VEEM LTD **APPENDIX 4D**
A.C.N. 008 944 009 **HALF YEAR REPORT**

RESULTS FOR ANNOUNCEMENT TO THE MARKET

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

Current Reporting Period: 31 December 2017

Previous Corresponding Period: 31 December 2016

For and on behalf of the Directors

PETER TORRE
COMPANY SECRETARY

Dated: 23 February 2018

RESULTS FOR ANNOUNCEMENT TO THE MARKET

Revenue and Net Profit (Loss)				**AUD $'000's**
Revenue from ordinary activities	down	5.57%	to	19,836
Profit/ (Loss) from ordinary activities	up	31.23%	to	1,615
Net Profit/ (Loss) for the period attributable to members	up	31.23%	to	1,615

Dividends

On 21 September 2017, the Company paid a final dividend in respect to the financial year ended 30 June 2017 of $1,599,000 representing a payment of $0.0123 per share.

The Directors have declared an interim fully franked dividend in respect to the 30 June 2018 year of $487,500, representing approximately 30% of Net Profit After Tax and $0.00375 per share with the following relevant details:

Date the dividend is payable	27 April 2018
Record date to determine entitlement to the dividend	9 March 2018
Amount per security	$0.00375
Total dividend	$487,500
Amount per security of foreign sourced dividend or distribution	N/A
Details of any dividend reinvestment plans in operation	N/A

COMMENTARY

The directors report accompanying this preliminary final report contains a review of operations and commentary on the results for the period ended 31 December 2017.

NET TANGIBLE ASSET BACKING

	31 Dec 2017 $'000's	31 Dec 2016 $'000's
Net Assets / (Liabilities)	28,821,484	26,187,466
Less intangible assets	(12,662,488)	(7,454,839)
Net tangible assets of the Company	16,158,996	18,732,627
Fully paid ordinary shares on issue at Balance Date	130,000,000	130,000,000
Net tangible asset backing per issued ordinary share as at Balance Date	12.43c	14.41c

AUDIT DETAILS

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

ABN 51 008 944 009

Financial Report for the Half-year Ended 31 December 2017

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CORPORATE DIRECTORY

Directors
Mr Brad Miocevich (Non-Executive Chairman)
Mr Mark Miocevich (Managing Director)
Mr Ian Barsden (Non-Executive Director)

Joint Company Secretaries
Mr Peter Torre
Mrs Tracy Caudwell

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Stock Exchange
Australian Securities Exchange
(Home Exchange: Perth, Western Australia)

ASX Code
VEE

DIRECTORS' REPORT

The Directors submit the financial report of VEEM Ltd ("the Company") for the half-year ended 31 December 2017. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

DIRECTORS

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

Brad Miocevich	Non-Executive Chairman
Mark Miocevich	Managing Director
Ian Barsden	Non-Executive Director

RESULTS OF OPERATIONS

The profit after tax for the half-year ended 31 December 2017 was $1,614,695 (31 December 2016: $1,230,425).

Dividends

On 21 September 2017, the Company paid a final dividend in respect to the financial year ended 30 June 2017 of $1,599,000 representing a payment of $0.0123 per share.

PRINCIPAL ACTIVITIES

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

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

REVIEW OF OPERATIONS

Operational Review

The Company reported a Profit After Tax (PAT) for the half year of $1,614,695 (2016: $1,230,425) underpinned by revenue for the half year of $19,836,925 (2016: 21,009,066).

The result for the period includes an increase in advertising and marketing costs to approximately $438k resulting from the additional efforts on the promotion and sales efforts for the Company's gyrostabilizer range.

On a normalised basis, after taking into account the once off IPO costs for the corresponding period in 2016 of $1.5 million, and the additional spend on advertising and marketing in the current reporting period as outlined above, the result was lower than the first half of 2016. The revenue was similar to prior periods, margins were slightly higher increasing from 48% to 51% for the current period.

Following on from a successful 2017 financial year, operations continued at a steady pace in the first half of 2018. The majority of the refit supply work undertaken in the latter part of the 2017 financial year resulted in lower activity levels in the second quarter of the first half of 2018. The next major refit supply work is likely to occur in the 2019 financial year.

Net Assets remained consistent at $28.8 million with a large build up of inventory primarily associated with the preparation for future gyro stabilizer sales. Net operating cash flows for the period were in excess of the corresponding period in 2016 despite the large inventory build-up.
The key highlight operationally for the period was the continued successful operation of all gyro stabilizers sold to date. Running hours of the customer fleet continue to rise with no significant issue arising. This is a pleasing trend for a new technology. This was further evidenced during the period with VEEM securing its first repeat customer order for a VEEM gyro from Van de Valk Shipyard in the Netherlands, for their next project. This is a particularly significant event as it represents customer satisfaction from the not only the shipbuilder, but also the yacht owner.

Continued research and development during the period, especially in the bearing area of the gyros, delivered a significant opportunity to increase the speed, load and subsequent power of the VG120 frame size. Further work on this will result in VEEM being able to supply the VG120 and the VG145 in greater power capabilities without changing the physical size, and in the case of the VG120, the price.

The VG260 range completed during the period is being factory tested with a view to deliver four of these units to Damen Shipyards in the Netherlands for evaluation on one of their 50m vessels. Successful trials should result in the first sale for Damen of the new VG1000 which is expected to go into production in April. Whilst no contract has been finalized at this stage, Damen have already started marketing the vessel that the VG1000 would be installed in. This vessel is the new walk-to-work fast personnel transfer vessel called the FCS7011. VEEM looks forward to being associated with this new technology masterpiece that combines high speed, a self compensating gang way and the the new VG1000. The combined capability of this vessel enables rapid and safe crew transfers offshore in place of helicopters and more limited traditional vessels.

As announced during the period, the VEEM Interceptor vessel arrived in the south of France and has made its way to Viareggio. Demonstrations of the VEEM propellers and the VG120 are ongoing at each marina to shipbuilders and prospective customers. The vessel was laid up for winter inland from Viareggio and resumed its quest late in January 2018. With as many as six major shipbuilders in the Viareggio area, the trials are fully booked in February and is proving to be a powerful marketing tool.Propulsion sales remained strong and VEEM continued its steady march into Europe with a strategic distributorship with AMW Marine of the Netherlands, formed to market VEEM propellers into the large commercial market of the Netherlands and surrounding countries. It is expected that AMW Marine will provide significant propeller orders to VEEM for their customer base. Conquest sales are still rising and VEEM has extended the range to include 3 and 4 blade propellers with a lower blade area.

VEEM has won a significant number of contracts in the marine and defence area of the business, which underpins its normal operational performance, however there have been some delays to some projects that will result in some of that income being delayed to the last quarter of 2018. General engineering continues in the same consistent manner as is usual, although the company is seeing green shoots in the mining area of late.
Of cultural interest was the casting of the statue for Yagen square in Northbridge Perth, **Wirin by Tjyllyungoo/Lance Chadd** and cast by the foundry at VEEM. The nine-metre high Wirin, expresses this cultural knowledge in a tall, strong, Aboriginal figure of smooth contemporary lines. His 'Gidji' (spear) and 'Mirro' (spear thrower) are one with his body, connecting to Boodja, depicting unity and connective continuity of spirit.

The VEEM foundry also has the privilege of working on the new ANZAC bell to be installed in the Swan Bell Tower in Perth. The bell, which is cast from copper and tin is to be funded by a Lotterywest grant, investment from private donors and VEEM. The ANZAC bell will be the largest swinging bell in the Southern Hemisphere once completed and would be a lasting legacy to acknowledge the ANZAC centenary. The patterns are complete and the casting will be completed in April 2018.

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

There are no significant events subsequent to balance date.

AUDITOR INDEPENDENCE DECLARATION

Section 307C of the Corporations Act 2001 requires our auditors, HLB Mann Judd, to provide the directors of the company with an Independence Declaration in relation to the review of the half-year financial report. This Independence Declaration is set out on page 4 and forms part of this directors' report for the half-year ended 31 December 2017.

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

Brad Miocevich
Chairman
Perth, Western Australia
23 February 2017

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of VEEM Ltd for the half-year ended 31 December 2017, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

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

Perth, Western Australia
23 February 2018

D I Buckley
Partner

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Condensed Statement of Comprehensive Income for the half-year ended 31 December 2017

	Note	31 December 2017 $	31 December 2016 $
Revenue		19,836,925	21,009,066
Changes in inventories of finished goods and work in progress		5,240,981	775,042
Raw materials and consumables		(12,288,751)	(7,502,814)
Employee benefits expense		(7,338,477)	(8,179,040)
Depreciation and amortisation expense		(782,604)	(724,116)
Repairs and maintenance expense		(415,138)	(462,482)
Occupancy expense		(1,121,014)	(1,151,324)
Borrowing costs expense		(182,959)	(94,576)
Initial listing and share registry expense		-	(1,505,233)
Advertising and marketing expense		(437,868)	(229,924)
Other expenses	4	(730,480)	(581,848)
Profit before income tax		**1,780,615**	**1,352,751**
Income tax expense		**(165,920)**	**(122,326)**
Profit after income tax		**1,614,695**	**1,230,425**
Other comprehensive income net of income tax		-	-
Total comprehensive income for the half-year		**1,614,695**	**1,230,425**
Earnings per share			
Basic earnings per share (cents)		1.24	0.99
Diluted earnings per share (cents)		1.24	0.99

The above Condensed Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

Condensed Statement of Financial Position as at 31 December 2017

	Note	31 December 2017 $	30 June 2017 $
ASSETS			
Current Assets			
Cash and cash equivalents		1,347,724	587,586
Trade and other receivables		6,682,052	7,951,188
Inventories	5	13,064,290	8,429,143
Current tax assets		345,353	-
Other assets	7	1,359,936	366,051
Total Current Assets		**22,799,355**	**17,333,968**
Non-Current Assets			
Property, plant and equipment	6	14,329,900	14,987,968
Intangible assets	8	12,662,488	10,826,643
Deferred tax assets		1,103,593	1,031,271
Total Non-Current Assets		**28,095,981**	**26,845,882**
Total Assets		**50,895,336**	**44,179,850**
LIABILITIES			
Current Liabilities			
Trade and other payables	10	8,779,285	5,155,109
Financial liabilities	9	1,107,224	4,815,690
Provisions		1,133,453	1,098,649
Tax liabilities		-	373,431
Total Current Liabilities		**11,019,962**	**11,442,879**
Non-Current Liabilities			
Financial liabilities	9	10,172,531	3,169,910
Deferred tax liabilities		881,359	761,272
Total Non-Current liabilities		**11,053,890**	**3,931,182**
Total Liabilities		**22,073,852**	**15,374,061**
Net Assets		**28,821,484**	**28,805,789**
EQUITY			
Issued capital	11	5,140,616	5,140,616
Retained earnings		23,680,868	23,665,173
Total Equity		**28,821,484**	**28,805,789**

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

Condensed Statement of Cash Flows for the half-year ended 31 December 2017

	31 December 2017 $	31 December 2016 $
Cash flows from operating activities		
Receipts from customers	22,693,204	22,707,001
Payments to suppliers and employees	(20,529,983)	(21,189,435)
Interest received	-	9,807
Interest paid	(182,959)	(94,576)
Income tax paid	(836,939)	(1,155,491)
Net GST paid	(105,026)	(368,293)
Net cash flows provided / (used in) by operating activities	**1,038,297**	**(90,987)**
Cash flows from investing activities		
Purchase of property, plant and equipment	(13,653)	(1,126,142)
Purchase of intangible assets	(1,846,729)	(506,129)
Net cash flows used in investing activities	**(1,860,382)**	**(1,632,271)**
Cash flows from financing activities		
Proceeds from issue of shares	-	5,000,000
Capital raising costs	-	(260,021)
Dividends paid	(1,599,000)	(4,000,000)
Proceeds from / (repayments of) borrowings	4,000,000	(1,500,000)
Proceeds from / (repayments to) related entities	-	2,753,526
Payments for finance lease liabilities	(563,190)	(259,155)
Net cash provided by financing activities	**1,837,810**	**1,734,350**
Net increase in cash and cash equivalents	1,015,725	11,092
Cash at the beginning of the period, net of overdraft	344,932	646,970
Effects of exchange rate fluctuations on cash held	(12,933)	11,642
Cash and cash equivalents at the end of the period, net of overdraft	**1,347,724**	**669,704**

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

Condensed Statement of Changes in Equity for the half-year ended 31 December 2017

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

	Issued capital $	Retained earnings $	Total $
At 1 July 2016	**400,637**	**23,816,425**	**24,217,062**
Profit for the half-year	-	1,230,425	1,230,425
Other comprehensive income	-	-	-
Total comprehensive income for the half-year	-	1,230,425	1,230,425
Dividends paid	-	(4,000,000)	(4,000,000)
Issue of shares	5,000,000	-	5,000,000
Capital raising costs	(260,021)	-	(260,021)
Balance at 31 December 2016	**5,140,616**	**21,046,850**	**26,187,466**

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

Notes to the Condensed Financial Statements
for the half-year ended 31 December 2017

1. Corporate

The half-year financial report of VEEM Ltd ("the Company") for the half-year ended 31 December 2017 was authorised for issue on 21 February 2017 in accordance with a resolution of the directors on 21 February 2017.

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

2. Basis Of Preparation And Accounting Policies

(a) Basis of preparation

These general purpose condensed financial statements for the half-year ended 31 December 2017 have been prepared in accordance with Australian Accounting Standard 134 Interim Financial Reporting and the Corporations Act 2001. Compliance with AASB 134 ensures compliance with IAS 34 Interim Financial Reporting.

These half-year financial statements do not include all the notes of the type normally included in annual financial statements and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the Company as the full financial statements. Accordingly, these half-year financial statements are to be read in conjunction with the annual financial statements for the year ended 30 June 2017 and any public announcements made by VEEM Ltd during the half-year reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

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

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

Going Concern

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

(b) Adoption of new and revised standards

Standards and Interpretations applicable to 31 December 2017
In the half-year ended 31 December 2017, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Company and effective for the half-year reporting periods beginning on or after 1 July 2017.

As a result of this review, the Directors have determined that there is no material impact of the new and revised Standards and Interpretations on the Company and therefore no material change is necessary to Company accounting policies.

Standards and Interpretations in issue not yet adopted
The Directors have also reviewed all of the new and revised Standards and Interpretations in issue not yet adopted that are relevant to the Company and effective for on or after 1 January 2018. Those which may have a significant impact on the Company are set out below. The Company has no plan to adopt these standards early.

AASB 9 Financial Instruments (2014)
AASB 9 (2014), published in December 2014, replaces the existing guidance AASB 9 (2009), AASB 9 (2010) and AASB 139 *Financial Instruments: Recognition and Measurement* and is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted.

The new standard results in changes to accounting policies for financial assets and liabilities covering classification and measurement, hedge accounting and impairment. The Company has assessed these changes and determined that based on the current financial assets and liabilities held at reporting date, the Company will need to reconsider its accounting policies surrounding impairment recognition. The new impairment requirements for financial assets are based on a forward looking 'expected loss model' (rather than the current 'incurred loss model').

Notes to the Condensed Financial Statements
for the half-year ended 31 December 2017

The Company does not expect a significant effect on the financial statements resulting from the change of this standard however, the Company is in the process of evaluating the impact of the new financial instrument standard. The changes in the Company's accounting policies from the adoption of AASB 9 will be applied from 1 July 2018 onwards.

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

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

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

This standard will primarily affect the accounting for the Company's operating leases. As at 31 December 2017, the Company has $2,996,957 of non-cancellable operating lease commitments, predominantly relating to property leases. The Company is considering the available options to account for this transition but the Company expects an increase in reported earnings before interest, tax, depreciation and amortisation (EBITDA) and increases in lease assets and liabilities relating to leases. This will however be dependent on the lease arrangements in place when the new standard is effective. The Company has commenced the process of evaluating the impact of the new lease standard.

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

Early adoption of Standards

The Company early adopted AASB 15 “Revenue from contracts with Customers” which is mandatory for years beginning on or after 1 January 2018, in the 30 June 2017 financial year.

Significant accounting judgments and key estimates

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

In preparing this half-year financial report, the significant judgments made by management in applying the Company’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial report for the year ended 30 June 2017.

3. Segment Reporting

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

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

Notes to the Condensed Financial Statements
for the half-year ended 31 December 2017

4. Other Expenses

	6 months to 31 December 2017 $	6 months to 31 December 2016 $
Insurance	(153,084)	(141,872)
Travel	(119,716)	(61,910)
Bank charges	(63,515)	(65,189)
Safety and first aid	(36,395)	(37,695)
Motor vehicle expenses	(81,439)	(57,470)
Accounting and secretarial	(103,634)	(41,915)
Telephone expenses	(33,966)	(23,164)
Employee related expenses	(29,992)	(45,812)
Legal expenses	(7,626)	(35,761)
Other general expenses	(101,113)	(71,060)
	(730,480)	(581,848)

5. Inventories

	31 December 2017 $	30 June 2017 $
Work in progress – over time	5,390,001	3,060,509
Work in progress – point in time	1,721,047	1,806,563
Less: Progress billings	(1,801,730)	(1,775,114)
	5,309,318	3,091,958
Goods for resale, raw materials and stores	7,754,972	5,337,185
	13,064,290	8,429,143

Included in goods for resale, raw materials and stores are inventories carried at net realisable value with a carrying value of $1,473,966. The total amount expensed to profit or loss was $74,981.
There were no write downs charged to the statement of comprehensive income in relation to obsolete or damaged inventory in the current period (2016:$Nil)

6. Property, Plant and Equipment

	Plant and Equipment	Motor Vehicles	Capital Work in Progress	Computer Equipment	Total
As at 30 June 2017					
Cost	34,285,984	560,932	464,955	1,394,152	36,706,023
Accumulated depreciation	(20,107,009)	(428,157)	-	(1,182,889)	(21,718,055)
Closing carrying amount	**14,178,975**	**132,775**	**464,955**	**211,263**	**14,987,968**
Half-year ended 31 December 2017					
Opening carrying amount	14,178,975	132,775	464,955	211,263	14,987,968
Additions	109,139	-	79,925	26,383	215,447
Transfers	95,592	-	(183,864)	-	(88,272)
Disposals	-	(13,522)	-	-	(13,522)
Depreciation charge	(730,347)	(15,937)	-	(25,437)	(771,721)
Closing carrying amount	**13,653,359**	**103,316**	**361,016**	**212,209**	**14,329,900**
As at 31 December 2017					
Cost	34,486,854	547,373	361,016	1,420,535	36,815,778
Accumulated Depreciation	(20,833,495)	(444,057)	-	(1,208,326)	(22,485,878)
Carrying amount	**13,653,359**	**103,316**	**361,016**	**212,209**	**14,329,900**

Notes to the Condensed Financial Statements
for the half-year ended 31 December 2017

7. Other Assets

	31 December 2017 $	30 June 2017 $
Prepayments	492,374	366,051
Suppliers paid in advance	867,562	-
	1,359,936	**366,051**

8. Intangible Assets

	Other Intellectual Property	Product Development	Total
As at 30 June 2017			
Cost	382,127	11,236,023	**11,618,150**
Accumulated amortisation	-	(791,507)	**(791,507)**
Closing carrying amount	**382,127**	**10,444,516**	**10,826,643**
Half-year ended 31 December 2017			
Opening carrying amount	382,127	10,444,516	**10,826,643**
Additions	50,370	1,708,086	**1,758,456**
Transfers	-	88,272	88,272
Amortisation	-	(10,883)	(10,883)
Closing carrying amount	**432,497**	**12,229,991**	**12,662,488**
As at 31 December 2017			
Cost	432,497	13,032,381	**13,464,878**
Accumulated amortisation	-	(802,390)	**(802,390)**
Carrying amount	**432,497**	**12,229,991**	**12,662,488**

9. Financial Liabilities

	31 December 2017 $	30 June 2017 $
Current		
Bank overdraft (a)	-	242,654
Bill facility – secured (a)	-	3,500,000
Hire purchase liability	1,264,750	1,249,894
Less: Unexpired charges	(157,526)	(176,858)
	1,107,224	**4,815,690**
Non-current		
Commercial facility – secured (a)	7,500,000	-
Hire purchase liability	2,817,003	3,372,898
Less: Unexpired charges	(144,472)	(202,988)
	10,172,531	**3,169,910**

(a) During the half-year, the Company renegotiated its borrowing arrangements. The new borrowing arrangements are as follows:

- A Multi Option Facility with a limit of $900,000 that may be allocated between the Overdraft Facility, Documentary Credit Issuance/Documents Surrendered Facility, Trade Finance Loan Facility, and Standby Letter of Credit or Guarantee Facility
- Electronic Payaway Facility with a limit of $300,000.
- Commercial Facility $10,500,000.
- Commercial Card Facility with a limit of $50,000.

9. Financial liabilities (continued)

The interest rate of the Commercial Facility is currently at 3.26% (June 2017: 2.92%).

The borrowings are secured by a registered first mortgage over the assets and undertakings of the Company.

	31 December 2017 Used	31 December 2017 Unused
Multi option facility	-	$900,000
Electronic payaway facility	-	$300,000
Commercial facility	$7,500,000	$3,000,000
Commercial Card facility	$50,000	$36,157

The Commercial Facility terminates 1 July 2019.

10. Trade and Other Payables

	31 December 2017 $	30 June 2017 $
Trade payables (i)	6,876,219	3,125,221
Annual leave payable	1,044,435	1,024,088
GST payable	372,584	451,025
Other creditors	486,047	554,775
	8,779,285	5,155,109

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

11. Issued Capital

(a) Issued and paid up capital

	31 December 2017 $	30 June 2017 $
Ordinary shares fully paid	5,140,616	5,140,616
'B' class fully paid shares	-	-
	5,140,616	5,140,616

(b) Movements in ordinary shares on issue

	6 months to 31 December 2017		Year to 30 June 2017	
	No.	$	No.	$
Movements in ordinary shares on issue				
Opening balance	130,000,000	5,140,606	82,955,330	400,587
Share subdivision (i)	-	-	37,044,670	50
Issue of fully paid ordinary shares at 50c per share	-	-	10,000,000	5,000,000
Capital raising costs	-	-	-	(260,021)
Closing balance	130,000,000	5,140,606	130,000,000	5,140,616

(c) Movements in B Class Shares

	6 months to 31 December 2017		Year to 30 June 2017	
	No.	$	No.	$
Movements in ordinary shares on issue				
Opening balance	-	-	100	50
Cancellation of B class shares (i)	-	-	(100)	(50)
Closing balance	-	-	-	-

(i) Prior to the IPO, the Company subdivided its Ordinary Shares from 82,955,330 shares to 120,000,000 shares and cancelled the B class shares.

Notes to the Condensed Financial Statements
for the half-year ended 31 December 2017

(d) Share options

There are no options on issue at balance date.

12. Contingent Liabilities & Commitments.

(a) Operating lease commitments	**31 December 2017**	**30 June 2017**
- within one year	1,394,582	1,393,553
- after one year but not more than 5 years	1,602,375	962,293
	2,996,957	2,355,846

(b) Hire purchase commitments payable		
- within one year	1,269,803	1,249,894
- after one year but not more than five years	2,802,330	3,372,898
- longer than five years	-	-
Minimum hire purchase payments	4,072,133	4,622,792
Less: Unexpired charges	(291,753)	(379,846)
Present value of hire purchase payments	3,780,380	4,242,946
Represented by:		
Current	1,122,256	1,073,036
Non-current	2,658,124	3,169,910
	3,780,380	4,242,946

13. Subsequent Events

There are no significant events subsequent to reporting date.

14. Dividends

	6 months to 31 December 2017 $	**Year to 30 June 2017 $**
Fully franked dividends paid	1,599,000	142,000
Fully unfranked dividends paid	-	3,858,000
Total dividends paid	1,599,000	4,000,000

15. Financial Instruments

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

Directors Declaration

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

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

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

    b. giving a true and fair view of the Company's financial position as at 31 December 2017 and of its performance for the half-year then ended.

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

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

Brad Miocevich
Chairman
Perth, Western Australia
23 February 2017

HLB Mann Judd

Accountants | Business and Financial Advisers

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of VEEM Ltd

Report on the Condensed Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of VEEM Ltd ("the company"), which comprises the condensed statement of financial position as at 31 December 2017, the condensed statement of comprehensive income, the condensed statement of changes in equity and the condensed statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

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

(a) giving a true and fair view of the company's financial position as at 31 December 2017 and of its performance for the half-year ended on that date; and

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

Directors' responsibility for the half-year financial report

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

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the company's financial position as 31 December 2017 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the company, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

HLB Mann Judd (WA Partnership) ABN 22 193 232 714

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

Independence

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

HLB Mann Judd

HLB Mann Judd
Chartered Accountants

D I Buckley

D I Buckley
Partner

Perth, Western Australia
23 February 2018