financial assets measured at amortised cost, contract assets and debt investments at Fair Value through Other Comprehensive Income (FVOCI) but not to investments in equity instruments. Under AASB 9, credit losses are recognised earlier than under AASB 139. The financial assets at amortised cost consist of trade receivables, cash and cash equivalents, and corporate debt securities.

Under AASB 9, loss allowances are measured on either of the following bases:

- 12 month ECLs: these are ECLs that result from possible default events within the 12 months after reporting date; and
- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

The Group measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured as 12-month ECLs:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk has not increased significantly since initial recognition

Notes to the Consolidated Financial Statements

30. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Group has elected to measure loss allowances for trade receivables and contract assets at an amount equal to lifetime ECLs. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. variance between contractual cash inflow and cash flow expected by the Group). ECLs are discounted at the effective interest rate of the financial asset.

Credit-Impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Presentation of impairment

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

The Group has determined that the application of AASB 9's impairment requirements at 1 July 2018 result in an additional impairment as follows:

	2018
	$000
Loss allowance at 30 June 2018 under AASB 139	**313**
Additional impairment recognised at 1 July 2018 on:	
Trade and other receivables as at 30 June 2018[A]	721
Loss allowance at 1 July 2018 under AASB 139	**1,034**

[A] $651k was disclosed at 31 December 2018

Trade Receivables

The ECLs were calculated on actual credit loss experience over the past 12-18 months. The ECL analysis was limited in the absence of a sufficient timeframe of historical data, which would prove difficult to collate without undue cost or effort. The Group considers the approach and some of the assumptions used in calculating these ECLs as key sources of estimation uncertainty.

AASB 15 Revenue from Contracts with Customers

The Group has initially adopted AASB 15 Revenue from Contracts with Customers from 1 July 2018.

AASB 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing guidance, including AASB 118 Revenue and AASB 111 Construction Contracts and related interpretations.

Notes to the Consolidated Financial Statements

30. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Group has adopted AASB 15 using the cumulative effect method, with the effect of initially applying this standard recognised at the date of initial application. Accordingly, the information presented for 2018 has not been restated.

The following table summarises the impact, net of tax, of transition to AASB 15 on retained earnings at 1 July 2018:

	2018 $000
Retained earnings	
Work in progress[(A)]	1,293
Impact at 1 July 2018	**1,293**

[(A)] $780k was disclosed at 31 December 2018

Under AASB 15, revenue is recognised when a customer obtains control of the goods or services. Determining the timing of the transfer of control – at a point in time or over time – requires judgement such as the assessment of the probability of customer approval of variations and acceptance of claims, estimation of project completion date and assumed levels of project execution productivity. In making these assessments we have considered, for applicable contracts, the individual status of legal proceedings, including arbitration and litigation.

Revenue from the Group arises from providing professional services to our customers whereby we deliver surveying, professional and advisory, and geospatial services to the infrastructure; property; energy, mining & resource; and defence, agribusiness, tourism & leisure markets. Under AASB 15, these are predominantly to be recognised over time with reference to inputs on satisfaction of the performance obligations. The services that have been determined to be one performance obligation are highly inter-related and fulfilled over time therefore revenue continues to be recognised over time. Incentives, variations and claims exist which are subject to the same higher threshold criteria of only recognising revenue to the extent it is highly probable that a significant reversal of revenue will not happen.

31. NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

A number of new accounting standards and amendments have been issued but are not yet effective, none of which have been early adopted by the Group in this financial report. These new standards and amendments, when applied in future periods are not expected to have a material impact on the financial position or performance of the Group, other than as set out below.

AASB16 Leases

A new accounting standard AASB16 Leases has been published but is not mandatory for 30 June 2019 reporting periods. The Group's assessment of the impact of this new standard is set out below.

AASB 16 Leases specifies how to recognise, measure and disclose leases. It will result in almost all leases being recognised on the balance sheet by lessees, as the distinction between operating and finance leases is removed for lessees.

Notes to the Consolidated Financial Statements

31. NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED (CONTINUED)

The standard provides a single lessee accounting model, requiring lessees to recognise assets (the right to use the leased item) and lease liabilities (obligations to make lease repayments) for almost all leases. The Group plans to apply the practical expedients in relation to short term leases (less than or equal to 12 months) and leases of low value assets whereby lease accounting remains similar to current practice.

The standard will affect primarily the accounting for the Group's operating leases of offices and motor vehicles.
As at the reporting date, the Group has non-cancellable operating leases commitments of $14,479,000 refer to Note 9.

Right of-use assets will be measured at the amount of the lease liability on adoption. This will be different to the approximate values of the operating leases disclosed in Note 9, as the new standard requires that optional renewable periods are included in the leases liability where reasonably certain an extension will occur. The Group's property leases, which make up the majority of lease commitments, generally include significant optional renewal periods which if reasonably certain will significantly impact the lease liability upon transition to AASB16 Leases.

Operating EBITDA used to measure segment results is expected to significantly increase as most occupancy costs will be excluded from EBITDA calculations and sit below the line as amortisation of the right-of-use assets and interest on the lease liability. Motor vehicle operating lease payments are not expected to have a material impact on EBITDA as these leases commenced in June 2019. Interest expenses will increase due to the unwinding of the effective interest rate implicit in the lease. Interest expense will be greater earlier in a leases life due to the higher principal value causing profit variability over the course of a lease life.

Operating cash flows will increase under IFRS16 as the element of cash paid attributable to the repayment of principal will be included in financing cash flows. The net increase/decrease in cash and cash equivalents will remain the same.

The lease term is determined at inception of the lease. Leases allow for options to extend the term of the lease. Exercising or letting an option lapse can have a material impact on the lease valuations for the larger offices within the group.

The Group will apply the standard from its mandatory adoption date of 1 July 2019. The Group intends to apply the modified retrospective transition approach and will not restate comparative amounts for the year prior to first adoption, which will be presented in the 31 December 2019 half year financial report.

There are no other standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

Notes to the Consolidated Financial Statements

32. DETERMINATION OF FAIR VALUES

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and / or disclosure purposes based on the methods set out below. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

(i) Property, plant and equipment

The fair value of property, plant and equipment recognised as a result of a business combination is based on market values. The market value of property is the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The market value of items of plant, equipment, fixtures and fittings is based on the quoted market prices for similar items.

(ii) Intangible assets

The fair value of customer relationships acquired in a business combination is determined using the multi-period excess earnings method, whereby the subject asset is valued after deducting a fair return on all other assets that are part of creating the related cash flows.

(iii) Trade and other receivables

The fair value of trade and other receivables is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date.

(iv) Share-based payment transactions

The fair value of employee stock options is measured using a binomial option pricing model. The fair value of share performance rights is measured using the Monte Carlo formula.

Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility (based on weighted average historic volatility adjusted for changes expected due to publicly available information), weighted average expected life of the instruments (based on historical experience and general option holder behaviour), expected dividends, and the risk-free interest rate (based on government bonds). Service and non-market performance conditions attached to the transactions are not taken into account in determining fair value.

(v) Deferred Vendor Payments

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

Directors'Declaration

1. In the opinion of the directors of Veris Limited ("the Company"):

   (a) the consolidated financial statements and notes set out on pages 25 to 71 and the Remuneration report on pages 10 to 22 in the Directors' report, 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 2019 and of its performance for the financial year ended on that date; and
      (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001; and

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

2. There are reasonable grounds to believe that the Company and the group entities identified in note 26 will be able to meet any obligations or liabilities to which they are or may become subject to by virtue of the Deed of Cross Guarantee between the Company and those group entities pursuant to ASIC Class Order 2016/191.

3. The directors have been given the declarations required by Section 295A of the Corporations Act 2001 from the chief executive officer and the chief financial officer for the financial year ended 30 June 2019.

4. The directors draw attention to page 29 to the consolidated financial statements, which includes a statement of compliance with International Financial Reporting Standards.

Signed in accordance with a resolution of the directors:

Derek La Ferla
Chairman

Dated at Perth 30 August 2019

Independent Auditor's Report

To the shareholders of Veris Limited

Report on the audit of the Financial Report

Opinion

We have audited the ***Financial Report*** of Veris Limited (the Company).

In our opinion, the accompanying Financial Report of the Company is in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the ***Group***'s financial position as at 30 June 2019 and of its financial performance for the year ended on that date; and
- complying with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The ***Financial Report*** comprises:

- *Consolidated statement of financial position* as at 30 June 2019.
- *Consolidated statement of profit or loss and other comprehensive income, Consolidated statement of changes in equity, and Consolidated statement of cash flows* for the year then ended.
- Notes including a summary of significant accounting policies.
- *Directors' Declaration.*

The ***Group*** consists of Veris Limited (the Company) and the entities it controlled at the year end or from time to time during the financial year.

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with the Code.

Key Audit Matters

The ***Key Audit Matters*** we identified are:

- Goodwill and intangible assets value.
- Recognition of revenue and WIP.

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.

Goodwill and intangible assets value ($19.2m)

Refer to Note 15 to the Financial Report

The key audit matter	How the matter was addressed in our audit
The Group's consideration of impairment indicators and testing of goodwill (annually or where an impairment indicator exists) and intangible assets was a key audit matter, given the size of the balance. We focused on the significant forward looking assumptions of the Group applied in their value in use models, specifically Veris Australia and Elton Consulting CGUs, including: • Forecast cash flows – The estimation by the Group of industry conditions and operating costs, including labour, lead to greater audit effort to gather evidence about forecast market activity and cost assumptions. • Forecast growth rates and terminal growth rates – the Group's models are sensitive to small changes in these assumptions. This drives additional audit effort specific to their feasibility and consistency with observable macro economic assumptions. • Discount rate – it is complicated in nature and varies according to the conditions and environments that the specific CGUs are subject to from time to time. The carrying amount of the net assets of the Group exceeded the Group's market capitalisation at year end, increasing the possibility of goodwill and intangibles being impaired. This further increased our audit effort in this key audit area. In the current year, the Group recorded an impairment charge of $34.4 million against goodwill, resulting from below budget performance of the Veris Australia CGU, increasing the sensitivity of the model to small changes in assumptions. This further increased our audit effort in this key area.	Our procedures included: • We considered the appropriateness of the value in use method applied by the Group to perform the annual test of goodwill for impairment and the assessment of the carrying value of intangible assets, given impairment indicators, against the requirements of the accounting standards. • We assessed the accuracy of previous forecast cash flows by comparing to actuals to challenge the ability of the Group to estimate future cash flows. • We assessed management's analysis of group net assets exceeding market capitalisation. • We recalculated the impairment charge against the recorded amount disclosed. • Working with our valuation specialists, we used our knowledge of the Group and their industry, to challenge the value in use model and key assumptions, including: - Comparing forecast cash flows to the Group's board approved budget and challenging these by analysing the forecast pipeline of work and industry drivers of this growth. - Comparing the Group's growth assumptions to historical averages and relevant external data of industry trends. - Analysing the discount rate against publicly available data of a group of comparable companies.

In assessing this key audit matter, we involved senior audit team members, including valuation specialists, who understand the Group's business, industry and the economic environments it operates in.	- We assessed the Group's underlying methodology and documentation for the allocation of corporate costs, to the forecast cash flows contained in the value in use model. We assessed for consistency with our understanding of the business and the criteria in the accounting standards. We considered the sensitivity of the models by varying key assumptions such as forecast operating expenses, forecast growth rates, terminal growth rate and discount rate, within a reasonably possible range, to identify those assumptions at higher risk of bias or inconsistency in application and to focus our further procedures.

Recognition of Revenue and Work In Progress (WIP) (Revenue $125.9m, WIP $8.3m)	
Refer to Note 30 to the Financial Report	
The key audit matter	**How the matter was addressed in our audit**
Recognition of revenue is a Key Audit Matter due to the: • Significance of revenue to the financial statements, including a large number of contracts with customers, and the degree of estimation and judgement involved in revenue recognition. • First time transition adjustment arising from the adoption of AASB 15 *Revenue from Contracts with Customers* resulting in additional audit focus. This effort is due to the complex nature of the changes to the accounting standard requiring senior team involvement. We focused on the Group's assessment of the following elements of revenue recognition: • The Group's determination of the amount of revenue recognised from variable consideration being highly probable of not reversing. The Group's determination of an amount that is highly probable requires a degree of estimation and judgement. This increased the audit effort we applied to gather sufficient appropriate audit evidence that the variable consideration is highly probable. • The Group's determination of contractual entitlement to Work In Progress balances including assessment of performance obligations.	Our procedures included: • We assessed the Group's estimation in recognising revenue to the extent it is highly probable that a significant reversal will not occur, through corroborating to underlying evidence including project spend and correspondence with customers accepting contract terms. • We assessed management's line-by-line WIP analysis to corroborate the findings of our detailed testing of WIP balances, to support that the recognition criteria in AASB 15 had been met. This included obtaining evidence of an enforceable right and achievement of performance obligations. • We assessed the basis for management's WIP provision against the findings of our testing, and evaluated the conclusions reached by the Group using our understanding of the contracts obtained in the procedures noted above, in the context of the requirements of AASB 15. • We assessed management's assumptions used in calculating the transition adjustment arising from the adoption of AASB 15. • We evaluated the related disclosure of the impact of adoption of AASB 15 in the financial statements for appropriateness.

Other Information

Other Information is financial and non-financial information in Veris Limited's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

The Other Information we obtained prior to the date of this Auditor's Report was Directors' Report, Remuneration Report, Corporate Governance Statement and Shareholder Information. The Chairman's Report, Managing Director's Report and Overview of operations are expected to be made available to us after the date of the Auditor's Report.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not and will not express an audit opinion or any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we 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.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- preparing the Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001.*
- implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.
- assessing the Group and Company's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Group and Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- 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. They 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 the Financial Report.

A further description of our responsibilities for the audit of the Financial Report is located at the *Auditing and Assurance Standards Board* website at: http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf. This description forms part of our Auditor's Report.

Report on the Remuneration Report

Opinion

In our opinion, the Remuneration Report of Veris Limited for the year ended 30 June 2019, complies with *Section 300A of the Corporations Act 2001*.

Directors' 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 responsibilities

We have audited the Remuneration Report included on pages 10 to 22 of the Directors' report for the year ended 30 June 2019.

Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with *Australian Auditing Standards*.

KPMG

KPMG

Jane Bailey

Jane Bailey
Partner

Perth

30 August 2019

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of Veris Limited

I declare that, to the best of my knowledge and belief, in relation to the audit of Veris Limited for the financial year ended 30 June 2019 there have been:

i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

ii. no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

KPMG

Jane Bailey

Jane Bailey
Partner

Perth

30 August 2019

Additional Information

Additional Information per ASX Listing Rules - Unaudited
Additional information requires by ASX Listing Rules and not disclosed elsewhere in this report is set out below.

Corporate Governance Statement
The Group's Corporate Governance Statement can be found at:
https://www.veris.com.au/media/2781/corporate-governance-statement-2019-final-final.pdf

Shareholder Information as at 26 August 2019

Top 20 Shareholders of Quoted Securities

Rank	Name	Shares	% of Issued Capital
1	NATIONAL NOMINEES LIMITED	56,502,792	15.14
2	OCEAN TO OUTBACK ELECTRICAL PTY LTD <AP & TL LAMOND FAMILY A/C>	44,844,315	12.01
3	CITICORP NOMINEES PTY LIMITED	26,765,922	7.17
4	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	25,078,591	6.72
5	MR CRAIG GRAEME CHAPMAN <NAMPAC DISCRETIONARY A/C>	16,000,000	4.29
6	CONCEPT WEST COMMUNICATIONS PTY LTD <THE T YOUNG FAMILY A/C>	11,508,540	3.08
7	MR BRIAN ELTON	10,558,035	2.83
8	CARRIER INTERNATIONAL PTY LIMITED <SUPER FUND A/C>	7,500,000	2.01
9	BERTOLI CONTRACTING PTY LTD <THE BERTOLI FAMILY A/C>	6,303,597	1.69
10	MR BRIAN FRANCIS MANGANO	5,993,240	1.61
11	MR THOMAS BRIAN LAWRENCE <TOM LAWRENCE A/C>	5,690,153	1.52
12	ICON HOLDINGS PTY LTD <THE K & A PAGANIN S/F A/C>	4,435,820	1.19
13	MR PETER HOWELLS	4,300,000	1.15
14	SILCHESTER INVESTMENTS PTY LTD	4,286,625	1.15
15	ELTON PROPERTY PTY LTD <ELTON CONSULTING S/F A/C>	4,277,698	1.15
16	MRS JASMINE KRKLJES	3,875,415	1.04
16	INSIDE-OUT CARPENTRY SERVICES PTY LTD <THE MCNEILL FAMILY A/C>	3,200,000	0.86
18	EVANS FAMILY NOMINEES PTY LTD <THE EVANS FAMILY A/C>	2,994,792	0.80
19	MR SIMON PAUL CLODE	2,755,147	0.74
20	TELDAR CORPORATION PTY LIMITED <TELDAR INVESTMENT A/C>	2,500,000	0.67
	Total	**249,370,682**	**66.80**

Additional Information

ADDITIONAL INFORMATION

Substantial Holders of 5% or more of fully paid ordinary shares

Shareholder	Number	Shares	Voting Power
IOOF HOLDINGS LIMITED	51,082,305	51,082,305	13.68%
OCEAN TO OUTBACK ELECTRICAL <AP & TL LAMOND FM>	45,841,815	45,841,815	12.28%
MITSUBISHI UFJ FINANCIAL GROUP, INC	26,260,962	26,260,962	7.07%
PARADICE INVESTMENT MGT	21,281,655	21,281,655	6.56%
CRAIG GRAEME CHAPMAN	19,800,000	19,800,000	5.33%

Distribution of Shareholders

Spread of Holdings	Ordinary Shares	Performance Rights
1 – 1,000	37	-
1,001 – 5,000	106	-
5,001 – 10,000	126	-
10,001 – 100,000	479	1
100,001 –	280	3
Total on Register	**1,028**	**4**

Non-Marketable Parcels
Number of shareholders holding less than a marketable parcel is 207.

Voting Rights
Ordinary Shares
Voting rights on a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Performance Rights
There are no voting rights attached to Performance Rights

Restricted Securities

Number of Securities	Type of Securities	Escrow Type	Date Escrow Ends
15,625,000	Ordinary Shares	Voluntary	29-Mar-20

Unquoted Equity Securities
There are 1,085,327 unquoted Performance Rights on issue with 4 holders.

Securities Exchange
The Group is listed on the Australian Securities Exchange. The Home exchange is Perth. The ticker code is VRS.

Perth
Level 12, 3 Hasler Road
Locked Bag 9
Osborne Park WA 6017
Australia

T 08 9317 0600
F 08 9317 0611
mail@Veris.com.au
Veris.com.au

Corporate Information

The registered office of the company is:

Veris Limited
Level 12, 3 Hasler Road
Osborne Park WA 6017

Company Secretary:

Lisa Wynne

The principal place of business is:

Veris Limited
Level 12, 3 Hasler Road
Osborne Park WA 6017
Telephone: (08) 9317 0600

Share Registry:

Computer Share
Level 11, 172 St Georges Terrace
Perth WA 6000
Telephone: (08) 9323 2005