

PROSPECTUS

For an initial public offer of
50,000,000 Shares at an issue
price of \$0.50 per Share.
The Offer is fully underwritten
by Euroz Securities Limited



Lead Manager and
Underwriter to the Offer
Euroz Securities Limited
AFSL:243302



Corporate Adviser
Pitcher Partners (WA) Proprietary Limited



VEEM LTD
ACN 008 944 009

IMPORTANT NOTICE

This Prospectus is dated 23 September 2016 and was lodged with the Australian Securities and Investments Commission (ASIC) on that date. ASIC and its officers take no responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

No Shares may be issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.

No person is authorised to give information or to make any representation in connection with this Prospectus which is not contained in the Prospectus. Any information or representation not so contained may not be relied on as having been authorised by the Company in connection with this Prospectus.

It is important that you read this Prospectus in its entirety and seek professional advice where necessary.

Exposure Period

This Prospectus will be circulated during the Exposure Period. The purpose of the Exposure Period is to enable this Prospectus to be examined by market participants prior to the raising of funds. You should be aware that this examination may result in the identification of deficiencies in this Prospectus and, in those circumstances, any application that has been received may need to be dealt with in accordance with section 724 of the Corporations Act. Applications for Shares under this Prospectus will not be processed by the Company until after the expiry of the Exposure Period. No preference will be conferred on applications lodged prior to the expiry of the Exposure Period.

Web Site – Electronic Prospectus

A copy of this Prospectus can be downloaded from the website of the Company at www.veem.com.au and Lead Manager at www.euroz.com.au. If you are accessing the electronic version of this Prospectus for the purpose of making an investment in the Company, you must be an Australian resident and must only access this Prospectus from within Australia.

The Corporations Act prohibits any person passing onto another person an Application Form unless it is attached to a hard copy of this Prospectus or it accompanies the complete and unaltered version of this Prospectus. You may obtain a hard copy of this Prospectus free of charge by contacting the Company or the Lead Manager.

The Company reserves the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the electronic Application Form, it was not provided together with the electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered.

Website

Any references to documents included on the Company's or lead Manager's website are provided for convenience only, and none of the documents or other information on the Company's or lead Manager's website, or any other website referred to in the sources contained in this Prospectus, are incorporated in this Prospectus by reference.

Forwarding-looking statements

This Prospectus contains forward-looking statements which are identified by words such as 'may', 'could', 'believes', 'estimates', 'targets', 'expects', or 'intends' and other similar words that involve risks and uncertainties.

These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the date of this Prospectus, are expected to take place.

Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company, the Directors and its management.

The Company cannot and does not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this Prospectus will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements.

The Company has no intention to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this Prospectus, except where required by law.

These forward looking statements are subject to various risk factors that could cause our actual results to differ materially from the results expressed or anticipated in these statements. These risk factors are set out in Section 6 of this Prospectus.

Statements of past performance

This Prospectus includes information regarding the past performance of the Company. Investors should be aware that past performance should not be relied upon as being indicative of future performance.

Photographs and Diagrams

Photographs used in this Prospectus which do not have descriptions are for illustration only and should not be interpreted to mean that any person shown endorses the Prospectus or its contents or that the assets shown in them are owned by the Company. Diagrams used in this Prospectus are illustrative only and may not be drawn to scale.

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CHAIRMAN'S LETTER

Dear Investor,

On behalf of the Board, I am pleased to offer you the opportunity to become a shareholder in VEEM Ltd (**VEEM** or the **Company**), a high technology marine propulsion and stabilisation company located in Western Australia.

VEEM was founded 48 years ago by my parents and takes its name from their initials, **Voyka** and **Elizabeth Elsie Mioceвич**. Taking over the management of the company in 1982 with my brothers, Gary and Mark, and with a team of dedicated long term employees, we have witnessed the growth of VEEM to become an internationally recognised supplier of high quality marine products.

VEEM has built a reputation for quality, efficiency and the ability to deliver innovative products to our clients. We invest in product research and development and while we rely on a mixture of robotics, sophisticated in house manufacturing and globally sourced components to create our products, it is our dedicated and long serving employees who are most responsible for our growth and profit performance.

As a result of a strong track record of performance, the Company has delivered stable and consistent earnings over a number of years. Our objective is to drive revenue growth in new product areas, while maintaining our financial performance with the established sectors of our business.

New capital raised under this Prospectus will assist our Company to capture growth immediately available to VEEM's proprietary gyrostabilisers for Super Yachts, Luxury Motor Yachts and Offshore Supply Vessels while maintaining our competitive advantages in the production of marine propulsion equipment.

Our other business divisions include Timcast, which constructs state of the art pipes for the resources and industrial sector, VEEM 24/7 providing engineering services to mining and processing industries and VEEM Defence which provides engineering servicing and bespoke manufacturing to the defence sector. In each of these units our focus remains staying ahead of the competition through innovative thinking, dedication to task and investment in leading edge research, development and technology.

The Offer is fully underwritten by Euroz Securities Limited and provides investors with the ability to participate in the next phase of VEEM's business development. I encourage you to read this Prospectus carefully.

As Chairman, I take great pleasure in inviting you to join me as a Shareholder of VEEM and participate in its exciting future.

Yours Faithfully



BRAD MIOCEVICH
NON-EXECUTIVE CHAIRMAN

KEY OFFER INFORMATION

KEY OFFER DETAILS

Offer Price per New Share	\$0.50
New Shares	10 million
Vendor Shares	40 million
Total number of Shares available under the Offer ¹	50 million
Total number of Shares on issue following the Offer	130 million
Gross Proceeds of the Offer ¹	\$25 million
Market capitalisation at the Offer Price ²	\$65 million

¹ Includes the Vendor Sell Down.

² The market capitalisation is calculated based on the Offer Price. There is no guarantee that the Shares will trade at the Offer Price following Listing.

KEY DATES¹

Lodgement of Prospectus with the ASIC	23 September 2016
Opening Date of the Offer	3 October 2016
Closing Date of the Offer	7 October 2016
Issue of New Shares and transfer of Vendor Shares	11 October 2016
Expected dispatch of holding statements	12 October 2016
Expected date for quotation on ASX	14 October 2016

¹ The above dates are indicative only and may change without notice. The Company reserves the right to extend the Closing Date or close the Offer early without notice.

FINANCIAL INFORMATION SUMMARY

The table below is a summary of the Company's Pro Forma historical financial information for the financial years ended 2014, 2015 and 2016 and Pro Forma forecast financial information for the 2017 financial year. This information is intended as a summary only. More detailed financial information, including reconciliation between the Pro Forma financial information presented below and the statutory equivalent financial information can be found in Section 7.

A'\$ MILLION	FY14 PRO-FORMA	FY15 PRO-FORMA	FY16 PRO-FORMA	FY17 PRO-FORMA
Revenue	40.0	38.5	41.4	46.8
EBITDA	7.9	6.3	8.4	7.8
EBIT	6.1	4.2	6.4	6.0
NPBT	5.9	4.0	6.1	5.9
NPAT	5.1	3.9	5.0	4.8
Earnings per Share ¹				3.7 cents
Dividend per Share ²				0.92 cents
Price earnings ratio ³				13.5
Dividend yield ⁴				1.8%

Notes

1 Based on 130,000,000 Shares.

2. The forecast dividend per Share is payable with respect to the FY17 half year and full year periods, (excluding the interim dividend declared and paid subsequent to FY16). Refer to Section 79 of this Prospectus for further information.

3. Calculated at the Offer Price.

4. Forecast Dividend per Share divided by the Offer Price.

1. COMPANY SUMMARY

This section is a summary only and is not intended to provide full information for investors intending to apply for Shares offered pursuant to this Prospectus. Further details of the Company are set out in Section 3 of this Prospectus.



TOPIC	SUMMARY	FURTHER DETAIL
Who is VEEM and what is its business?	VEEM is a marine technology company specialising in propulsion and stabilisation systems. VEEM also manufactures bespoke products and services for the marine, defence and mining industries.	Section 3.1
What is VEEM's History?	<p>VEEM has sustained growth in business activities over a 35 year period. The Company's operations, consisting of foundry, machining, fitting and balancing services have historically enjoyed consistent sales and profit growth from operations primarily in the Australian marine, mining, industrial and defence industries.</p> <p>From 2001, VEEM started developing the marine technology side of the business which had grown out of expertise developed in:</p> <ol style="list-style-type: none"> a. manufacturing propellers, a capability that came with the acquisition of SS Engineering in 1989; b. manufacturing for the Australian Navy's Collins Class submarines; c. the manufacture of a variety of fin and foil stabilization components from 1990; and d. the launch of the high technology VEEM Propeller range in 2001 to target the international propeller market. 	Section 3.2

TOPIC	SUMMARY	FURTHER DETAIL
<p>What are VEEM's core services and products?</p>	<p>VEEM's core business units include:</p> <ul style="list-style-type: none"> a. VEEM Propellers VEEM Propellers represent leading commercial and recreational fixed pitch propeller technology. b. VEEM Gyro VEEM Gyro is a unique ship roll stabilising technology that use powerful gyrostabilisers with patented control technology for vessels from 24 metres to 60 metres in length. c. Timcast Timcast is a range of centrifugally cast bi-metal pipes. Timcast "Forever Pipe" represents a state-of-the-art solution to pipe wear in the Australian alumina processing industry and other mineral processing industries that have historically used weld clad pressure pipe. d. VEEM 24-7 VEEM 24/7 provides a range of bespoke manufactured products and repair services to a wide range of customers within the Western Australian mining industry. VEEM 24/7 represents the origins of VEEM. It has grown through the provision of VEEM's highly specialised technical capability and focused customer service. e. VEEM Defence VEEM Defence has been a cornerstone of VEEM's business since 1987. This business provides bespoke manufacturing and service work for the Australian Defence Force and key defence force contractors. 	<p>Section 3.3</p>
<p>What is VEEM's strategy and focus?</p>	<p>The Company's main objectives on completion of the Offer are:</p> <ul style="list-style-type: none"> a. to seek admission to Official Quotation on the ASX; b. to utilise funds received to continue the growth of VEEM's existing marine propulsion business; and c. to become a market leader in the provision of gyrotabilisation to Superyachts and commercial craft while to become a market leader in the provision of gyrotabilisation to Superyachts and commercial craft while growing VEEM's position as a premier supplier of world leading commercial fixed pitch propeller technology. 	<p>Section 3.4</p>

TOPIC	SUMMARY	FURTHER DETAIL
<p>What are VEEM's key markets?</p>	<p>a. VEEM Propellers and VEEM Gyro</p> <p>VEEM's markets can be segmented first by their offer of:</p> <ul style="list-style-type: none"> i. propulsion equipment, and ii. ship roll stabilising equipment, and iii. then secondly by their customers segments: iv. Superyachts; v. Offshore Supply Vessel (OSV); vi. Sports Motor Yachts; and vii. Luxury Motor Yachts. <p>b. Timcast</p> <p>In recent times a significant new market segment has emerged in the Australian alumina processing industry.</p> <p>Initial products have targeted the alumina industry, however a secondary target market for wear pipe is in nickel processing, gold and oil and gas industries, which have similar product and uses.</p> <p>c. VEEM 24-7</p> <p>Mining companies, particularly those with operations in Western Australia, use VEEM 24/7.</p> <p>Although the mining construction boom in Australia has receded there is now aVEEM's financial performance has sustained growth in activity over a 35 year period. The Company's operations, consisting of foundry, machining, fitting, and balancing services have historically enjoyed consistent sales and profit growth from operations primarily in the Australian mining, industrial and defence industries. growing market for the ongoing maintenance of mining plants after construction.</p> <p>d. VEEM Defence</p> <p>VEEM has been servicing the Australian Department of Defence since 1989. Speciality submarine valves, bronze submarine housings, propellers and special operations vehicles have been built or modified to required standards.</p> <p>As VEEM has developed its global distribution network, opportunities to work with other western world defence forces has arisen. Although the Australian defence market has been shrinking in Australia over the last five years, the activity has increased significantly recently due to the tender process of the new submarine program and the Pacific Patrol Boat programs.</p> <p>VEEM has supplied fixed pitch propellers, variable pitch propeller components and ride control components to the United States (US) Coast Guard through its distribution network in the US.</p>	<p>Sections 3.3, 3.4(a) and 4</p>

TOPIC	SUMMARY	FURTHER DETAIL
KEY FEATURES OF VEEM'S BUSINESS MODEL		
What are the key drivers for VEEM and future growth?	<p>VEEM has strong capability and sees specific growth opportunities in:</p> <ul style="list-style-type: none"> a. high-end marine propulsion equipment (propellers and shaft lines) for the Superyacht, Luxury and Sports Motor Yacht market; and b. gyrostabilisers for Superyachts and the OSV market. <p>VEEM's products are marketed and sold globally via third party distributors and agents. The Company's key activities include manufacturing, research and development and sales and marketing which are carried out by a skilled workforce and supported by a sound technology portfolio and manufacturing capability.</p>	Section 3.4(b)
Who are VEEM's customers?	<p>VEEM's key customers for the propulsion and gyrostabilisation systems are owners and operators of Superyachts and commercial craft and the manufacturers of these vessels. VEEM's track record positions the Company as a recognised and reliable supplier to these markets with products differentiated by patented technologies and bespoke service and application.</p>	Section 3.5
Who are VEEM's competitors?	<p>VEEM believes its patented technology offers several key benefits over many of its competitors.</p> <p>Other companies currently specialising in the gyrostabilising market offer equipment to the small end (less than 24 metres in length) of the Sports and Luxury Motor Yacht market. There is currently no direct competitor for even the smallest VEEM Gyro. VEEM believes competitors would require multiple units to match output of the VEEM Gyro at an increased per unit cost and reduced operation life.</p> <p>There are however substitute products for VEEM's marine gyrostabilising equipment, most notably retractable-fin technologies.</p>	Section 3.6
KEY INVESTMENT HIGHLIGHTS		
What are the key investment highlights?	<p>Set out below are the key investment highlights which relate directly to VEEM's business:</p> <ul style="list-style-type: none"> a. Highly experienced management team; b. World class facilities and people; c. Long standing customer relationships and supply chains; d. Established business processes; e. Recognised products; f. Significant new market opportunities; g. A history of profitability; and h. Advanced research and development and intellectual property. 	Section 3

TOPIC	SUMMARY	FURTHER DETAIL
KEY BUSINESS RISKS		
<p>What are the key risks of investing in VEEM?</p>	<p>There are a number of risks that, either individually or in combination, may materially and adversely affect the future operating and financial performance of VEEM and the value of its Shares.</p> <p>Set out below are specific risks which relate directly to VEEM's business:</p> <ul style="list-style-type: none"> a. Intellectual Property Any legal challenge or infringement on VEEM's patents may adversely affect the business, operating results and financial condition of VEEM. b. Loss of Key Customers The loss of, or significant reduction in purchases by one or more key customers or the cessation of key contracts may lead to a reduction in VEEM's revenue and earnings. c. Operating Risks Operational risks, such as an equipment breakdown at VEEM's facilities, may impact the Company's ability to meet its forecasts. d. Reliance on Business Systems The failure of any of VEEM's business systems, particularly the integrated Enterprise Resource Planning (ERP) system used across the group, could adversely affect the business. e. Reliance on key personnel VEEM's success is built on the knowledge, relationships and know-how of its key employees and the departure of any of them may impact its operations. f. Supply Chain Any disruption or external market condition limiting the supply or increasing the cost of raw materials to VEEM could materially impact VEEM's ability to supply its customers profitably. g. Transition from a Public Unlisted to Public Listed Company As a consequence of new processes and systems being implemented in conjunction with the Company's listing on the ASX, unforeseen circumstances may arise that impact on VEEM's financial performance. h. Concentration of Shareholding After Listing, the Vendors will hold an interest in approximately 61.54% of the Shares on issue. As a consequence, the Vendors will be in a position to exert significant influence over the Company, including the election of Directors. <p>The above list of risk factors ought not to be taken as exhaustive of the risks faced by our Company and you should refer to the additional risk factors in Section 6 of this Prospectus before deciding whether to apply for Shares pursuant to this Prospectus.</p>	<p>Section 6</p>

TOPIC	SUMMARY	FURTHER DETAIL																		
<p>What are the key risks of investing in VEEM?</p>	<p>i. Exchange Rate Risk</p> <p>Currently, most of VEEM's revenues and costs are in Australian dollars.</p> <p>VEEM's financial statements are prepared and presented in Australian dollars, and any appreciation in the Australian dollar against other currencies in which VEEM transacts may adversely affect its financial performance and position.</p> <p>j. Failing to match production to demand</p> <p>There is a risk that VEEM will not be able to increase its production capacity quickly enough, while maintaining appropriate quality standards, to meet incoming orders. Any inability to meet orders (including as to compliance with quality standards) could result in lost revenue, breach of contract and may also cause reputational damage with particular customers and in the market more broadly, affecting VEEM's financial performance and position.</p>	<p>Section 6</p>																		
<p>VEEM'S DIRECTORS, KEY MANAGEMENT AND RELATED PARTY ARRANGEMENTS</p>																				
<p>Who are VEEM's directors and senior management?</p>	<p>The Board has a range of business specific and commercial experience. A profile on each of the Directors and their respective experience and skills, together with other members of the senior management team are set out in this Prospectus.</p> <table border="1" data-bbox="499 1122 1187 1697"> <thead> <tr> <th data-bbox="499 1122 842 1182">PERSON</th> <th data-bbox="842 1122 1187 1182">TITLE/ROLE</th> </tr> </thead> <tbody> <tr> <td data-bbox="499 1182 842 1227">Brad Miocevich</td> <td data-bbox="842 1182 1187 1227">Non-Executive Chairman</td> </tr> <tr> <td data-bbox="499 1227 842 1272">Mark Miocevich</td> <td data-bbox="842 1227 1187 1272">Managing Director</td> </tr> <tr> <td data-bbox="499 1272 842 1317">Ian Barsden</td> <td data-bbox="842 1272 1187 1317">Non-Executive Director</td> </tr> <tr> <td data-bbox="499 1317 842 1361">Les Kay</td> <td data-bbox="842 1317 1187 1361">General Manager</td> </tr> <tr> <td data-bbox="499 1361 842 1440">Paul Steinmann</td> <td data-bbox="842 1361 1187 1440">Business Development Manager – Marine</td> </tr> <tr> <td data-bbox="499 1440 842 1541">Mike Coyle</td> <td data-bbox="842 1440 1187 1541">Business Development Manager – Industrial and Defence</td> </tr> <tr> <td data-bbox="499 1541 842 1641">Tracy Caudwell</td> <td data-bbox="842 1541 1187 1641">Finance and Administration Manager and Joint Company Secretary</td> </tr> <tr> <td data-bbox="499 1641 842 1697">Peter Torre</td> <td data-bbox="842 1641 1187 1697">Joint Company Secretary</td> </tr> </tbody> </table>	PERSON	TITLE/ROLE	Brad Miocevich	Non-Executive Chairman	Mark Miocevich	Managing Director	Ian Barsden	Non-Executive Director	Les Kay	General Manager	Paul Steinmann	Business Development Manager – Marine	Mike Coyle	Business Development Manager – Industrial and Defence	Tracy Caudwell	Finance and Administration Manager and Joint Company Secretary	Peter Torre	Joint Company Secretary	<p>Section 5</p>
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TOPIC	SUMMARY	FURTHER DETAIL																
Disclosure of Interests	<p>For each of the Directors, the proposed annual remuneration for the financial year following the Company being admitted to the Official List together with the relevant interest of each of the Directors in the securities of the Company as at the date of this Prospectus is set out in the table below.</p> <table border="1" data-bbox="384 546 1110 804"> <thead> <tr> <th data-bbox="384 546 552 607">DIRECTOR</th> <th data-bbox="552 546 783 607">REMUNERATION¹</th> <th data-bbox="783 546 962 607">SHARES</th> <th data-bbox="962 546 1110 607">OPTIONS</th> </tr> </thead> <tbody> <tr> <td data-bbox="384 607 552 683">Brad Mioceвич</td> <td data-bbox="552 607 783 683">\$120,000</td> <td data-bbox="783 607 962 683">120,000,000²</td> <td data-bbox="962 607 1110 683">Nil.</td> </tr> <tr> <td data-bbox="384 683 552 759">Mark Mioceвич</td> <td data-bbox="552 683 783 759">\$420,000</td> <td data-bbox="783 683 962 759">120,000,000²</td> <td data-bbox="962 683 1110 759">Nil.</td> </tr> <tr> <td data-bbox="384 759 552 804">Ian Barsden</td> <td data-bbox="552 759 783 804">\$60,000</td> <td data-bbox="783 759 962 804">Nil.</td> <td data-bbox="962 759 1110 804">Nil.</td> </tr> </tbody> </table> <p data-bbox="384 815 440 835">NOTES:</p> <p data-bbox="384 837 576 857">1. Excluding superannuation</p> <p data-bbox="384 860 1082 907">2. Shares are legally held by VEEM Corporation Pty Ltd ATF <A/C The Mioceвич Family Trust>. Entities associated with Brad Mioceвич and Mark Mioceвич are beneficiaries under this trust arrangement.</p>	DIRECTOR	REMUNERATION ¹	SHARES	OPTIONS	Brad Mioceвич	\$120,000	120,000,000 ²	Nil.	Mark Mioceвич	\$420,000	120,000,000 ²	Nil.	Ian Barsden	\$60,000	Nil.	Nil.	Section 5.5
DIRECTOR	REMUNERATION ¹	SHARES	OPTIONS															
Brad Mioceвич	\$120,000	120,000,000 ²	Nil.															
Mark Mioceвич	\$420,000	120,000,000 ²	Nil.															
Ian Barsden	\$60,000	Nil.	Nil.															
Related party arrangements	<p>The Company's policy in respect of related party arrangements is:</p> <ol style="list-style-type: none"> <li data-bbox="384 1010 1126 1099">a. Director with a material personal interest in a matter is required to give notice to the other Directors before such a matter is considered by the Board; and <li data-bbox="384 1115 1090 1205">b. for the Board to consider such a matter, the Director who has a material personal interest is not present while the matter is being considered at the meeting and does not vote on the matter. <p data-bbox="384 1218 1051 1274">Details regarding arrangements with related parties are set out in Section 5.6 of this Prospectus.</p>	Section 5.6																

2. OFFER SUMMARY

This section is a summary only and is not intended to provide full information for investors intending to apply for Shares offered pursuant to this Prospectus. Further details of the Offer are set out in Section 11 of this Prospectus.



TOPIC	SUMMARY	FURTHER DETAIL																											
What is the Offer?	<p>The Offer is an initial public offer of:</p> <ul style="list-style-type: none"> a. 10 million New Shares at an issue price of \$0.50 per New Share; and b. 40 million Vendor Shares by the Vendors at a sale price of \$0.50 per Vendor Share. <p>The Offer invites Applications from investors to purchase Shares in VEEM, which is proposed to be listed on the ASX.</p> <p>The Shares will trade on ASX under the ASX Code 'VEE'.</p>	Section 11.1																											
Why is the Offer being conducted?	<p>The purpose of the Offer is to:</p> <ul style="list-style-type: none"> a. facilitate an application to the ASX for admission to the Official List of the ASX; b. facilitate the Vendor Sell Down; and c. provide working capital for the continuing growth of the business. <p>Listing on the ASX will provide:</p> <ul style="list-style-type: none"> a. access to capital markets to pursue growth opportunities; b. expansion of VEEM's shareholder base; and c. increased corporate and public profile. 	Section 11.4																											
What will the proceeds of the Offer be used for?	<p>The Company intends to apply funds raised from the Offer as follows:</p> <table border="1"> <thead> <tr> <th></th> <th>FULL SUBSCRIPTION (\$)</th> <th>PERCENTAGE OF FUNDS (%)</th> </tr> </thead> <tbody> <tr> <td>Funds raised from the Offer</td> <td>25,000,000</td> <td>100</td> </tr> <tr> <td>Total</td> <td>25,000,000</td> <td>100</td> </tr> <tr> <td colspan="3">Allocation of funds</td> </tr> <tr> <td>Payments to Vendors for Vendor Shares</td> <td>20,000,000</td> <td>80.00</td> </tr> <tr> <td>Expenses of the Offer¹</td> <td>1,440,000</td> <td>5.76</td> </tr> <tr> <td>Business inventory</td> <td>1,500,000</td> <td>6.00</td> </tr> <tr> <td>Working capital</td> <td>2,060,000</td> <td>8.24</td> </tr> <tr> <td>Total</td> <td>25,000,000</td> <td>100</td> </tr> </tbody> </table> <p>NOTE: ¹ Refer to Section 12.7 of this Prospectus for further details.</p> <p>The Board believes that the funds raised from the Offer combined with existing funds will provide the Company with sufficient working capital at anticipated expenditure levels to achieve its objectives set out in this Prospectus.</p>		FULL SUBSCRIPTION (\$)	PERCENTAGE OF FUNDS (%)	Funds raised from the Offer	25,000,000	100	Total	25,000,000	100	Allocation of funds			Payments to Vendors for Vendor Shares	20,000,000	80.00	Expenses of the Offer ¹	1,440,000	5.76	Business inventory	1,500,000	6.00	Working capital	2,060,000	8.24	Total	25,000,000	100	Section 11.5
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Total	25,000,000	100																											

TOPIC	SUMMARY	FURTHER DETAIL																								
What will be the Company's capital structure following completion of the Offer?	<p>The ownership structure of VEEM before and after the completion of the Offer is set out below.</p> <table border="1"> <thead> <tr> <th rowspan="2">SHAREHOLDER</th> <th colspan="2">VEEM OWNERSHIP PRIOR TO IPO</th> <th colspan="2">VEEM OWNERSHIP FOLLOWING COMPLETION OF THE IPO</th> </tr> <tr> <th>QUANTITY</th> <th>%</th> <th>QUANTITY</th> <th>%</th> </tr> </thead> <tbody> <tr> <td>VEEM Corporation Pty Ltd ATF <A/C The Miocevic Family Trust>¹</td> <td>120,000,000</td> <td>100</td> <td>80,000,000</td> <td>61.54</td> </tr> <tr> <td>Investors under the Offer</td> <td>0</td> <td>0</td> <td>50,000,000</td> <td>38.46</td> </tr> <tr> <td>Total</td> <td>120,000,000</td> <td>100</td> <td>130,000,000</td> <td>100</td> </tr> </tbody> </table> <p>NOTE: 1. Shares are held in trustee capacity. Entities associated with Brad Miocevic and Mark Miocevic are beneficiaries under the trust arrangement.</p>	SHAREHOLDER	VEEM OWNERSHIP PRIOR TO IPO		VEEM OWNERSHIP FOLLOWING COMPLETION OF THE IPO		QUANTITY	%	QUANTITY	%	VEEM Corporation Pty Ltd ATF <A/C The Miocevic Family Trust> ¹	120,000,000	100	80,000,000	61.54	Investors under the Offer	0	0	50,000,000	38.46	Total	120,000,000	100	130,000,000	100	Section 11.13
SHAREHOLDER	VEEM OWNERSHIP PRIOR TO IPO		VEEM OWNERSHIP FOLLOWING COMPLETION OF THE IPO																							
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Total	120,000,000	100	130,000,000	100																						
Will any Shares be subject to escrow agreements?	On the basis the Company will seek to be admitted to the Official List under the "profits test", it is not anticipated that any Shares on issue prior to the Offer will be classified by ASX as restricted securities.																									
How is the Offer structured?	<p>The Offer comprises:</p> <ol style="list-style-type: none"> the Broker Firm Offer; and the Institutional Offer. 	Section 11.1																								
Am I eligible to participate in the Offer?	You are eligible to participate in the Offer if you are an Australian resident.	Section 11.1																								
How can I apply?	If you are an eligible investor, you may apply for Shares by completing a valid Application Form in accordance with the instructions contained within. To the extent permitted by law, an Application under the Offer is irrevocable.	Section 11.6																								
What is the allocation policy?	<p>Subject to the ASX granting conditional approval for the Company to be admitted to the Official List, the issue and transfer of Shares offered by this Prospectus will take place as soon as practicable after the Closing Date.</p> <p>The allocation of Shares will be at the complete discretion of the Lead Manager and Underwriter in consultation with the Company.</p>	Section 11.11																								
Is the Offer underwritten?	The Offer is fully underwritten by the Lead Manager and Underwriter in accordance with the terms of the Underwriting Agreement.	Section 11.9 and 10.1																								

TOPIC	SUMMARY	FURTHER DETAIL
Will the Shares be quoted on the ASX?	<p>Application for Official Quotation by the ASX of the Shares offered pursuant to this Prospectus will be made within 7 days after the date of this Prospectus.</p> <p>If the Shares are not admitted to Official Quotation by the ASX before the expiration of 3 months after the date of issue of this Prospectus, or such period as varied by the ASIC, the Company will not issue any Shares and will repay all application monies for the Shares within the time prescribed under the Corporations Act, without interest.</p>	Section 11.10
Are there any significant taxation implications?	<p>The acquisition and disposal of Shares will have tax consequences, which will differ depending on the individual financial affairs of each investor. Likewise, the payment of dividends by the Company will have tax consequences which may differ depending upon matters such as residential status, the capacity in which Shares are held and the extent to which a dividend is franked. The Australian tax laws are complex and individual circumstances may affect the tax implication of your investment. All potential investors in the Company are recommended to obtain independent financial advice about the consequences of acquiring Shares from a taxation viewpoint and generally.</p>	
What is VEEM's dividend policy and when will I receive my dividend?	<p>The Company has a history of paying dividends. The Company presently intends to adopt a dividend policy which targets a payout of 30% of NPAT in the form of a partially franked dividend.</p> <p>Any future determination as to the payment of dividends by the Company will be at the discretion of the Directors and may vary between periods.</p>	Section 7.9
What are the costs of the Offer?	<p>The total expenses of the Offer (excluding GST) are estimated to be approximately \$1,440,000.</p>	Section 12.8
Is there commission payable?	<p>No commissions, brokerage or stamp duty is payable by Applicants under this Prospectus.</p>	
When will I receive confirmation that my Application has been successful?	<p>Successful Applicants under the Offer will be notified in writing of the number of Shares allocated to them as soon as possible after the Closing Date of the Offer.</p>	
Where can I find more information?	<p>If you are unclear in relation to any matter or are uncertain as to whether the Shares are a suitable investment for you, further information can be obtained by reading this Prospectus in its entirety, by seeking professional advice from your stockbroker or other professional adviser, by calling the Lead Manager and Underwriter on 08 9488 1400 or by visiting the Company website at www.veem.com.au.</p>	
Can the Offer be withdrawn?	<p>VEEM reserves the right not to proceed with the Offer at any time before the issue of Shares to successful Applicants. If the Offer does not proceed, Application Money will be refunded (without interest).</p>	

3. COMPANY OVERVIEW

VEEM Ltd is a marine technology company specialising in propulsion and stabilisation systems. VEEM also manufactures bespoke products and services for the marine, defence and mining industries.



3.1 BACKGROUND

A. COMPANY PROFILE

VEEM Ltd is a marine technology company specialising in propulsion and stabilisation systems. VEEM also manufactures bespoke products and services for the marine, defence and mining industries.

Established in 1968 and based in Perth, Western Australia, VEEM supplies products and services domestically and abroad.

VEEM has a continuous research and development program with high levels of intellectual property protection. VEEM works closely with its existing clients to develop new products to meet the market requirements for the best available technology based solutions.

The Company's naval architecture and mechanical engineering teams draw from experience in a wide range of market sectors, resulting in the ability to derive innovative and effective products for VEEM customers.

VEEM's facilities consist of four workshops covering 10,500m² and surrounding land. VEEM operates the largest non-ferrous foundry in Australia, with up to 25 tonne crane capacity. The plant and equipment operates under the Australian Business Excellence (**ABE**) framework and utilises Computer Numerical Control (**CNC**) manufacturing and automated robotic technology.



3.2 COMPANY HISTORY

VEEM has sustained growth in its business activities over a 35 year period. The Company's operations, consisting of foundry, machining, fitting, and balancing services have historically enjoyed consistent sales and profit growth from operations primarily in the Australian marine, mining, industrial and defence industries.

From 2001, VEEM started developing the marine technology side of the business which had grown out of expertise developed in:

- a. manufacturing propellers, a capability that came with the acquisition of SS Engineering in 1989;
- b. valve and specialist bronze casting manufacturing for the Australian Navy's Collins Class Submarines;
- c. the manufacture of a variety of ship fin and foil roll stabilisation equipment in 1990; and
- d. the launch of the high technology VEEM Propeller range in 2001 to target the international propeller market.

3.3 KEY BUSINESS UNITS

FIGURE 1: VEEM BUSINESS UNITS

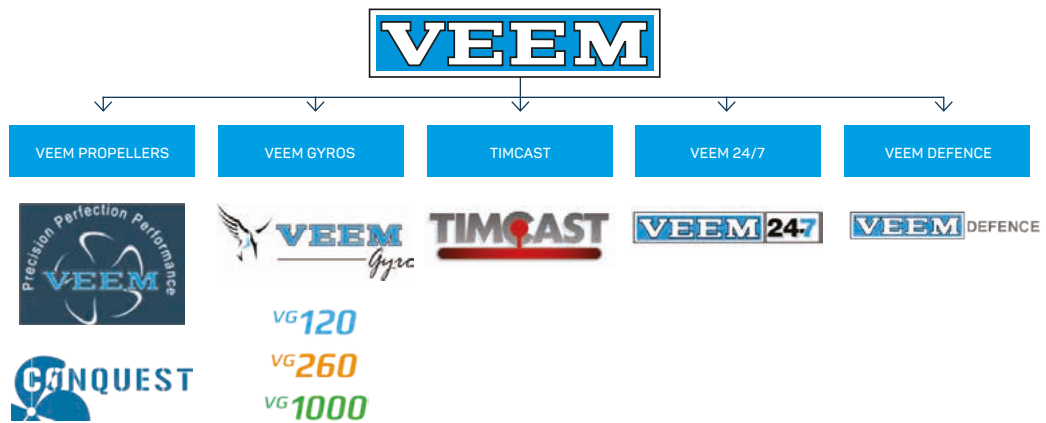
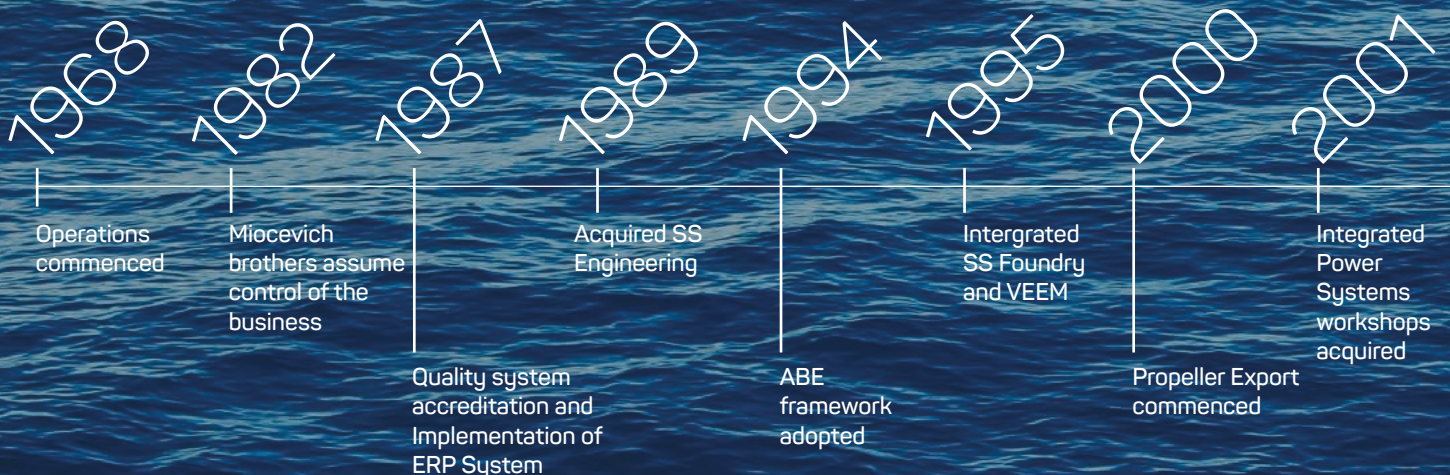


FIGURE 2: VEEM'S TIMELINE



A. VEEM PROPELLERS

VEEM has manufactured propellers for nearly 50 years, delivering tens of thousands to its clients.

In addition to its propeller manufacturing capabilities, VEEM also offers repair and refurbishment services for fixed and controllable pitch propellers.

All propellers that VEEM produce are fully CNC machined ensuring the highest accuracy and best quality, and are strictly controlled under the Company's certified quality management system to ensure that VEEM's propellers are of the highest standard.

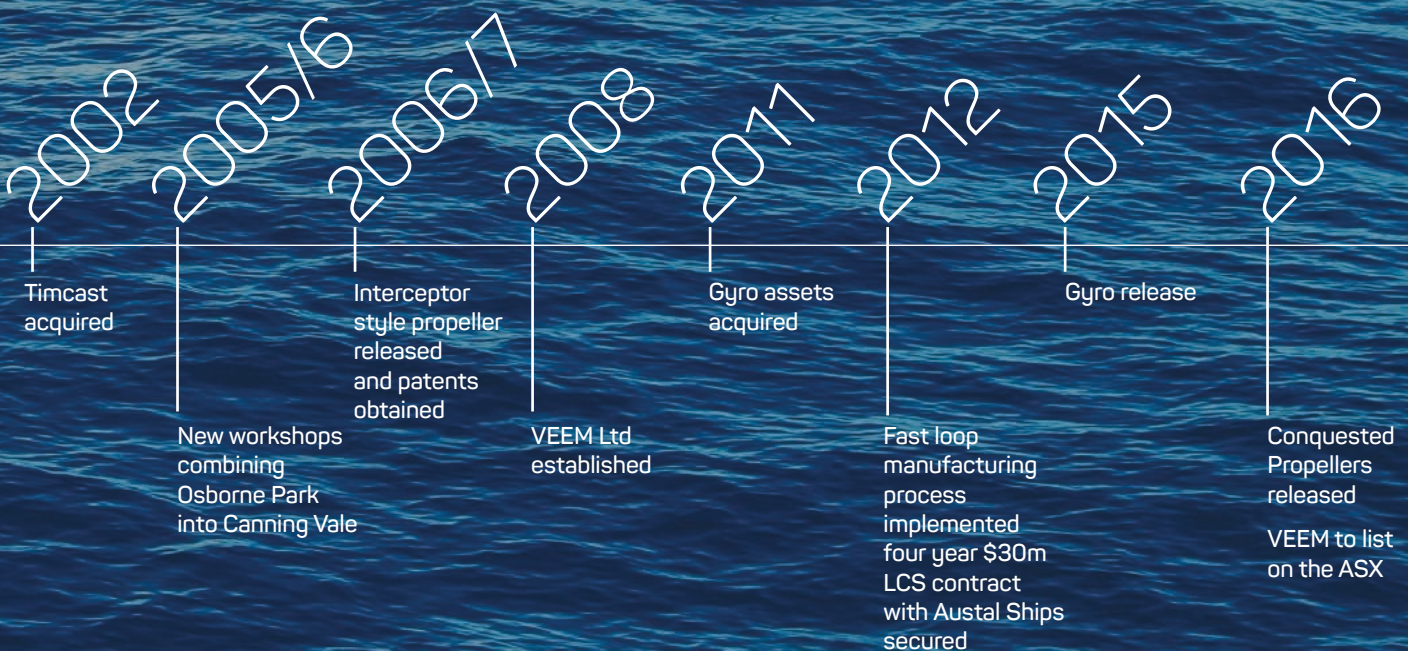
VEEM uses cutting edge technology in design and manufacture of its propellers, including noise and vibration prediction, propulsive efficiency optimisation using computational fluid dynamics software, and cavitation tunnel testing and blade strength calculation using finite element analysis.

Using its fully data logged test vessel, VEEM is capable of testing propellers up to 1 metre in diameter. The test vessel is deliberately overpowered with a total 4,800 horsepower to ensure that a wide range of propellers can be tested at full scale up to speeds of 45 knots. This ensures that all aspects of new design are verified and thoroughly tested.

VEEM also has collected a database of thousands of vessels which it uses to verify and fine tune its propeller design. This enables VEEM's Naval Architects to optimise each vessel's performance.

VEEM Propellers service the following types of vessels:

- military vessels;
- passenger and vehicle ferries;
- Luxury Motor Yachts;
- Sports Motor Yachts;
- Superyachts; and
- Offshore Supply Vessels (**OSV**) including fishing and work boats.



i. **Interceptor Technology**

VEEM Interceptor fitted propellers are at the forefront of fixed pitch propeller technology. A VEEM Interceptor Propeller features a 'dove-tail' groove on the trailing edge of the propeller and an entry point for an Interceptor pitch strip.

The VEEM Interceptor allows users the ability to make adjustments to the relative pitch of their installed propellers without having to lift the boat from the water.

Interceptor strips come in different heights and shapes, adjusting the relative pitch of each propeller blade to change its performance. Every Interceptor strip type behaves differently in the water, allowing users and boat builds to trial different strips with different pitches for varying conditions and applications.

This means optimising performance from the vessel regardless of varying conditions like load weight or changing water temperatures. Interceptor strips can be changed in the water, removing the costly need to lift the boat to have the propellers changed or modified.

VEEM's patented Interceptor Propellers are bespoke in design and manufactured specifically for the boat with the use of advanced robotic moulding and complete CNC manufacturing techniques. The principle geometry and proprietary technologies employed on every propeller VEEM produces ensures optimum performance every time but with the added benefit of being able to adjust the pitch.



FIGURE 3: HIGH ACCURACY 5 AXIS CNC MACHINES ARE USED TO CREATE THE PATENTED 'DOVE-TAIL' GROOVE WHICH ACCEPTS THE INTERCEPTOR STRIP

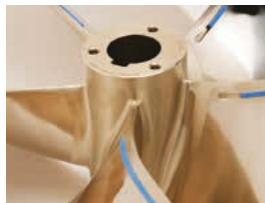


FIGURE 4: A SPECIFICALLY DESIGNED ENTRY POINT IS PROVIDED AT ONE END OF THE GROOVE TO FACILITATE THE INSTALLATION OF THE INTERCEPTOR STRIP.



FIGURE 5: THE STRIPS CAN BE EASILY REMOVED USING HAND TOOLS. THE PROCEDURE IS SO EASY IT CAN BE DONE UNDER WATER.

ii. **CNC Machining**

VEEM Propellers design and manufacture capability offers the market over 50 years' experience in production, research and development.

VEEM's high accuracy 5 axis CNC machinery perfects every square millimetre of the propeller producing a bespoke product that is manufactured to exact design specifications. The Company also has a patented casting process that ensures precision every time.

Unlike VEEM's process of fully CNC machining propellers in one setup, the majority of manufacturers partially CNC machine their propellers and rely on multiple setups. This reduces the accuracy of the critical geometry of the propeller and ultimately the boat's performance.

The human error that VEEM eliminates in its manufacturing process allows for identical propellers to be produced every time. Side to side, boat to boat, year to year, VEEM propellers will be identical within a few thousandths of an inch, resulting in the same performance every time. It is this intimate understanding of programming, machining and manufacturing processes that sets VEEM Propellers apart.

iii. **In house alloy**

VEEM Propellers are one of the only propeller manufacturers that undertake metal alloying in house, ensuring that all materials are of the highest quality. VEEM offers a wide range of engineering services that require flawless metal chemistry and are therefore able to perfect the process to offer the highest quality products across the different services.

Through extensive research and development, VEEM has been able to fine-tune the chemical composition of alloys to maximize its mechanical strength, enabling more efficient propeller geometry to be employed.

In addition to new construction, VEEM is renowned for its prompt, high quality repair and refurbishment of propellers.

iv. **Propulsion Packages**

Propulsion packages are also offered and include all components of the shaft-line individually designed to each client's requirements.

A propulsion package procured from VEEM will typically include all the components in the shaft-line from the gearbox coupling aft, including the propeller, shafts, shaft brackets, bearing seals and rubbers.

VEEM's technically advanced designed propulsion packages prevent assembly problems as all components are assembled and checked prior to despatch.

v. **Conquest Propellers**

VEEM has developed the Conquest Propeller range to meet the demand of the replacement propeller market.

The Conquest Propeller range features a range of traditional designs and sizes that are fully CNC machined and the first of its kind in the replacement propeller market.

Dealers and stockist of the Conquest range will receive their order in less than 7 days subject to airfreight, limiting the time a boat is out of the water. Alternatively, dealers and stockists will hold inventory to meet the needs of their clients.

The Conquest Propeller addresses a new market for VEEM that does not encroach upon the bespoke VEEM Propeller market.

TABLE 1:VEEM'S PROPELLER RANGE

VEEMStar Series	
	<p>The VEEMStar propeller design has been developed as a high performance propeller for use on medium speed applications. As an "all round" propeller, it is ideal for use on pleasure and commercial vessels where performance and smoothness are of particular importance.</p> <p>Optimised pitch distribution, carefully applied high section camber, balanced skew, and VEEM's high strength, low drag proprietary blade root radii geometry have made this propeller and industry leader.</p>
VEEMSportfish Series	
	<p>The VEEMSportfish propeller has been designed specifically to meet the demands of modern, high powered sport fishing vessels.</p> <p>The VEEM Sportfish has demonstrated unrivalled speed, manoeuvrability, fuel efficiency, smoothness, and back-down capacity. Blade tip geometry has been optimised to minimise visible vortex signatures, ensuring a clean wake during trolling.</p>
VEEMSurf Series	
	<p>The VEEMSurf propeller is the latest in surface piercing propeller design. Is loaded with design innovations including the VEEM Interceptor technology that make it unbeatable when seriously high thrust must be applied in a smooth, quiet and reliable manner. Through the use of "shock free" blade sections and optimised blade area, you can rely on smooth operation in any conditions.</p>

VEEMSuperyacht Series



Each and every VEEMSuperyacht propeller is a fully bespoke creation. It has been developed in conjunction with several of the world's largest superyacht manufacturers and is based on a design criteria which guarantees extended cruising range, the lowest noise and vibration levels and exceptional propulsive efficiency.

VEEMKaplan Series



The VEEMKaplan propeller series is suited to nozzle applications and is extremely popular for trawlers, tugs and other vessels requiring high towing or bollard pull thrust. VEEM Kaplan propellers have excellent thrust characteristics in low speed applications and have specifically designed blade tips that are unloaded to reduce tip losses, while avoiding cavitation erosion.

B. VEEM GYROS

VEEM's gyrostabilisers (**VEEM Gyros**) are high powered ship roll stabilisation devices specifically engineered for use on vessels from 25 metres to 80 metres.

VEEM Gyros are actively controlled vertical axis gyrostabilisers delivering rolling motion attenuation while the vessel is at anchor, drifting, alongside, loitering or at transit speed.

VEEM Gyros reduce rolling motion by up to 95% depending on the wave environment and vessel characteristics.

The VEEM Gyro comprises a flywheel mounted in a gimbal frame allowing two of the three possible rotational degrees of freedom. The gimbal frame is secured to the hull of the vessel, with the flywheel gimbaled within the frame.

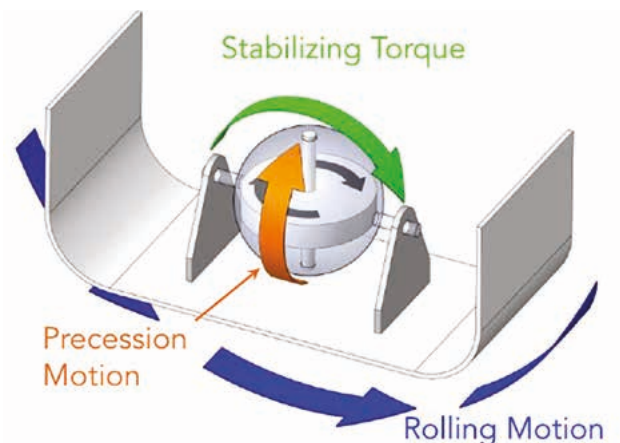
There are three inter-twined parts to the process of creating gyrostabilising torque. Each of these processes occurs simultaneously, but it is helpful to consider each of them separately.

Once the flywheel is spinning, the following process leads to the development of a stabilising torque that opposes rolling motion:

- waves cause the vessel to roll;
- rolling motion combines with the spinning flywheel to create precession motion; and
- precession motion combines with the spinning flywheel to create stabilising torque.

The physics that causes these inter-twined actions is called gyro-dynamics. If the flywheel spins in the opposite direction, the induced precession motion will be in the opposite direction, but the stabilising torque will be identical.

FIGURE 6: GYROSTABILISATION TORQUE CREATION



As VEEM Gyros roll stabilising torque is created by the rolling motion itself, there is no time delay or lag between the waves induced rolling motion and the stabilising torque produced by a natural precession gyrostabiliser. The result is a smooth application of the significant stabilising torques produced.

VEEM Gyros displace current yacht stabilising technology of retractable-fin stabilisers system. Retractable-fin stabilisers require underwater appendages extending out from the vessels hull. Gyrostabilisers have several advantages over current underwater appendages stabilisation systems including:

- fins or tubes create drag reducing vessel efficiency;
- appendages extending out from the vessels hull increase the risk of the vessel grounding and have potential to foul on ropes or other underwater obstacles;

- there is a potential risk to swimmers or divers with the underwater fins moving while they are in the water; and
- access to equipment for maintenance of the fin systems can sometimes be more difficult.

i. VEEM Gyro Models

A. VEEM Gyro 120

The VEEM Gyro 120 (**VG120**) is an advanced and powerful gyrostabiliser available for vessels with displacement between 50 tonnes and 150 tonnes on a single unit installation basis. This equates to a Superyacht with an overall length of 25 to 30 metres. Multiple units can be installed for larger vessels.

FIGURE 7: VG120 TECHNICAL DETAILS

Rated Stabilizing	Length	Angular Momentum
120kN.m	1.633m	40kN.m.s
Cooling Water	Width	Electric Power
35L/minute	1.558m	15kW 3 phase
Rated RPM	Height	Mass
4000	1.144m	2,500kg

FIGURE 8: VG120



B. VEEM Gyro 260

The VEEM Gyro 260 (**VG260**) is an advanced and powerful gyrostabiliser available for vessels with displacement between 100 tonnes and 300 tonnes on a single unit installation basis. For Super Yachts, this is equivalent to 30 to 40 metres length. Multiple units can be installed for larger vessels.

FIGURE 9: VG260 TECHNICAL DETAILS

Rated Stabilizing	Length	Angular Momentum
260kN.m	2.050m	100kN.m.s
Cooling Water	Width	Electric Power
60L/minute	2.070m	12-18kW
Rated RPM	Height	Mass
3000	1.410m	5,350kg

FIGURE 10: VG260 RENDERING



C. VEEM Gyro 1000

Available in 2017, The VEEM Gyro 1000 (VG1000) will be an advanced and powerful gyro-stabiliser available for vessels with displacement between 300 tonnes and 900 tonnes on a single unit installation basis. For super yachts, this is roughly equivalent to 45 to 60 metres length. Multiple units can be installed for larger vessels.

FIGURE 11: VG1000 TECHNICAL DETAILS

Rated Stabilizing	Length	Angular Momentum
1000kN.m	3.200m	521kN.m.s
Cooling Water	Width	Electric Power
165L/minute	3.100m	35-70kW
Rated RPM	Height	Mass
1,930	2.150m	18,500kg

FIGURE 12: VG1000 RENDERING



ii. Sea Performance of the VG120

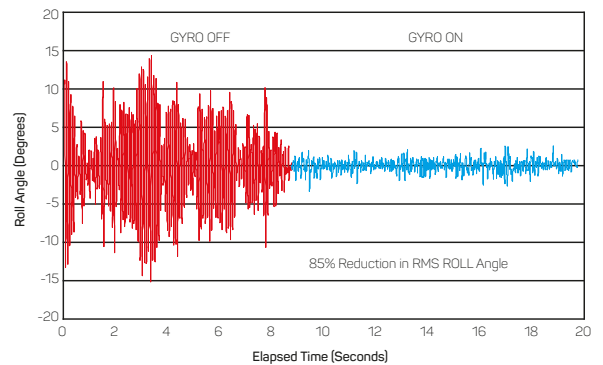
A VG120 unit was mounted on the aft deck of a local Fremantle harbour tugboat for at-sea testing. The steel hulled towing tug, while smaller than a Super Yacht, has a steel structure and flat hull which means that it rolls in a similar manner to much larger vessels.

On the sea trials day, 19 March 2015, the swell was from the South West and added to the wind driven waves. At around 10:00am, when the stabilising tests were carried out, the wave environment comprised an 11.5-second period swell at 0.9 meters significant wave-height, combined with a 4.2 second period wind-sea at 0.75 metres significant wave-height. The natural rolling period of the tug is 4.8 seconds.

The tug was set up to drift in beam seas. Rolling motion was recorded with the VG120 locked in 'Standby' mode, and then the unit was set 'Active', which freed the gimbal and flywheel to oscillate back and forth in the centreline axis of the tug. With the VG120 actively damping motion, the deck remained practically level, where it had been rolling vigorously seconds earlier.

The strip chart of rolling angles over time (below) clearly illustrates the effectiveness of the VG120 in reducing rolling motion. The percentage reduction in RMS roll angle was recorded as 85%.

FIGURE 13: VG120 SEA TRIAL RESULTS



C. TIMCAST

Timcast is a range of centrifugally cast bi-metal pipes and attached sand cast bends and T pieces. The Timcast product represents the state-of-the-art solution to wear pipe in alumina and other mineral processing industries that have historically used weld clad pressure pipe. The 'Forever Pipe' range is a more economical alternative to weld clad pipes and last between 6 to 10 times longer.

i. Forever Pipe

VEEM manufactures Timcast 'Forever Pipe' high wear resistant pipe spools with an inner layer of a high wear resistant material and a pressure vessel material outer. These pipes are manufactured in a wide range of alloys due to the varying nature of each processing industry. Inner layer hardness ranging from 350 Brinell Hardness Number (BHN) to 650 BHN can be achieved without affecting the mechanical properties of the outer carbon steel layer.

Precise control of the manufacturing process enables VEEM to create a metallurgical bond between the two metals which enables an ultrasonic thickness measurement made of the pipe.

Forever Pipe has been specifically developed for the alumina processing industry where weld clad pipe has been the standard. Being able to choose particular alloys for the inner pipe to cope with highly abrasive and corrosive slurries and to have a pressure vessel approved outer pipe has led to a much better solution for the alumina industry.

The same approach has been used by the nickel, gold and iron processing industries to increase the operating productivity of the plant and significantly reduce operating costs.

FIGURE 14: FOREVER PIPE



ii. Centri Bar

VEEM manufactures Timcast 'Centri Bar' to create wear resistant pipe liners to stop premature wear from all types of abrasive slurries. The replaceable internal pipe liner is a relatively new refinery solution to increase the life of wear pipes and reduce pipe maintenance. The wear resistant liners can be supplied in a range of different shapes and sizes including end pieces or flat plate and bird's beak shapes to achieve T joints.

VEEM manufactures Timcast 'Centri Bar' in a range of more than 250 alloys and sizes from 76 millimetres to 1,275 metres outside diameter. With both vertical and horizontal machines a wide variety of minimum lengths can be manufactured. Maximum lengths are up to 2,700 millimetres for some sizes.

Equipment and expertise are available to centrifugally cast concentric hollow shapes from a range of stainless steel, nickel and copper based alloys.

Chemical analysis in our National Association of Testing Authorities Australia (NATA) certified laboratory provides assurance that all alloys meet their specified requirements. VEEM has a standard range of over 250 alloys and can produce custom alloys to suit.

Timcast 'Centri Bar' offers:

- A tailored metallurgical specification for each customer;
- A tailored size specification for each customer;
- Up to 30% better mechanical properties than sand castings; and
- Flexible order quantities and lead times.

iii. Centrifugal Casting

Centrifugal castings are formed by pouring molten metal into a rotating die and offer a number of benefits over other casting methods. Since the bar is formed under centrifugal force of up to 200 g-force, it exhibits a denser, closer-grained structure. The physical properties of centrifugally cast materials such as tensile, creep, and fatigue strength are up to 30% higher than in sand castings.

During the process, heavier metal are forced outward which displaces the lighter oxides and impurities causing them to float toward the inner surface to be easily removed when machining the inside bore. Conventional gravity and static castings solidify from both the inside and outside surfaces which often results in defects such as internal shrinkage, gas porosity, blowholes and non-metallic inclusions. Conversely, centrifugal castings solidify in a single direction from the outside diameter which results in a much lower occurrence of defects.

Centrifugal casting produces a hollow bar that is of excellent structural integrity throughout its thickness and can be made to specified inner and outer dimensions and quantity at a price lower than static casting methods.

VEEM WORK HELPS FIND THE HIGGS BOSON

The Large Hadron Collider (LHC), part of the large accelerator complex at CERN laboratory in Switzerland is in operation and recently scientists have made announcements regarding experiment results. The research into sub-atomic particles is an international collaboration investigating a wide range of physics. One of the objectives of the LHC is to search for a theoretical particle that may provide answers to verify the accuracy of the Standard Model. The elusive Higgs Boson is thought to explain how particles were given mass when they came into contact with an invisible force field called the 'Higgs Field' at the earliest moments in the formation of the universe.

The components VEEM manufactured were made from a lead bronze alloy and were cast, machined, tested and trial assembled prior to delivery for installation. The components make up key elements of a radiation shield (Plug 1 segments and Plugs 2 and 3) to protect instrumentation used in the ATLAS experiments.

VEEM is proud to have produced very large castings that may assist in finding some of the smallest particles in the universe.



D. VEEM 24-7

'VEEM 24/7' provides a range of bespoke manufactured products and repair services to the Australian mining industry. These services are the origins of VEEM and have been built up over the decades by providing highly specialised technical capability and focused customer service.

i. Foundry

VEEM operates one of the largest ferrous and non-ferrous foundry facilities in Australia with 12 furnaces and 14.3 tonnes capacity offering a complete range of services.

Products produced as mining and industrial spares include coal loading spares, generator bearings, bronze bearings, pump spares, flour and crusher mill bearings, valve components and fabricated equipment components.

VEEM Foundry capabilities include:

- pattern making;
- sand casting;
- centrifugal casting;
- shell moulding;
- die casting;
- lost foam casting; and
- computer solidification modelling.

ii. Machining

VEEM has, since 1968, maintained a reputation for high precision and quality in manual and CNC machining.

VEEM's machining turning capacity to 2.1 metres accommodate the manufacturing of specialised components for aerospace, oil and gas, and defence industries requires strict adherence to a wide variety of standards and guarantees of dimensional accuracy.

iii. Balancing

Since its inception in 1968, the balancing division has been a leader in the field of dynamic balancing and is equipped with modern, accurate equipment to meet the demands of its wide variety of clients.

VEEM operates the largest number of balancing machines in Australia with a capacity ranging between 100 grams to 28 tonnes using Schenck machines.

The capabilities of the Balancing Division include:

- Dynamic Balancing – VEEM can dynamically balance diameters up to 4.1 metres and length up to 12 metres. VEEM dynamically balances propellers, fans, impellers, machine spindles, centrifuges, gyroscopes, rollers, wheel hubs, brake drums, armatures and beaters.
- Engine Balancing – VEEM dynamic balances engine components for all currently available engines from single cylinder petrol to the largest V24 diesels up to 28 tonnes.
- Driveshaft Manufacture, Repair and Balancing – VEEM can manufacture, repair and balance automotive, agricultural, transport, earthmoving, marine and power take-off shafts.
- On-site Balancing – VEEM's portable field instruments allow dynamic balancing to be conducted on-site without dismantling of large, critical or complex equipment.
- Static Balancing.

iv. Driveshafts

VEEM has manufactured and repaired all forms of drive and tail shafts since its inception, including custom manufacture of hard to buy components through VEEM's extensive engineering facilities.

The capabilities of the Driveshaft Division include:

- Automotive – VEEM can repair, service or balance cars, vans, utility vehicles or four wheel drive tailshaft. VEEM can also shorten, lengthen or re-tube damaged single or multi piece driveshafts. VEEM can also manufacture a custom shaft.
- Truck – VEEM can manufacture a centre bearing shaft for chassis extension for truck body builders and truck fleet operators to replace a slip assembly or service and balance the inter differential jackshaft.
- Earth Moving and Industrial – VEEM can overhaul all earthmoving shafts and if necessary, manufacture an alternative to replace parts that are no longer available.

E. VEEM DEFENCE

VEEM Defence has been a cornerstone of VEEM's business since 1987. VEEM Defence provides bespoke manufacturing and service work for the Collins Class submarines, the Littoral Combat Ships and the high mobility off road vehicles for the Australian Special Forces.

i. Submarines

VEEM produces a range of sophisticated non ferrous castings and is the licensed manufacturer, agent and stores for the submarine hull valves for the Australian Submarine Corporation (**ASC**). Based on the ASC's current replacement policy this workflow will continue for the rest of the vessels' life.

Valves and other components are manufactured to strict naval engineering standards. VEEM carry and store spare valves for the Royal Australian Navy.

ii. Stabilizer components

VEEM has manufactured ride control mechanical components since the early 1990's.

Currently VEEM is manufacturing components for the Littoral Combat Ships and Joint High Speed Vessel ride control. VEEM will seek to secure the follow on work due to the close working relationship with the manufacturer and a proven ability to meet specific quality, pricing and technical requirements.

iii. High mobility off road vehicles

VEEM is a maintenance partner with the provider of high mobility off road vehicles for the Australian Defence Force. VEEM has an ongoing arrangement for the repair and upgrade of these vehicles in WA.

3.4 VEEM STRATEGY AND DRIVERS FOR GROWTH

a. Strategy

VEEM has strong capability and sees specific growth opportunities in:

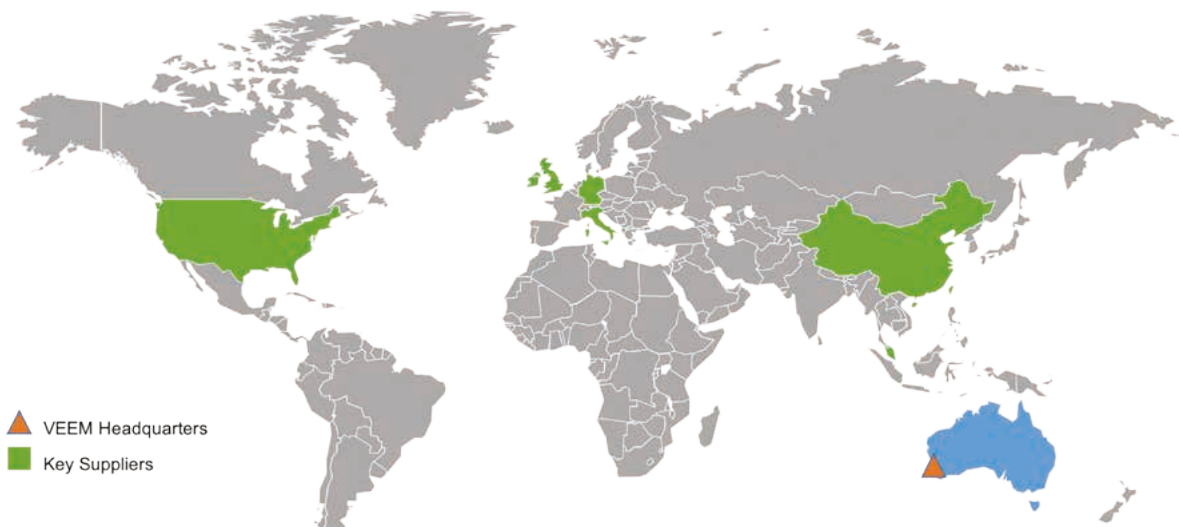
- i. high-end marine propulsion equipment (propellers and shaft lines) for the Superyacht, Luxury and Sports Motor Yacht market;
- ii. Conquest Propeller range for the replacement propeller market; and
- iii. marine gyroscopic stabilisers for Superyachts and Luxury and Sports Motor Yachts.

b. Drivers for Growth

VEEM's products are marketed and sold globally via third party distributors and agents. The Company's key activities include manufacturing, research and development and sales and marketing which are carried out by a skilled workforce and supported by a sound technology portfolio and manufacturing capability.

VEEM has developed a global supply chain that allows the business to ramp up production without working capital restraints. Sourcing componentry from various countries around the world, VEEM creates a natural hedge for business operations by using a range of suppliers to protect its intellectual property.

FIGURE 15: VEEM'S GLOBAL SUPPLY CHAIN








3.5 LONGSTANDING CUSTOMERS RELATIONSHIPS

Over the tenure of VEEM's operation the Company has built longstanding customer relationships. Figure 16 highlights these key client relationships.

VEEM's interaction with its clients ranges from traditional customer relationship to ones that are highly collaborative, where VEEM partners with the client to design and manufacture a product to meet the customer's requirements and demands. There are various channels through which VEEM reaches its customers, including direct sale, re-sellers and product shows such as the METSTRADE show in Amsterdam, the Monaco Yacht Show, the Cannes Yachting Festival, the Genoa International Boat Show and the Fort Lauderdale International Boat Show.

FIGURE 16: VEEM'S LONGSTANDING CUSTOMERS BY BUSINESS DIVISIONS

	<ul style="list-style-type: none"> • Ferretti Group • Princess Yachts International • Viking Yacht Company • Volo Penta Group
	<ul style="list-style-type: none"> • Van Der Valk Continental Yachts
	<ul style="list-style-type: none"> • Alcoa of Australia • Queensland Alumina Limited
	<ul style="list-style-type: none"> • BHP Billiton Limited • Verve Energy Corporation • ClemCorp WA Pty Ltd
	<ul style="list-style-type: none"> • ASC Australian Submarine Corporation (ASC) • Australian Department of Defence • Austal Limited

3.6 KEY COMPETITORS

A. PROPELLERS

VEEM's manufacturing capabilities which ensure repeatable and precise propellers and the Company's patented Interceptor technology provides some key benefits to customers. Within the propulsion market VEEM has a wide range of direct competition. Some key features of this competition are:

- There is a large variation between businesses with smaller local manufacturer and casting businesses sitting alongside larger global corporates such as Rolls-Royce and Siemens albeit at different parts of the value chain.
- The global propeller market is fragmented.
- Fit of propulsion systems, and especially propellers, into their wider business varies with some competitors supplying propellers alongside other cast or machined products, some focusing on propulsion systems more broadly and others the supply of propellers and propulsion systems as part of a large range of related equipment.

There is a broad range of businesses located around the world. Specific competition that VEEM see as significant includes:

- Michigan Wheel - USA
- CJR - UK
- Teignbridge Propellers (UK)
- Stone Manganese Marine
- Bruntons
- ZF Marine
- Rolla - EU
- Radici - EU

B. VEEM GYROS

VEEM has strategically positioned its VEEM Gyro products in a sector where it presently has no direct competitor. The closest relevant competing products are:

- i. Seakeeper USA – manufactures smaller recreational gyros similar in concept to the VEEM Gyro but using technology suitable for small recreational applications. To compete with the smallest VEEM Gyro a customer would need to install multiple Seakeepers at a much higher per unit cost with a shorter product life cycle.
- ii. Other manufactures (Italy and elsewhere) – VEEM believes these products to be less durable and energy efficient. Some also have limited application and are only suitable for operation while the vessel is at rest.

3.7 ACCREDITATIONS AND REGISTRATIONS

VEEM has a complete range of accreditations and registrations, including:

- ISO 9001:2008 – Quality;
- ISO 14001:2004 – Environmental;
- ABS foundry Approval;
- DNV Foundry approval – CU3;
- GL foundry and welding approval – CU3;
- IRS foundry approval – Copper;
- RINA approval;
- Defence industrial security program CertAF 7294940;
- Lloyd register approvals;
- NATA registration for:
 - Acoustic and vibration measurements;
 - Chemical testing;
 - Mechanical testing; and
 - Non-destructive testing.

3.8 RESEARCH AND DEVELOPMENT/ INTELLECTUAL PROPERTY

VEEM prides itself on being an innovator, not an imitator. It is a long term investor in research and development (R&D) which has created considerable intellectual property.

VEEM undertakes R&D as part of its product offering. The cost of R&D is passed on to the customer and is part of the everyday design and manufacturing process. A portion of VEEM's expenditure is able to be claimed as a tax concession.

VEEM R&D is focused on two key areas:

- **VEEM led development** – the VEEM engineering team will conceptualise, design and develop improvements as an overall design enhancement and;
- **Customer led development** – where a customer has a specific problem, they will suggest improvements and VEEM will design and manufacture solutions.

3.9 COMPETITIVE ADVANTAGE



- Patent protected range of products
- Advanced manufacturing expertise
- Advanced design and innovation capability
- World class manufacturing facilities with surplus capacity to facilitate growth plans
- Experienced management and skilled, loyal, and dedicated core staff
- High quality reputation
- Advanced IT systems
- Diverse customer base
- Highly level of accreditations and registrations



- Leading technology
- Short manufacturing lead times
- Strategic IP protected through patents
- High technical and financial barriers to entry
- Intuitive internet portal for customers



- Quality designed product
- Strategic IP protected through patents
- Minimal competition
- Leverage existing propulsion related reputation
- High technical barriers to entry



- The only manufacturer of this range of products in Australia
- Complete system component capability
- Capability to manufacture 250 different alloys
- High technical barriers to entry



- One stop shop – wide range of services
- Excellent customer service
- High technical expertise
- Excellent reputation within the industry



- Multiple strong, long standing relationships
- Reputation for quality and dependability
- High technical barriers to entry

4. INDUSTRY OVERVIEW

The key market segments for VEEM's propulsion and ship roll stabilisation equipment is the Superyacht market.



4.1 INDUSTRY MATURITY AND SIZE

The key market segments for VEEM's propulsion and ship roll stabilisation equipment is the Superyacht market.

Superyachts are the key customer segment for the VEEM Gyro business and are also important for the Propulsion business. There are three key sales avenues within the Superyacht sector, namely:

- a. new build market;
- b. opportunity to sell on to all new build projects; and
- c. refit/retrofit market.

Although VEEM technology is best applied to new builds, refit/retrofit also offers strong sales opportunities for the more recent deliveries. The decision to make significant changes on board may be influenced by a number of factors including sale of the Superyacht, or opting to undertake work during the haul out period required by class surveys. As a vessel ages (and depreciates in value), it is a less likely candidate for retrofitting when large-cost work is less appealing or financially sensible for owners.

4.2 FLEET AND ORDER BOOK OVERVIEW

The past decade has seen significant growth of the luxury Superyacht with the fleet growing 118% from the end of 2007 to the end of 2015, rising from a fleet of 3,800¹ in 2007 to 8,313 at the end of 2015.

At the date of this prospectus the total fleet numbers 8,313 and there are 755 projects in build:

- a. 24-30 metres: 262
- b. 30 metres plus: 493

4.3 FLEET TYPE

Both the fleet and order book is predominantly made up of motor yachts, VEEM's target buying market, with a breakdown of 91% motor yachts in the order book and 83% in the delivered fleet.

A sailing yacht downturn in recent years, dropping from a longstanding 20% order book share to 9% in 2016, is another favourable trend for VEEM showing customer preference for motor yachts.

4.4 GEOGRAPHICAL OVERVIEW

Key potential sales regions are Europe, the Americas (including North America, Canada and South America) and the rest of the world (including Asia Pacific):

- a. European shipyards are responsible for the majority of the fleet and order book. Italy, the Netherlands, Turkey, the United Kingdom and Norway alone represent 67% of the total 30m+ order book².
- b. The Americas have seen significant downturn in new build activity in past decade, with huge changes to local market including forced downsizing of operations, sales of major yards, and insolvency in others. Westport is the one exception of a consistently performing American yard.
- c. The Asia-Pacific has taken up some of the market share lost by Americas, with increase in activity in Asia but a decrease in Australia and New Zealand.



US NAVY LITTORAL COMBAT SHIP FITTED WITH RIDE CONTROL FINS MANUFACTURED BY VEEM UNDER CONTRACT TO AUSTAL LIMITED.

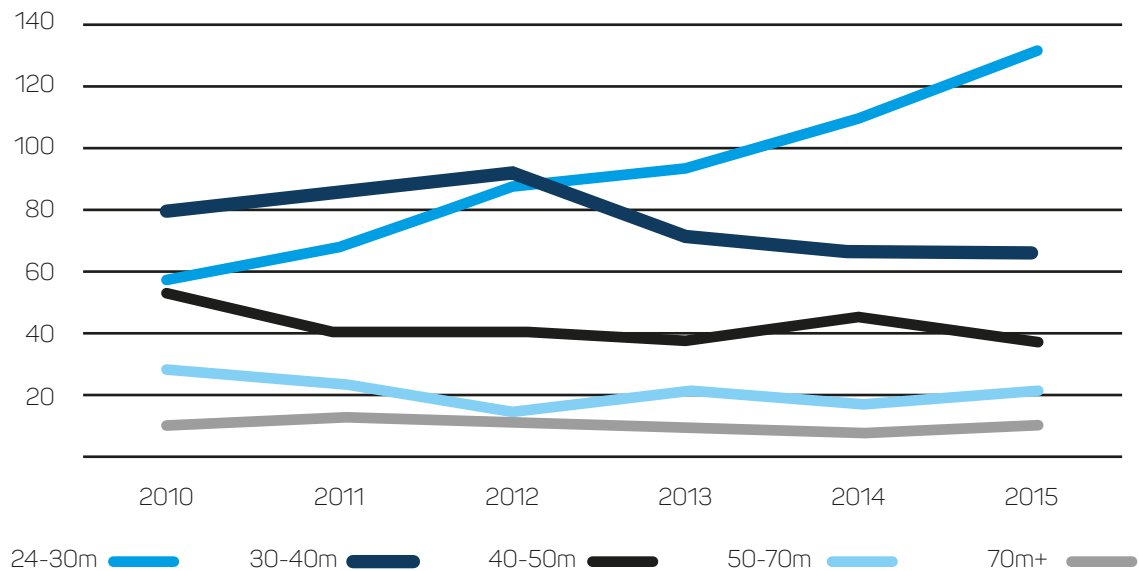
¹ CAMPER & NICHOLSON'S SUPER(YACHTING) INDEX 2007, 2007

² THE SUPERYACHT INTELLIGENCE ANNUAL REPORT 2016, THE SUPERYACHT REPORT, 2016

4.5 SECTOR BREAKDOWNS

Deliveries numbers are the best reflection of sector health as these numbers represent real, delivered projects, not orders that could potentially stall. As Figure 17: 2010-2015 Deliveries by size shows delivery numbers have been relatively, and reassuringly, steady over the past five years.

FIGURE 17: 2010-2015 DELIVERIES BY SIZE³



Complementing delivery numbers, order book figures give better insight into the total numbers of projects underway now, and historically, in a particular size bracket. Figure 18 and Figure 19 demonstrate order book breakdown, with the 24-40 metre sectors representing the biggest share of the order book.



VIKING YACHTS SPORTSFISHING BOAT USING VEEM'S PATENTED INTERCEPTOR PROPELLERS.

³ SHOWBOATS INTERNATIONAL GLOBAL ORDER BOOK 2016, SHOWBOATS INTERNATIONAL DEC15-JAN16

FIGURE 18: ORDER BOOK BREAKDOWN BY SIZE CATEGORY⁴

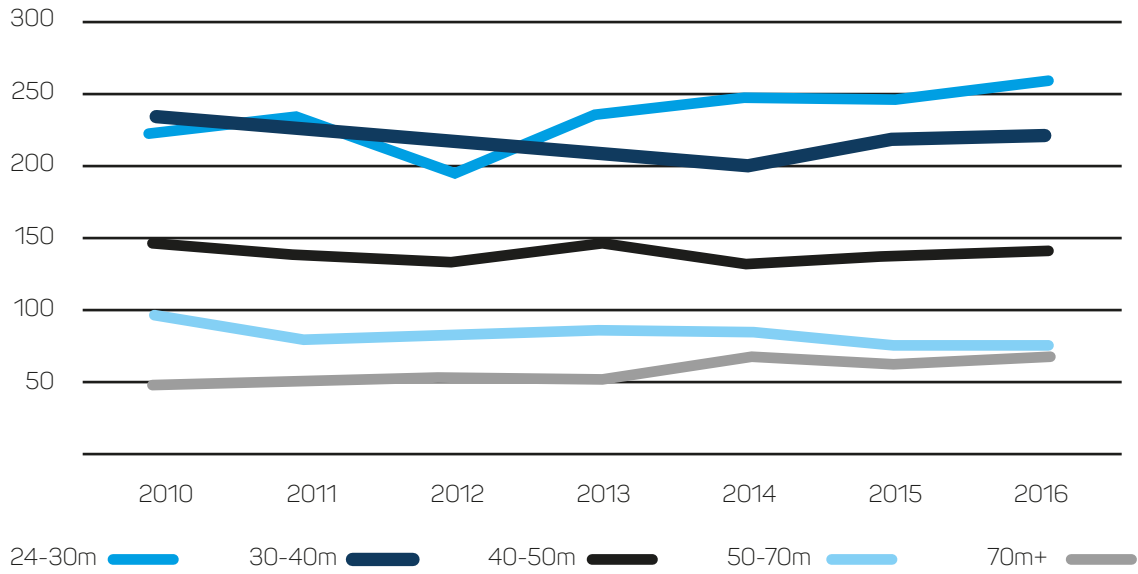
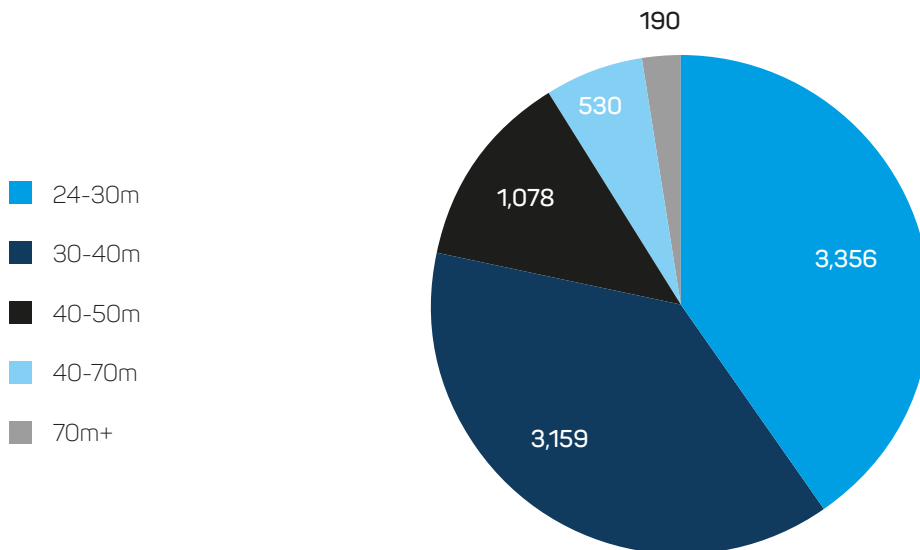


FIGURE 19: BREAKDOWN OF 24M+ FLEET BY SIZE⁵



⁴ SHOWBOATS INTERNATIONAL GLOBAL ORDER BOOK 2016, SHOWBOATS INTERNATIONAL DEC15-JAN16
⁵ SHOWBOATS INTERNATIONAL GLOBAL ORDER BOOK 2016, SHOWBOATS INTERNATIONAL DEC15-JAN16

4.6 MARKET TRENDS

4.6.1 TECHNOLOGY

The propulsion business needs to be prepared for future disruption on both the market and supply side. This is both an opportunity and a threat for VEEM which is studying the wider technology environment as part of its ongoing R&D programme.

Additive manufacturing and other disruptive technologies are being carefully watched by VEEM and while any effect from these technologies, especially on the production of the larger pieces of equipment, may be some time away technology shifts from a manufacturing perspective may eventually have an impact on the industry.

While limited by technology, there is increasing discussion and use of alternative power, for example electric, hybrid and turbine for Superyachts. These will have different propulsion requirements and may result in fundamental change in how vessels are designed such as a shift to designing around a battery or other power source instead of the current combustion engines. As described in the market forces section these changes in technology may result in new entrants to the market.

Gyrostabilisation technology is somewhat disruptive in itself. As the technology becomes more widely accepted there will be easier application of the technology with greater consideration at the vessel design stage.

4.6.2 REGULATORY

Regulations effecting VEEM and their customers are generally set out to cover the safety and environmental impact of activity in the marine sector.

- a. Safety of vessels at sea is regulated both nationally and internationally. National bodies in countries where a vessel is registered or operated, insurance companies and classification originations, and global conventions and treaties all potentially have some effect on equipment that is selected for use in vessels.
- b. The International Convention for the Safety of Life at Sea (**SOLAS**), whose main objective is to specify minimum standards for the construction, equipment and operation of ships, compatible with their safety is a key convention and set of rules in the industry.
- c. Within the superyacht sector a widely used set of rules are the MCA Code of Practice for the safety of Large Commercial Sailing and Motor Vessels - commonly referred to as the Large Yacht Code.⁶ The industry is operating under the third version of this code. Higher Gross Tonnages (larger vessels) will also incur more complex rulings and regulations.
- d. While not all of the vessels, or equipment, is covered by the SOLAS rules it is a major consideration in design of larger superyachts and, especially, all vessels that are either designed travel internationally or for commercial purposes.
- e. Private yachts, especially those not traveling internationally, face less regulatory requirement, other than adhering to base requirements such as compliance with rulings around preservation of the marine environment. However, owners of many private vessels still opt to build their yacht to comply to industry standards and regulations in order to ensure future resale ease and to comply with many insurance requirements.
- f. With regards to VEEM, the propulsion business is more affected by class rules more than gyrostabilisation, which is considered a comfort item and not needed for vessel safety.
- g. There is potential for future government directives, regulations or guidelines for workboats to recommend stabilisers for employee safety and as technology such as gyrostabilisers becomes more pervasive commercial operators are likely to start seeing their use as part of the overall duty of care for employees.

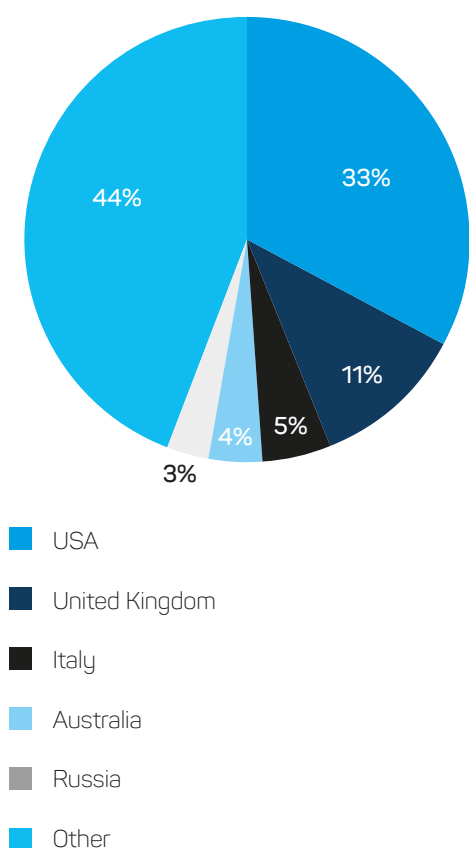
⁶ THE LARGE YACHT CODE, 2014 - [HTTPS://WWW.GOV.UK/GOVERNMENT/COLLECTIONS/LY3-THE-LARGE-YACHT-CODE](https://www.gov.uk/government/collections/ly3-the-large-yacht-code)

4.6.3 SOCIOECONOMIC AND CULTURAL

Certain buying parties are imperative and their activity-levels have major sway over the size of the order book. The health of all buying sectors has its impact on the order book, but the impact of the readjustments resulting from the 2007 global financial crisis (GFC) already occurred.

The four countries with the biggest share in ultra-high net worth individuals (UHNWI) superyacht ownership numbers are: USA, United Kingdom, Italy, Russia and Australia⁷

FIGURE 20: BREAKDOWN OF UHNWI SUPERYACHT OWNERS⁸



4.7 BARRIERS TO ENTRY

A. PROPULSION EQUIPMENT

VEEM has patent protection for many of its key value propositions such as the Interceptor technology. There is high capital and knowledge base and manufacturing capabilities required to compete effectively, providing strong barrier to entry.

The potential threat of new entrants using additive or disruptive manufacturing technologies, to come with different business models and cost structures potentially reducing some of the barriers to entry.

Some risk of capital costs, and hence barrier to entry, being lower for future competition if demand for traditional manufacturing (for example casting and machining) reduces introducing an over-supply of capacity in the wider manufacturing sector.

B. GYROSTABILISATION MARKET

The gyrostabilisation market is a relatively new and immature subset of the marine roll stabilisation market.

High capital costs and especially research and development provide a barrier to entry for new market participants.

The brand and track record provides a barrier to new entrants without the industry history and credibility.

Once the market has been proven, there is potential for market entry by an established marine roll stabilisation business or other marine hardware manufacturers moving in, potentially with a different cost structure and business model and/or spare capacity.

⁷ THE STATE OF WEALTH, LUXURY AND YACHTING 2016, WEALTH-X AND CAMPER & NICHOLSON, 2016
⁸ THE STATE OF WEALTH, LUXURY AND YACHTING 2016, WEALTH-X AND CAMPER & NICHOLSON, 2016

4.8 EXTERNAL THREATS

A. PROPULSION

Beyond the existing direct competition, and the potential for new entrants and alternative technologies described above, the VEEM propulsion equipment can in some cases be substituted by waterjet technology.

There is potential for new market entrants based on new or different propulsion technologies such as electric, electric hybrid, turbine and hybrid. These new entrants could also come with disruptive business models and drive a reduction in demand for the VEEM Propulsion equipment.

B. EXISTING STABILISATION TECHNOLOGIES

Many Super Yachts already use marine roll stabilisation technology, although this is much less common on Luxury Motor Yachts or on OSV. The most common form of marine roll stabilisation and the largest competition for gyrostabilising equipment, is retractable-fin stabiliser systems which use hydraulically active fins on the outer of the vessel hull to counteract vessel pitch and roll using input from an electronic levelling controller.

Other stabilisation technologies are also available. These include tubes which, like the retractable-fins, also extend outwardly from the hull below the waterline, but which spin fast to generate downward forces.

The advantages of retractable-fin stabilisers (and similar) systems are:

- i. Retractable-fin stabilisers systems potentially offer advantages over gyrostabilising equipment if the fins can be used to control aspects of the vessels performance while underway; and
- ii. Retractable-fin stabilisers systems are also generally immediately responsive and don't have to spool up, an activity that can take between 30 and 60 minutes from when the gyro-stabilisers equipment is initially switched on.

The disadvantages retractable-fin stabilisers (and similar) systems are most of the above substitute technologies involve underwater appendages extending out from the vessels hull which provide several disadvantages relative to the gyrostabilising equipment, specifically:

- i. the fins or tubes create drag reducing vessel efficiency;
- ii. appendages extending out from the vessels hull increase the risk of the vessel grounding and have potential to foul on ropes or other underwater obstacles;
- iii. there is a potential risk to swimmers or divers with the underwater fins moving while they are in the water; and
- iv. access to equipment for maintenance of the fin systems can sometimes be more difficult.



4.9 EXTERNAL OPPORTUNITIES

COMMERCIAL-CRAFT MARKET SEGMENTS

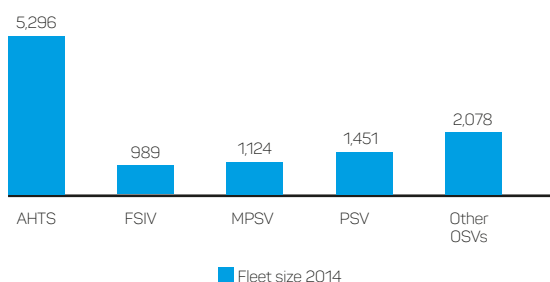
A. OFFSHORE SUPPORT VESSEL

An offshore support vessel (OSV) is used for transporting cargoes, goods, supplies, and crews across oil platforms and for offshore exploration and production. OSVs support marine offshore drilling activities through the transportation of offshore energy resources, and they facilitate the installation process of oil rigs. They are mainly used by oil and gas companies for exploration and production activities. In addition, the OSVs facilitate maritime logistics operations for industries such as subsea and deep-water mining.

Based on the different types of OSVs, this market segment is can be further segmented as outlined below with the number of vessels, or the fleet size, illustrated in the graph 'Offshore Support Vessel Fleet Size'.

- i. Anchor handling tug supply (AHTS);
- ii. Fast supply intervention vessel (FSIV);
- iii. Multi-purpose service vessel (MPSV);
- iv. Platform supply vessel (PSV); and
- v. Other OSVs (diving support vessels, remote operating vessels, cable and pipe laying vessels, standby and rescue vessels, seismic support vessels, well stimulation vessels, and well intervention vessels).

FIGURE 21: OFFSHORE SUPPORT VESSEL FLEET SIZE⁹



The existing OSV fleet offer opportunities for VEEM Gyro, in theory, each vessel offering a potential sale for one or multiples of the VG1000. In practice some of these vessels will be less suited to a gyrostabiliser due to the existing machinery layouts and technical constraints of the vessel, the intended use and life of the vessel and the broader fleet management strategy of the operators.

New build OSV providing clearer opportunities and VEEM are well positioned to penetrate these markets, especially the AHTS and FSIV as they have significant demand for marine roll stabilising technology.

B. MILITARY AND OFFSHORE PATROL VESSELS

Offshore Patrol Vessels (OPV) can be categorised into war-fighting vessels installed with expensive weapons systems and basic patrol vessels for low-intensity missions. OPV are selected based on the requirement of a country, geographical location, and specific purpose of application. Coastal armed, naval, and police forces widely use OPV for various purposes such as coastal region patrolling, search and rescue, exclusive economic zone patrol, anti-terrorist campaigns, drug control missions, fishery protection, and humanitarian operations.

The global OPV fleet is currently comprised of 685 vessels with another 123 vessels on order.

As with the offshore support vessels above, the existing OPV fleet provides an opportunity for the VEEM Gyros but with the same issues around vessel suitability and wider fleet management plans. The 123 vessels on order, and future orders to accommodate increasing demand, present a clearer opportunity when stabilising equipment can be considered at design and specification stages.¹⁰

C. LUXURY AND SPORT MOTOR YACHTS

In addition to these two main segments above VEEM's Propellers has traditionally been supplied to vessels, especially Luxury and Sport Motor Yachts, in the sub-24 metre range. VEEM does not currently have a Gyro offering for this market and are wary of investing heavily in the segment at this stage due to the lower order values and, especially, the higher level of competition in this segment.

Data on the number of boats in this segment is limited.

⁹ GLOBAL OFFSHORE SUPPORT VESSEL (OSV) MARKET, 2015

¹⁰ TECHNATIO 'GLOBAL OFFSHORE PATROL VESSEL MARKET 2015-2019', 2015

5. OWNERSHIP, MANAGEMENT AND CORPORATE GOVERNANCE

VEEM's management comprises of long term industry professionals passionate about design and engineering excellence.



5.1 DIRECTORS AND KEY PERSONNEL



NON-EXECUTIVE CHAIRMAN
Brad Miocevic – B.Comm.

Brad Miocevic was responsible for propeller design and manufacturing technology and marketing. He now acts in an advisory capacity providing important strategic input and has been involved both operationally and in a management capacity with the Company since 1982.



MANAGING DIRECTOR
Mark David Miocevic –
B.App.Sc. (Mech Eng)
FIE Australia

Mark Miocevic is responsible for the overall performance of the Company and for the leadership of the management team in achieving the objectives of the Board. He has a Bachelor of Applied Science (Mechanical Engineering), is a Fellow of the Institute of Engineers Australia and has had extensive experience in engineering and manufacturing.

Mark has been involved in management and operations with the Company since 1982.



NON-EXECUTIVE DIRECTOR
Ian Barsden - CA

Ian is a member of Chartered Accountants Australia and New Zealand and is a former partner of HLB Mann Judd Accountants, Business and Financial Advisers (Perth division). He brings over 30 years' experience in the accounting profession advising and consulting to a wide variety of businesses and industries as to business structuring, taxation and financial management. Ian has provided accounting and financial advisory services to VEEM as a consultant since 1980 and became an employee of the Company in 2011.

5.2 MANAGEMENT TEAM

VEEM's management comprises of long term industry professionals passionate about design and engineering excellence. The senior managers comprise of:



GENERAL MANAGER
Les Kay - GDip Bus; MBA

Les began working at VEEM in April 1984. During his long career, Les has amassed a wealth of valuable skills and knowledge. He became Group Quality Manager in May 1990, Group Production Manager in 1994, Propeller Development Manager in 2006 and General Manager of Marine Products in 2008. Les was promoted to General Manager in 2012.

Les has a strong technical background and extensive experience in multiple engineering disciplines including project management, process control, and research and development of many of the company technical processes. He also has tertiary business qualifications holding a post-graduate diploma in Business at Murdoch University and a Master's degree in Business Administration (MBA). On completion he was awarded the university "MBA Prize" for best graduate.

In his previous roles, Les has managed all company production operations, developed and implemented quality systems and third part accreditations for SAI Global, NATA and classification societies, organised facility construction projects, and managed the development of new processes and products such as Interceptor and the current gyrostabiliser. In his current role as General Manager he is responsible to the Managing Director for the overall function and compliance of company activities to policy and goals.



**BUSINESS AND DEVELOPMENT
MANAGER - MARINE**
Paul Steinmann - BE(Mech), C.Eng,
MBA, MRINA, MSNAME

Paul started working at VEEM at the end of 2011 when VEEM took on the Halcyon Gyrostabiliser product. Paul had been working on the Halcyon product since 2004 and was taken on to continue development of the Halcyon product. Paul has a bachelor degree in Mechanical Engineering and completed an MBA in 2008.

Paul has over 18 years of experience in mechanical engineering and naval architecture and held project engineering and management positions in both commercial shipping and offshore oil and gas industries.

He has gained a broad range of experience of marine projects including commercial and paramilitary, both in Australia and internationally.

Paul is responsible for bringing the Halcyon product to market, working on product design and development, testing and trials, identifying potential markets, product awareness and marketing.



**BUSINESS AND DEVELOPMENT
MANAGER – INDUSTRIAL AND
DEFENCE**
Mike Coyle

Mike started working at VEEM as an apprentice machinist in 1976. After completing his apprenticeship, Mike progressed to Leading Hand of the machine shop. In his 40 years at VEEM Mike has worked through many positions including Division Manager in machine shop, Assistant Production Manager, R&D Manager, Division Manager - Fitting, Estimator/Planner - Commercial, Project Manager - Commercial and Commercial Manager - Engineering Products.

During his career at VEEM Mike has completed certificates in: Fitting and Turning, Fitting and Machining, Industrial Supervision, Liquid Penetrant Inspection and Non Destructive Testing.

Mike is currently responsible for identifying potential markets; estimating, securing and planning workflows, setting marketing and sales budgets, job and contract client liaison, providing technical guidance for production staff and the financial performance of work.



**FINANCE AND ADMINISTRATION
MANAGER/JOINT COMPANY
SECRETARY**
Tracy Caudwell - Cert.Bus.Stud,
Assoc Dip Acct, B.Acc

Tracy has over 30 years of experience in the finance field. She has been employed at VEEM for over eleven years, in this time she has moved through the accounting department ranks from Administration/Accounting Assistant, through to Assistant Accountant in June 2008 and in April 2010 became VEEM's Finance and Administration Manager.

Tracy is responsible for managing the administration, accounting and finance functions of VEEM and to provide management with the necessary reports and KPIs to enable accurate assessment of company performance.

Tracy has a Certificate in Business Studies, an Associate Diploma in Accounting and a Bachelor of Accounting Degree.

JOINT COMPANY SECRETARY

Peter Torre – B.Bus (Accounting), CA, AGIA

Peter has 20 years of corporate advisory experience. He holds a Bachelor of Business, is a Chartered Accountant, a Chartered Secretary and a Member of the Australian Institute of Company Directors. Peter is currently the company secretary for several ASX listed companies. He was a partner of an internationally affiliated firm of chartered accountants, working within its corporate services division for over nine years where he also held the position of Chairman of the National Corporate Services Committee.

5.3 ASX CORPORATE GOVERNANCE COUNCIL PRINCIPLES AND RECOMMENDATIONS

The Company has adopted comprehensive systems of control and accountability as the basis for the administration of corporate governance. The Board is committed to administering the policies and procedures with openness and integrity, pursuing the true spirit of corporate governance commensurate with the Company's needs.

To the extent applicable, the Company has adopted The Corporate Governance Principles and Recommendations (3rd Edition) as published by ASX Corporate Governance Council (**Recommendations**).

In light of the Company's size and nature, the Board considers that the current board is a cost effective and practical method of directing and managing the Company. As the Company's activities develop in size, nature and scope, the size of the Board and the implementation of additional corporate governance policies and structures will be reviewed.

The Company's main corporate governance policies and practices as at the date of this Prospectus are outlined below and the Company's full Corporate Governance Plan is available in a dedicated corporate governance information section of the Company's website (www.veem.com.au).

BOARD OF DIRECTORS

The Board is responsible for corporate governance of the Company. The Board develops strategies for the Company, reviews strategic objectives and monitors performance against those objectives. The goals of the corporate governance processes are to:

- a. maintain and increase Shareholder value;
- b. ensure a prudential and ethical basis for the Company's conduct and activities; and
- c. ensure compliance with the Company's legal and regulatory objectives.

Consistent with these goals, the Board assumes the following responsibilities:

- a. developing initiatives for profit and asset growth;
- b. reviewing the corporate, commercial and financial performance of the Company on a regular basis;
- c. acting on behalf of, and being accountable to, the Shareholders; and
- d. identifying business risks and implementing actions to manage those risks and corporate systems to assure quality.

The Company is committed to the circulation of relevant materials to Directors in a timely manner to facilitate Directors' participation in the Board discussions on a fully-informed basis.

COMPOSITION OF THE BOARD

Election of Board members is substantially the province of the Shareholders in general meeting.

IDENTIFICATION AND MANAGEMENT OF RISK

The Board's collective experience will enable accurate identification of the principal risks that may affect the Company's business. Key operational risks and their management will be recurring items for deliberation at Board meetings.

ETHICAL STANDARDS

The Board is committed to the establishment and maintenance of appropriate ethical standards.

INDEPENDENT PROFESSIONAL ADVICE

Subject to the Chairman's approval (not to be unreasonably withheld), the Directors, at the Company's expense, may obtain independent professional advice on issues arising in the course of their duties.

REMUNERATION ARRANGEMENTS

The remuneration of an executive Director will be decided by the Board, without the affected executive Director participating in that decision-making process.

The total maximum remuneration of non-executive Directors is initially set by the Constitution and subsequent variation is by ordinary resolution of Shareholders in general meeting in accordance with the Constitution, the Corporations Act and the ASX Listing Rules, as applicable. The determination of non-executive Directors' remuneration within that maximum will be made by the Board having regard to the inputs and value to the Company of the respective contributions by each non-executive Director. The current amount has been set at an amount not to exceed \$400,000 per annum.

In addition, a Director may be paid fees or other amounts as the Directors determine where a Director performs special duties or otherwise performs services outside the scope of the ordinary duties of a Director.

Directors are also entitled to be paid reasonable travelling, hotel and other expenses incurred by them respectively in or about the performance of their duties as Directors.

The Board reviews and approves the remuneration policy to enable the Company to attract and retain executives and Directors who will create value for Shareholders having consideration to the amount considered to be commensurate for a company of its size and level of activity as well as the relevant Directors' time, commitment and responsibility.

TRADING POLICY

The Board has adopted a policy that sets out the guidelines on the sale and purchase of securities in the Company by its key management personnel (i.e. Directors and, if applicable, any employees reporting directly to the managing director). The policy generally provides that the written acknowledgement of the Chairman or Board (in the case of any key management personnel other than the Chairman) or Board (in the case of the Chairman) must be obtained prior to trading.

EXTERNAL AUDIT

The Company in general meetings is responsible for the appointment of the external auditors of the Company, and the Board from time to time will review the scope, performance and fees of those external auditors.

AUDIT COMMITTEE

The Company will not have a separate audit committee until such time as the Board is of a sufficient size and structure, and the Company's operations are of a sufficient magnitude for a separate committee to be of benefit to the Company. In the meantime, the full Board will carry out the duties that would ordinarily be assigned to that committee under the written terms of reference for that committee, including but not limited to, monitoring and reviewing any matters of significance affecting financial reporting and compliance, the integrity of the financial reporting of the Company, the Company's internal financial control system and risk management systems and the external audit function.

DIVERSITY POLICY

The Board has adopted a diversity policy which provides a framework for the Company to achieve, amongst other things, a diverse and skilled workforce, a workplace culture characterised by inclusive practices and behaviours for the benefit of all staff, improved employment and career development opportunities for women and a work environment that values and utilises the contributions of employees with diverse backgrounds, experiences and perspectives.

5.4 DEPARTURES FROM RECOMMENDATIONS

If the Company is successful in its application for admission to the Official List of the ASX, the Company will be required to disclose the extent to which it follows the Recommendations during each financial year in its annual financial report and where applicable any departures from the Recommendations will be separately identified and explained.

The Company's departures from the Recommendations will be announced to ASX prior to the Company's commencement of trading on ASX.

5.5 DISCLOSURE OF INTERESTS

For each of the Directors, the proposed annual remuneration for the financial year following the Company being admitted to the Official List together with the relevant interest of each of the Directors in the securities of the Company as at the date of this Prospectus is set out in the table below.

DIRECTOR	REMUNERATION ¹	SHARES	OPTIONS
Brad Miocevich	\$120,000	120,000,000 ²	Nil.
Mark Miocevich	\$420,000	120,000,000 ²	Nil.
Ian Barsden	\$60,000	Nil.	Nil.

NOTES:

1. Excluding Superannuation

2. Shares are legally held by VEEM Corporation Pty Ltd ATF <A/C The Miocevich Family Trust>. Entities associated with Brad Miocevich and Mark Miocevich are beneficiaries under this trust arrangement.

5.6 AGREEMENTS WITH DIRECTORS OR RELATED PARTIES

The Company's policy in respect of related party arrangements is:

- a Director with a material personal interest in a matter is required to give notice to the other Directors before such a matter is considered by the Board; and
- for the Board to consider such a matter, the Director who has a material personal interest is not present while the matter is being considered at the meeting and does not vote on the matter.

5.6.1 EXECUTIVE SERVICE AGREEMENT – MARK MIOCEVICH

The Company has entered into an executive services agreement (**Executive Services Agreement**) with Mark Miocevich pursuant to which the Company has engaged Mark Miocevich as Managing Director of the Company (**Employment**). The Employment commenced on 1 September 2016 and will continue until the Executive Services Agreement is validly terminated (**Term**).

The Company will pay Mark Miocevic a salary of \$420,000 per annum (exclusive of superannuation) for services rendered under the Executive Services Agreement (**Salary**). The Company will also, subject to certain conditions, reimburse Mark Miocevic for all reasonable travelling intra/interstate or overseas, accommodation and general expenses incurred in the performance of all duties in connection with the business of the Company and its Related Bodies Corporate (as defined in the Corporations Act).

The termination provisions in the Executive Services Agreement are on standard commercial terms and generally require a minimum period of notice prior to termination. In the event that the Company elects to terminate the Executive Services Agreement without reason, it must pay Mark Miocevic the Salary payable over a three (3) month period (if notice is given) or a six (6) month period (if no notice is given).

The Executive Services Agreement otherwise contains terms and conditions considered standard for an agreement of this nature.

5.6.2 AGREEMENTS WITH NON-EXECUTIVE DIRECTORS

The Company has entered into non-executive letters of appointment with Brad Miocevic and Ian Barsden (**Non-Executive Agreements** or **Non-Executive Agreement** as the context requires) pursuant to which, each of the above mentioned parties are appointed as Non-Executive Directors of the Company and from then on, subject to the Company's Constitution relating to retirement by rotation and re-election of directors.

Brad Miocevic will be remunerated \$120,000 per annum (exclusive of superannuation) while Ian Barsden will be remunerated \$60,000 per annum (exclusive of superannuation) for services rendered under the Non-Executive Agreements. Each director is also entitled to additional payments for devoting special attention to business outside the scope or ordinary duties and is entitled to reasonable expenses properly incurred whilst undertaking their respective duties.

Brad Miocevic is not considered to be an independent Director due to his interest in the securities of the Company and Ian Barsden is not considered to be an independent Director due to his previous employment as an advisor to the Company.

5.6.3 LEASE AGREEMENT

The Company (as Tenant) has entered into a lease agreement (as amended and varied) with Voyka Pty Ltd (**Landlord**), an entity controlled by the Miocevic family (**Lease**). The Lease was granted for an original term of 15 years commencing 1 April 1999 but was renewed for a period of 5 years commencing 1 April 2014.

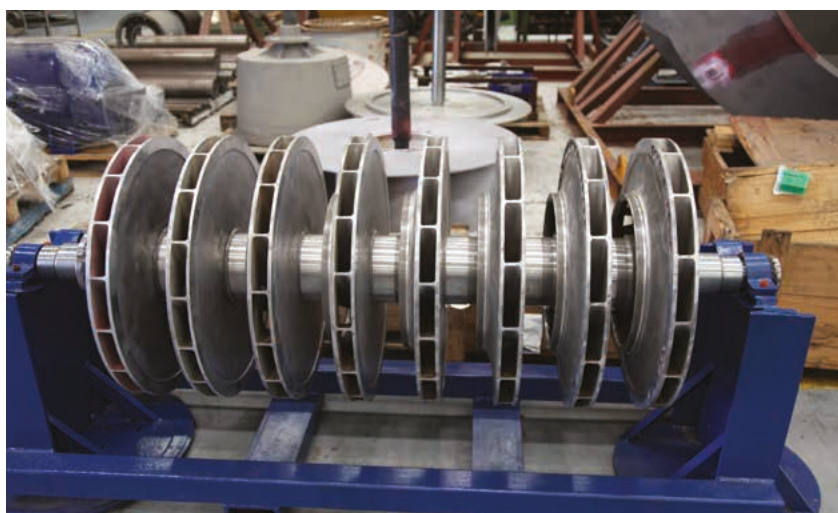
Under the Lease, the Landlord gives the Tenant the right to use the land situated at and known as Lot 4 Baile Road, Canning Vale, Western Australia for the permitted purpose of foundry, factory and offices for engineering works.

The Company pays the Landlord monthly rent of \$115,307 plus GST payable in advance by the Company (**Rent**). The Rent is exclusive of any outgoings including rates, taxes, insurance premiums and maintenance costs.

The Lease is otherwise made on standard commercial terms.

5.6.4 DEEDS OF INDEMNITY, INSURANCE AND ACCESS

The Company has entered into a deed of indemnity, insurance and access with each of its Directors. Under these deeds, the Company agrees to indemnify each officer to the extent permitted by the Corporations Act against any liability arising as a result of the officer acting as an officer of the Company. The Company is also required to maintain insurance policies for the benefit of the relevant officer and must also allow the officers to inspect board papers in certain circumstances.



6. RISK FACTORS



6.1 INTRODUCTION

There are a number of risks that, either individually or in combination, may materially and adversely affect the future operating and financial performance of VEEM and the value of its Shares. Some of these risks may be mitigated by VEEM's internal controls, the Directors and management. There can be no assurance that VEEM will achieve its stated objectives or that any forward-looking statements will eventuate.

There are specific risks which relate directly to VEEM's business. In addition, there are industry risks and other general risks, many of which are largely beyond the control of VEEM and the Directors. The risks identified in this section, or other risk factors, may have a material impact on the financial performance of VEEM and the market price of the Shares.

The following is not intended to be an exhaustive list of the risk factors to which VEEM is exposed.

6.2 COMPANY SPECIFIC

A. INTELLECTUAL PROPERTY

VEEM's interest in marine products is protected by a portfolio of issued and pending patents. Whilst this provides VEEM with protection, there is no guarantee that other companies will not legally challenge the patents or that they might knowingly or unknowingly infringe VEEM's patents. Any such action may adversely affect the business, operating results and financial condition of VEEM.

The granting of a patent does not guarantee that the rights of others are not infringed nor that competitors will not develop competing intellectual property that circumvents such patents. VEEM's success depends, in part, on its ability to obtain patents, maintain trade secret protection and operate without infringing the proprietary rights of third parties.

Although VEEM is not aware of any third party interests in relation to the intellectual property rights of the intellectual property, and has taken steps to protect and confirm its interest in these rights, there is always a risk of third parties claiming involvement in technological and medical discoveries, and if any disputes arise, they could adversely affect VEEM.

Although VEEM will implement all reasonable endeavours to protect its intellectual property, there can be no assurance that these measures have been, or will be sufficient.

B. LOSS OF KEY CUSTOMERS

VEEM operates on a purchase order basis with its customers. The loss of, or significant reduction in purchases by, one or more key customers could lead to a reduction in VEEM's revenue and earnings.

C. OPERATING RISKS

VEEM is, and will continue to be, exposed to a range of operational risks relating to current and future operations. These include equipment failures and other accidents, industrial action or disputes, lease renewals, damage by third parties, floods, fire, major cyclone, earthquake, terrorist attack or other disaster. In the event existing insurance arrangements do not cover an operational issue, this could have a material adverse effect on the operating and financial performance of VEEM.

More specifically, equipment breakdown at VEEM's facility may impact the Company's ability to meet forecasts. Any prolonged manufacturing downtime may have an impact on VEEM's ability to fulfil customer orders and have an adverse effect on VEEM's reputation, operating and financial performance.

D. RELIANCE ON BUSINESS SYSTEMS

Manufacturing consists of a diverse collection of operations and sequences, which is complex to control. Over the last twenty years VEEM has developed its own ERP job control and cost system which is used to gather information to create the cost control file for every job.

There is a risk that any key business systems, particularly VEEM's unique ERP job control and cost system, may be adversely affected by a number of factors, including an inability to operate, lack of support to maintain the system, damage, equipment faults, power failure, computer viruses, misuse by employees or contractors, external malicious interventions such as hacking, fire, natural disasters or weather interventions. Any failure of key business systems may materially affect VEEM's operations and profitability.

E. RELIANCE ON KEY PERSONNEL

The responsibility of overseeing the day-to-day operations and the strategic management of VEEM depends substantially on its senior management and directors. There can be no assurance that there will be no detrimental impact on the performance of VEEM or its growth potential if one or more of these employees cease their employment and suitable replacements are not identified and engaged in a timely manner.

F. SUPPLY CHAIN

Any disruption or external market condition limiting the supply or increasing the cost of raw materials to VEEM could materially impact VEEM's ability to supply its own customer's profitability. VEEM relies on the procurement of raw materials used in operation from its existing network of local and international suppliers.

G. TRANSITION FROM A PUBLIC UNLISTED TO PUBLIC LISTED COMPANY

As part of its listing, VEEM will implement governance systems and processes that appropriate to manage its compliance with legislative and ASX Listing Rule requirements. There is a risk that, prior to or as a consequence of these systems and processes being implemented, unforeseen circumstances may arise that could have an impact on VEEM's financial performance.

H. CONCENTRATION OF SHAREHOLDING

Following completion of the Offer, VEEM Corporation Pty Ltd ATF<A/C The Mioceвич Family Trust> will have a beneficial interest in 61.54% of the Shares. Entities associated with Brad Mioceвич and Mark Mioceвич are beneficiaries under this trust arrangement. Consequently, Mark Mioceвич and Brad Mioceвич will continue to be in a position to exert significant influence over the outcome of matters relating to VEEM, including the election of Directors. Whilst the interests of VEEM, Mark Mioceвич and Brad Mioceвич and other Shareholders are likely to be consistent in most cases, there may be instances where their respective interests diverge.

The concentration of ownership VEEM Corporation Pty Ltd may also affect the liquidity of the market for Shares on ASX which may, in turn, limit the prospects of VEEM being.

I. EXCHANGE RATE RISK

Currently, most of VEEM's revenues and costs are in Australian dollars.

However, the mix of currencies in which VEEM pays its costs and earns its revenues is changing over time. As that mix changes, there may be a greater impact on profitability in Australian dollar terms.

VEEM's financial statements are prepared and presented in Australian dollars, and any appreciation in the Australian dollar against other currencies in which VEEM transacts may adversely affect its financial performance and position.

The Company has developed a global supply chain for components incorporated into both VEEM Gyros and VEEM Propellers. This global supply chain will act as a natural exchange rate hedge which will provide security for VEEM against fluctuations in the Australian dollar.

J. FAILING TO MATCH PRODUCTION TO DEMAND

VEEM's objectives are dependent on its ability to meet commercial orders for its products and services. This is particularly true in relation to VEEM Gyros, where the Company is seeking to establish footholds in a relatively immature market.

There is a risk that VEEM will not be able to increase its production capacity quickly enough, while maintaining appropriate quality standards, to meet incoming orders. Any inability to meet orders (including as to compliance with quality standards) could result in lost revenue, breach of contract and may also cause reputational damage with particular customers and in the market more broadly, affecting VEEM's financial performance and position.

6.3 INDUSTRY SPECIFIC

A. INSURANCE RISK

VEEM currently insures its operations in accordance with industry practice. However, in certain circumstances, VEEM's insurance may not be of a nature or level to provide adequate liability cover. The occurrence of an event that is not covered or fully covered by insurance such as product defect or failure could have a material adverse effect on the business, financial condition and results of VEEM.

B. COMPETITIVE THREAT

VEEM's earnings and market share could come under threat from aggressive domestic and overseas market competitors. Competition may be based on factors including price, service, product differentiation and quality, manufacturing capability, innovation, growth and turnaround times.

VEEM's success is built on the key features of its offering, being quality, reliability and durability. However, there remains a risk that established businesses in adjacent markets may look to produce comparable products and offer similar services to VEEM, with a different cost structure and business model and/or spare capacity.

Furthermore, VEEM relies on its key management and its ability to attract and retain experienced and high performing personnel. Subject to contractual restraints, key management could establish a business in competition with VEEM's business.

These factors, individually or in combination, may impact materially on VEEM's operations and profitability.

C. FAILING TO COMMUNICATE THE BENEFITS OF VEEM'S PRODUCTS TO THE MARKET

The success of VEEM's growth strategy, particularly in the commercial market for gyrostabilisers, is highly dependent upon securing customers and converting trial or pipeline customers into ongoing revenue-producing customer relationships.

For new build superyachts, prospective owners often engage expert teams to research the latest technology for incorporation into their designs. The importance of educating customers as to the benefits of VEEM's products therefore becomes paramount. Any inability of VEEM to educate and attract new customers, convert trial and pipeline customers and/or obtain repeat customer orders is likely to materially adversely affect VEEM's business and performance. There is no guarantee that VEEM will be able to attract new customers or convert pipeline or trial relationships into ongoing customer relationships.

6.4 GENERAL RISKS

Share market conditions may affect the value of VEEM's quoted securities regardless of VEEM's operating performance. Share market conditions are affected by many factors such as:

- a. general economic outlook;
- b. introduction of tax reform or other new legislation;
- c. interest rates and inflation rates;
- d. changes in investor sentiment toward particular market sectors;
- e. the demand for, and supply of, capital; and
- f. terrorism or other hostilities.

The marine market can be particularly sensitive to world economic conditions. The GFC resulted in significant consolidation of high quality shipyards, as lower quality producers who entered the market during the inflated pre-GFC build environment were squeezed out.

Although the current build environment is more beneficial to the Company (as the high quality shipyards are willing to spend more as they look to incorporate high-quality advanced technology into their builds), the market price of securities can fall as well as rise and may be subject to varied and unpredictable influences on the market for industrial stocks and equities in general.

Neither VEEM nor the Directors warrant the future performance of VEEM or any return on an investment in VEEM.

6.5 INVESTMENT SPECULATIVE

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the Shares offered under this Prospectus.

Therefore, the Shares to be issued pursuant to this Prospectus carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those Shares.

Potential investors should consider that the investment in the Company is highly speculative and should consult their professional advisers before deciding whether to apply for Shares pursuant to this Prospectus.

7. FINANCIAL OVERVIEW

This section contains the
Historical and Forecast
Financial Information for VEEM



7.1 INTRODUCTION

This section contains the Historical and Forecast Financial Information for VEEM (collectively, the "Financial Information").

- a. Statutory Historical Information, being the:
 - i. Statutory NPAT for the years ended 30 June 2014, 30 June 2015 and 30 June 2016;
 - ii. Statutory free cash flow for the years ended 30 June 2014, 30 June 2015 and 30 June 2016; and
 - iii. Statutory statement of financial position at 30 June 2016.

The Statutory Historical Information as explained in Section 7 has been based on the audited accounts of VEEM.

- b. Pro Forma Historical Financial Information, being the:
 - i. Pro Forma historical statement of profit or loss and other comprehensive income for the years ended 30 June 2014, 30 June 2015 and 30 June 2016;
 - ii. Pro Forma historical statements of cash flows for the years ended 30 June 2014, 30 June 2015 and 30 June 2016; and
 - iii. Pro Forma historical statement of financial position at 30 June 2016.

The Pro Forma historical Financial Information assumes completion of the Offer.

The Statutory Historical Information and the Pro Forma Historical Information are collectively the "Historical Information".

- a. Statutory Forecast Financial Information, being the:
 - i. Statutory forecast NPAT for the year ending 30 June 2017; and
 - ii. Statutory forecast free cash flow for the year ending 30 June 2017.
- b. Pro Forma Forecast Financial Information, being the:
 - i. Pro Forma forecast statement of profit or loss and other comprehensive income for the year ending 30 June 2017; and
 - ii. Pro Forma forecast statement of cash flows for the year ending 30 June 2017.

The Statutory Forecast Financial Information and the Pro Forma Forecast Financial Information are collectively the "Forecast Financial Information".

Section 7 also summarises:

- a. The basis of preparation and presentation of the Financial Information;
- b. The Directors' general and specific assumptions underlying the Forecast Financial information and key sensitivities in respect to the Forecast Financial Information;
- c. VEEM's dividend policy; and
- d. The significant accounting policies of VEEM.

All amounts disclosed are presented in Australian dollars and unless otherwise stated are rounded to the nearest \$0.01 million. Tables have not been amended to correct immaterial summation variances that may arise for this rounding convention.

The Financial Information has been reviewed and reported on by HLB Mann Judd Corporate (WA) Pty Ltd as set out in the Investigating Accountant's Report contained in section 8. Investors should note the scope limitations of the Investigating Accountant's Report.

The Information in this section should be also read in conjunction with the other information contained in this Prospectus.

7.2 BASIS OF PREPARATION AND PRESENTATION OF THE FINANCIAL INFORMATION

The Financial Information has been prepared in accordance with the recognition and measurement principles of the Australian Accounting Standards issued by the Australian Accounting Standards Board ("AASB"). The Financial Information is presented in an abbreviated form insofar as it does not include all the disclosures, statements or comparative information as required by the Australian Accounting Standards applicable to annual financial reports prepared in accordance with the Corporations Act.

The Prospectus includes forecast Financial Information based on the estimate assumptions of the Directors. The Forecast Financial Information presented in this Prospectus is unaudited. The basis of preparation and presentation of the Forecast Financial Information, to the extent applicable, is consistent with the basis

of preparation and presentation for the Historical Financial Information.

VEEM's significant accounting policies have been consistently applied throughout the periods and are set out in Section 7.10.

7.2.1 PREPARATION OF PRO FORMA HISTORICAL FINANCIAL INFORMATION

The Pro Forma Historical Financial Information is based on the audited financial statements of VEEM for FY14, FY15 and FY16, after adjustments for certain Pro Forma transactions and /or other adjustments.

The Pro Forma Historical Financial Information has been derived from the Statutory Historical Financial Information with adjustments made to reflect the full impact of the operating and capital structure in place following the completion of the Offer as if it was in place as at 1 July 2013. In addition, certain other adjustments to eliminate non-recurring items have been made in the year in which they occurred and estimated standalone public company costs have been reflected as set out in Section 7.3.

The Historical Financial Information included in this Prospectus has been reviewed, but not audited, by HLB Mann Judd Corporate (WA) Pty Ltd and has been extracted from the special purpose financial statements of VEEM for FY14, FY15 and FY16.

Refer to Sections 7.3, 7.4 and 7.5 for reconciliations between:

- a. The Statutory NPAT and the Pro Forma NPAT for FY14, FY 15 and FY16;
- b. The Statutory free cash flow and the Pro Forma free cash flows for FY14, FY15 and FY16; and
- c. The Statutory historical statement of financial position and the Pro Forma historical statement of financial position at 30 June 2016.

7.2.2 PREPARATION OF PRO FORMA FORECAST FINANCIAL INFORMATION

The Forecast Financial Information is presented on both a statutory and Pro Forma basis and has been prepared solely for the inclusion in this Prospectus.

The Forecast Financial Information has been prepared on the basis of numerous assumptions, including the Directors' best estimate general and specific assumptions set out in Section 7.7. This information is intended to assist investors in assessing the reasonableness and likelihood of the assumptions occurring, and is not intended to be a representation that the assumptions will occur. The Forecast Financial Information in this Prospectus has been reviewed, but not audited by HLB Mann Judd Corporate (WA) Pty Ltd. An Investigating Accountant's Report prepared by HLB Mann Judd Corporate (WA) Pty Ltd is included in Section 8. Investors should be aware that the timing of actual events and the magnitude of their impact might differ from those assumed in preparing the Financial Forecast Information, and that this may have a material positive or negative effect on VEEM's actual financial performance or financial position.

Investors are advised to review the Director's best estimate general and specific assumptions in conjunction with the significant accounting policies included in Section 7.10, the sensitivity analysis set out in Section 7.8, risk factors as set out in Section 6 and other information set out in this Prospectus.

The assumptions upon which the Forecast Financial Information is based are by their nature subject to significant uncertainties and contingencies, many of which will be outside the control of VEEM, the Directors and management, and are not reliably predictable. Accordingly, VEEM, the Directors or any other person can provide investors with any assurance that the outcomes discussed in the Forecast Financial Information will arise.

The Pro Forma Forecast Financial Information has been derived from the Statutory Forecast Financial Information after adjusting for Pro Forma transactions and other adjustments to reflect VEEM's operations following completion of the Offer, to eliminate non-recurring items and to reflect standalone public company costs as set out in Section 7.3. The Forecast Financial Information is based on the Directors' best estimate forecasts for FY17.

Refer to Sections 7.3 and 7.4 for reconciliations between:

- a. The Statutory NPAT and the Pro Forma NPAT for FY17; and
- b. The Statutory forecast free cash flow and the Pro Forma forecast free cash flow for FY17.

VEEM has no intention to update or revise the Forecast Financial Information or other forward-looking statements, or publish prospective financial information in the future, regardless of whether new information, future events or other factors affect the information contained in this Prospectus, except where required by law.

Investors should note that past results do not guarantee future performance.

7.2.3 NON IFRS FINANCIAL MEASURES

Investors should be aware that VEEM uses certain measures to manage and report on its business performance that are not recognised under Australian Accounting Standards (collectively referred to as “non-IFRS financial measures”).

These non-IFRS financial measures include:

- Pro Forma Historical Information;
- EBITDA: earnings before interest, tax, depreciation and amortisation;
- EBIT: earnings before interest and tax; and
- Free cash flow: cash generated from operating activities less capital expenditure

Management also uses EBITDA margin, which is EBITDA divided by revenue, expressed as a percentage. EBITDA margin is a key measure that management uses to evaluate the profitability of the overall business, as it eliminates the non-cash charges for depreciation and amortisation. EBITDA is useful to understand the cash generation potential of the business, however it should not be considered as an alternative to cash flow from operations and investors should not consider EBITDA in isolation from, or as a substitute for, analysis of the Company’s results of operations.

Although the Directors believe that these measures provide useful information about the financial performance of VEEM, they should not be considered as supplements to the statement of profit or loss and other comprehensive income and cash flow measures that have been presented in accordance with Australian Accounting Standards and not as a replacement for them. As these non-IFRS financial measures are not based on Australian Accounting Standards, they do not have standard definitions and the way VEEM calculated these measures may differ from similarly titled measures used by other companies. Readers should therefore not place undue reliance on these non-IFRS financial measures.



7.3 PRO FORMA HISTORICAL AND FORECAST STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Table 7.1 sets out the Pro Forma historical statements of profit or loss and other comprehensive income for FY14, FY15 and FY16 and the Pro Forma forecast statement of profit or loss and other comprehensive income for FY17.

TABLE 7.1 - PRO FORMA FORECAST STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

A\$ MILLION	HISTORICAL			FORECAST
	FY14 PRO FORMA	FY15 PRO-FORMA	FY16 PRO-FORMA	FY17 PRO-FORMA
Revenue	40.02	38.46	41.36	46.77
Cost of sales	(20.44)	(20.43)	(20.78)	(25.97)
Employee expenses	(6.93)	(7.26)	(7.62)	(7.88)
Occupancy expense	(2.31)	(2.27)	(2.26)	(2.18)
Other expenses	(2.22)	(2.16)	(2.36)	(2.91)
Other income	(0.24)	(0.00)	0.07	0.01
EBITDA	7.88	6.33	8.40	7.84
EBITDA margin	20%	16%	20%	17%
Depreciation and amortisation	(1.74)	(2.09)	(2.03)	(1.82)
EBIT	6.14	4.24	6.38	6.02
Interest expense	(0.28)	(0.26)	(0.28)	(0.16)
Profit before income tax	5.86	3.98	6.09	5.86
Income tax expense	(0.72)	(0.09)	(1.13)	(1.05)
Pro Forma net profit after tax	5.14	3.89	4.96	4.81

Set out in Table 7.2 is a summary of VEEM's growth metrics on a Pro Forma Historical basis for FY15, FY16 and Pro Forma forecast for FY17.

TABLE 7.2 - PRO FORMA GROWTH RATES

	HISTORICAL		FORECAST
	FY15 PRO-FORMA	FY16 PRO-FORMA	FY17 PRO-FORMA
Revenue growth	(3.90%)	7.54%	13.07%
EBITDA growth	(19.64%)	32.66%	(6.72%)
EBIT growth	(30.96%)	50.32%	(5.52%)
NPAT growth	(24.34%)	27.64%	(3.02%)

Set out in Table 7.3 are the Pro Forma adjustments that have been made to the Historical and Forecast financial statements of profit or loss and other comprehensive income to reflect the impact of the operating and capital structure that will be in place following completion of the offer as if it was in place as at 1 July 2013.

TABLE 7.3 – RECONCILIATION OF PRO FORMA NPAT TO STATUTORY NPAT

A\$ MILLION	NOTES	HISTORICAL			FORECAST
		FY14 PRO FORMA	FY15 PRO-FORMA	FY16 PRO-FORMA	FY17 PRO-FORMA
Pro Forma net profit after tax		5.14	3.89	4.96	4.81
Public company costs	1	0.44	0.44	0.44	-
Offer costs	2	-	-	-	(1.15)
Other costs	3	(0.16)	(0.27)	(0.24)	-
Income tax effect	4	(0.08)	(0.05)	(0.06)	0.35
Statutory net profit after tax		5.34	4.01	5.10	4.01

Notes:

- Public company costs** - An adjustment has been made to include VEEM's estimate of incremental annual costs that it will incur as a public company. These incremental costs include share registry fees, Executive Director, Non-executive Director remuneration, Director's and Officer's insurance premiums, additional audit and legal fees, listing fees, investor relations costs as well as annual general meeting and annual report costs.
- Offer costs** - An adjustment to reflect estimated offer costs incurred by VEEM of \$1.44 million of which \$1.15 million (\$0.8 million tax effected) will be expensed for FY17 and \$0.29 million (\$0.2 million tax effected) will be charged directly against equity in FY17.
- Other costs** - An adjustment to operating expenses for non-core business assets disposed of subsequent to 30 June 2016.
- Income tax effect** - An adjustment has been made to reflect the tax impact of the Pro Forma adjustments.

7.3.1 MANAGEMENT DISCUSSION AND ANALYSIS OF HISTORICAL PRO FORMA STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

GENERAL FACTORS AFFECTING THE OPERATING RESULTS

The information below discusses the main factors which affected VEEM's operations and relative financial performance in FY14, FY15 and FY16. The discussion of these general factors is intended to provide a brief summary only and does not detail all factors that affected VEEM's historical operational and financial performance, or everything that may affect VEEM's future operational or financial performance.

REVENUE

VEEM has a strong base of repeat customers operating on a purchase order basis, which is complemented by long term service and supply contracts, particularly with the defence and commercial sectors.

VEEM's revenue decreased by 4% from FY14 to FY15 due to:

- VEEM 24/7 revenue growth was down 20% to \$11.1 million, due to a decline in associated stabilization and marine gear sales and the completion of a significant upgrade contract on high mobility offroad vehicles;
- Cyclical defence revenue growth was down 9% as a result of one major refit contract that is undertaken every other year;
- Timcast revenue growth continued to be relatively flat at \$3.3 million, as a result of the specialised nature of the manufacturing and services provided to the mining industry, which meant that the downturn of that industry had little effect on revenues;
- Propeller revenue growth of 33% to \$10.4 million as a result of a reduction of the AUD of 10% against most of the major currencies, a restructuring of the Italian distribution model and the awarding of work for the Australian customs vessels;
- An improvement in quality led to a reduction in quality costs; and
- Notable events included the renewal of two longer term manufacturing and service contracts in the defence area.

VEEM's revenue increased by 8% from FY15 to FY16 due to:

- Propeller revenue growth of 25% to \$13 million in the sport/luxury and commercial sectors, resulting from a weaker Australian dollar and a restructuring of VEEM marketing arrangements in Italy and the United States of America;
- Defence revenue growth of 11% to \$15 million from a contract on high mobility off road vehicles for the manufacture of 15 chassis assemblies and an additional supply of components to the Australian Submarine Corporation;
- Engineering services and manufacturing experienced a slight decline in revenue growth of 4% to \$10.7 million. This had minimal impact on the performance of the company due to the specialised nature of the products and services offered in the local market.
- Timcast revenues were down 21% to \$2.7 million due to the continued downturn in the resources sector, however this had minimal impact on overall earnings.

FOREIGN EXCHANGE

A proportion of VEEM's revenue is generated from sales in currencies other than Australian dollars. The depreciation of the Australian dollar had a positive impact on overseas product sales in FY15. Revenue generated from export propeller sales increased in FY16 with the further fall of the Australian dollar.

RESEARCH & DEVELOPMENT

VEEM invests heavily in research and development initiatives to continually improve products and services into existing product categories and the development of new products.

Following five years of research and development of the VEEM Gyros, manufacturing of both the VG120 and the VG260 models commenced in FY16 with the ordering of the first three units which will be delivered in the first half of FY17. The introduction of the VEEM Gyros into production after five years of careful development represented a significant milestone for the Company.

EMPLOYEE EXPENSES

VEEM employee expenses remain relatively stable with low staff turnover and a focus on efficiency of existing resources. In FY14, the employee expense to revenue ratio was 17%. This increased marginally to 19% in FY15 and 18% in FY16.

COST OF SALES

Cost of sales include raw material consumption, direct materials, movement in stock levels, direct labour and other manufacturing related expenses such as energy, consumables, and repairs. These expenses are typically correlated to revenue growth.

Cost of sales as a percentage of revenue were relatively stable at 51% in FY14; there was a slight increase to 53% in FY15 and then a decrease to 50% in FY16. Whilst some of this is due to a continual focus on high compliance to quality, environment, safety and production efficiency, most of this is attributed to the nature of the contracts performed during this period. The ratio of labour to material varies per contract.

OCCUPANCY

Occupancy expenses are relatively fixed as a percentage of revenue, averaging 6% of revenues over FY14 to FY16. All premises used by VEEM are leased under long term contractual arrangements.

OTHER EXPENSES

Other expenses primarily relate to travel and marketing costs, and run at a historical average of 6% of revenues over FY14 to FY16.

EBITDA

VEEM experienced a decline in EBITDA margin from 20% in FY14 to 16% in FY15, due to reduced sales of roll fin and marine gear from VEEM 24/7 and cyclical decline in defence work, offset by an increase in earnings from sport and luxury propeller sales.

EBITDA margin increased to 20% in FY16 due to an increase in propeller sales in the sport/luxury and commercial sectors and cyclical increase from submarine valve supply and other defence work.

7.4 PRO FORMA HISTORICAL AND FORECAST STATEMENT OF CASH FLOWS

Table 7.4 is a summary of VEEM's Pro Forma historical statement of cash flows for FY14, FY15 and FY16 and the Pro Forma forecast statement of cash flows for FY17.

TABLE 7.4 – PRO FORMA HISTORICAL AND FORECAST STATEMENT OF CASH FLOWS

A'S MILLION	NOTES	HISTORICAL			FORECAST
		FY14 PRO FORMA	FY15 PRO-FORMA	FY16 PRO-FORMA	FY17 PRO-FORMA
Cash receipts from customers		44.00	38.30	42.15	48.19
Cash paid to suppliers and employees		(35.67)	(28.52)	(32.55)	(37.45)
GST paid		(1.46)	(1.41)	(1.12)	(1.32)
Cash paid to suppliers and employees		(37.13)	(29.93)	(33.67)	(38.77)
Pro Forma cash generated from operating activities		6.87	8.37	8.48	9.41
Interest received		0.01	-	-	-
Interest paid		(0.25)	(0.21)	(0.23)	(0.15)
Tax (paid)/refunded	1	0.50	(0.72)	(0.50)	(1.72)
Pro Forma operating cash flow		7.12	7.43	7.75	7.54
Capital expenditure		(2.91)	(2.11)	(4.18)	(1.75)
Pro Forma free cash flow		4.21	5.32	3.57	5.79

1 Tax (paid)/refunded - the proforma for FY17 includes an amount of \$0.8 million as a catch up payment relating to prior periods.

Table 7.5 sets out the Pro Forma adjustments that have been made to the Historical and Forecast free cash flow to reflect the impact of the operating and capital structure that will be in place following completion of the Offer as if it was in place as at 1 July 2013.

TABLE 7.5 – RECONCILIATION OF PRO FORMA FREE CASH FLOW TO STATUTORY FREE CASH FLOW

A\$ MILLION	NOTES	HISTORICAL			FORECAST
		FY14 PRO FORMA	FY15 PRO-FORMA	FY16 PRO-FORMA	FY17 PRO-FORMA
Pro Forma free cash flow		4.21	5.32	3.57	5.79
Public company costs	1	0.44	0.44	0.44	-
IPO costs expensed	2	-	-	-	(1.15)
Other costs	3	(0.07)	(0.11)	(0.11)	-
Income tax effect	4	(0.08)	(0.05)	(0.06)	0.35
Statutory free cash flow		4.50	5.60	3.84	4.98

Notes:

- Public company costs** - an adjustment has been made to include VEEM's estimate of the incremental annual costs that it will incur as a public company. These incremental costs include share registry fees, Non-executive Director remuneration, Directors' and Officers' insurance premiums, additional audit and legal costs, listing fees, investor relation costs, as well as annual general meeting and annual report costs.
- Offer costs** - an adjustment to reflect estimated offer costs incurred by VEEM of \$1.44 million of which \$1.15 million (\$0.8 million tax effected) will be expensed for FY17 and \$0.29 million (\$0.2 million tax effected) will be charged directly against equity in FY17.
- Other costs** - an adjustment to operating cash flow for non-core business assets disposed of subsequent to 30 June 2016.
- Income tax effect** - an adjustment has been made to reflect the tax impact of the Pro Forma adjustments.

7.5 PRO FORMA HISTORICAL STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2016

Set out in Table 7.6 is the audited VEEM Statement of Financial Position as at 30 June 2016. Pro Forma adjustments have been made to take into account the effect of the Offer, transaction costs and the elimination of non-core business assets disposed of subsequent to the period end. These adjustments reflect the impact of the operating and capital structure that will be in place following completion of the Offer as they had occurred or were in place as at 30 June 2016.

TABLE 7.6 – PRO FORMA HISTORICAL STATEMENT OF FINANCIAL POSITION

A:\$ MILLION	NOTES	FY16 AUDITED	IMPACT OF OFFER	OTHER ADJUSTMENTS	FY16 PRO-FORMA
Current Assets					
Cash and cash equivalents	1,3	0.65	3.56	(1.25)	2.96
Trade and other receivables	3	11.03		(2.75)	8.28
Inventories		5.98			5.98
Tax assets	1	-	0.09		0.09
Total Current Assets		17.65			17.30
Non-Current Assets					
Property, plant and equipment	2	11.74		(0.51)	11.23
Intangible assets		6.96			6.96
Deferred tax assets	1	0.63	0.35		0.97
Total Non-Current Assets		19.32			19.16
Total Assets		36.98			36.46
Current Liabilities					
Trade and other payables		4.65			4.65
Financial liabilities		4.87			4.87
Provisions		1.01			1.01
Tax liabilities		0.86			0.86
Total Current Liabilities		11.39			11.39
Non-Current Liabilities					
Financial liabilities	2	0.70		(0.51)	0.19
Deferred tax liabilities		0.67			0.67
Total Non-Current Liabilities		1.37			0.86
Total Liabilities		12.76			12.25
Equity and Reserves					
Issued capital	1	0.40	4.80		5.20
Retained earnings	1,3	23.82	(0.81)	(4.00)	19.01
Total Equity		24.22			24.21

Notes

- Impact of offer** - reflects proceeds raised under the Offer of \$5 million and payment of estimated Offer Costs of \$1.44 million, which have been deducted from cash. Cash proceeds of the Offer are based on the issue of 10 million Shares and an Offer Price of \$0.50 per Share. A tax asset of \$0.43 million (current \$0.09 million and deferred \$0.35 million) (\$1.44 million multiplied by 30% corporate tax rate) has been raised, noting in particular that the Offer Costs are not immediately tax deductible and will be deductible over five years. Contributed equity has been adjusted for the value of the Offer (\$5 million) offset by the tax effected costs directly attributable to the issue of New Shares of \$0.2 (\$0.29 million less \$0.09 million tax credit). Retained earnings has been adjusted for the tax effected costs directly attributable to the Offer in relation to the sale of the Vendor Shares under the Offer being \$0.81 million (\$1.15 million less \$0.34 million tax credit)*
- Surplus assets** - non-core business related assets totalling \$0.51 m removed from the asset register
- Subsequent Event Interim Dividend** - an interim dividend of \$4 million was paid to retire related party debt.

7.6 MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL POSITION

INTANGIBLE ASSETS

Table 7.7 sets out the intangible assets as at 30 June 2016:

TABLE 7.7 – INTANGIBLE ASSETS

A'S MILLION	
Development expenditure	6.58
Patents	0.35
Goodwill	0.03
Total	6.96

VEEM makes significant investment in research and development activities for existing and new product development. Where appropriate, these costs are recognised as an intangible asset, in accordance with the Company's accounting policies.

LIQUIDITY AND CAPITAL RESOURCES

At the completion of the Offer, VEEM will have a working capital multi option facility of \$5.9 million (drawn to \$4 million) and an asset finance facility of \$0.5 million. The Directors believe these facilities, the cash generated by VEEM after 30 June 2016 and the flexibility in its financial position will be sufficient to enable the Company to fund its current growth strategies.

CONTRACTUAL OBLIGATIONS AND COMMITMENTS

Table 7.8 is a summary of VEEM's Pro forma contractual obligations and commitments at 30 June 2016 (adjusted as though the Offer had completed at that date), and includes operating leases, finance lease commitments and contracted capital expenditure obligations.

TABLE 7.8 – PRO FORMA COMMITMENTS AT 30 JUNE 2016

A'S MILLION	FINANCE LEASES	OPERATING LEASES	CAPITAL COMMITMENT
Less than 1 year	0.7	1.3	4.2
1 to 5 years	0.2	2.2	0.0
Over 5 years	-	-	-
Total	0.9	3.5	4.2

Notes

- Finance Leases** - VEEM purchases certain equipment under hire purchase arrangements. The amounts detailed above outline the current commitments.
- Operating Leases** - VEEM leases its office and factory facilities in Australia.
- Capital Commitments** - VEEM has committed to purchase a new CNC Machine for its production facilities in Australia. Delivery is expected in the December 2016 quarter. The amount shown reflects the acquisition price less the deposit paid.

7.7 FORECAST FINANCIAL INFORMATION

TABLE 7.9 – SUMMARY OF KEY PRO FORMA HISTORICAL AND FORECAST EARNINGS AND CASH FLOW INFORMATION

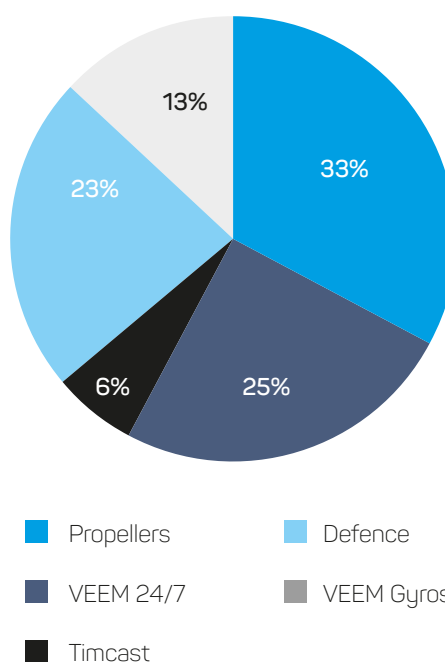
A\$ MILLION	HISTORICAL			FORECAST
	FY14 PRO FORMA	FY15 PRO-FORMA	FY16 PRO-FORMA	FY17 PRO-FORMA
Revenue	40.02	38.46	41.36	46.77
EBITDA	7.88	6.33	8.40	7.84
EBIT	6.14	4.24	6.38	6.02
Pro Forma net profit after tax	5.14	3.89	4.96	4.81
Pro Forma free cash flow	4.21	5.32	3.57	5.79

7.7.1 GENERAL ASSUMPTIONS

In preparing the Forecast Financial Information, the following general best estimate assumptions have been adopted:

- No material change in the competitive and operating environment in which VEEM operates;
- No significant deviations from the current market expectations of global or Australian economic conditions relevant to VEEM's industry;
- No material changes in government legislation, tax legislation, regulatory legislation, regulatory requirements, or government policy in the jurisdictions in which VEEM operates, that will have a material impact on the financial performance or cash flows, financial position, accounting policies, financial reporting or disclosure of VEEM during the forecast period;
- No material changes in key personnel;
- No material changes in the Australian Accounting Standards, other mandatory professional reporting requirements or the Corporations Act which have a material effect on VEEM's financial performance, financial position, accounting policies, financial reporting or disclosure;
- No material change in other economic factors, such as business confidence or consumer sentiment;
- No material industry strikes or other disturbances, environmental costs, contingent liabilities or legal claims will arise or be settled to the detriment of VEEM;
- No material disruptions to the continuity of operations of VEEM nor other material changes to the business;
- No material acquisitions, disposals, restructuring or investments;
- No material amendment to any material agreement or arrangement relating to VEEM's business;
- No material adverse impact relating to litigation or claims (existing or otherwise);
- None of the risks listed in Section 6 has a material impact on the operations of VEEM; and
- The Offer proceeds are received in accordance with the timetable and terms indicated in Section 2 of the Prospectus and are underwritten.

FIGURE 22: FY17 - CATEGORY SALES ANALYSIS



7.7.2 SPECIFIC ASSUMPTIONS

In preparing the Forecast Financial Information, the following specific best estimate assumptions have been adopted:

Revenue Assumptions

The forecast revenue has been determined by:

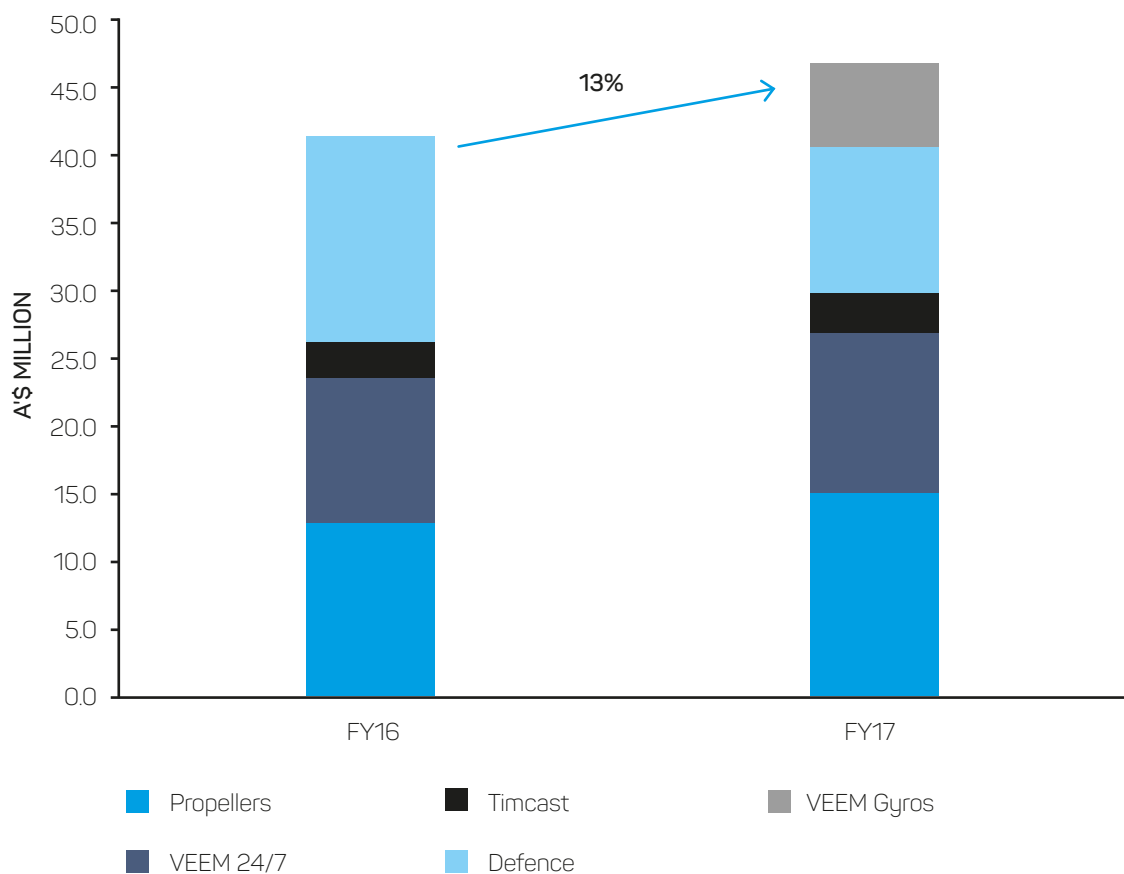
- a. Reviewing prior year sales and product mix;
- b. What customer sales and sales categories are considered recurring based on historical demand;
- c. If any customer from the prior year is likely to change their purchasing in the forecast period in either sales price, quantity or timing;
- d. Assessing the pipeline of new customers and what stage they are at;
- e. Based on previous experience with either the customer or the sales sector, assessing whether new customers or existing customers will generate additional sales;
- f. Sales activities planned, increase sales and engineering resources; and
- g. Expected sales of the new VEEM Gyros, based on experience of the above factors.

VEEM's overall revenue is forecast to increase by 13% in FY17 based on:

- Propeller revenue growth of 18% to \$15.3 million, expected to be delivered through sales of the new Conquest range of propellers globally, with a particular push of VEEM propellers into Europe;
- VEEM 24/7 revenue growth of 8% to \$11.5 million, expected to be delivered through demand for propulsion shaft lines associated with a global supply chain price advantage;
- VEEM Gyros sales revenue of \$6 million. The growth in this emerging technology market is expected through increased sales of VEEM Gyros. Initial manufacturing is expected to realise lower gross profit margins, as the Company enters a new market, with the margin expected to increase in the following years. Development work on the VG260 and the VG1000, the largest in the range, is expected to be completed during the forecast period, and is anticipated to be ready to be marketed in subsequent years;
- Defence revenues are forecast at \$11 million, lower than FY16 due to the completion of the contracts manufacturing high mobility off road vehicles and the cyclic demands from the Australian Submarine Corporation. However, agreed supply schedules for the Collins Class submarines remain in place and VEEM believes it is well placed to secure additional work on the recently announced replacement submarine program, due to the Company's reputation and position in the existing program; and
- Further development of VEEM's global supply chain to further support the sale of shaft lines and propeller sales and VEEM Gyros.



FIGURE 23: FORECAST REVENUE GROWTH IN KEY MARKETS



FOREIGN EXCHANGE

Exchange rates for the forecast period are based on an average of 1 AUD = 0.73 USD.

TABLE 7.10 – SUMMARY OF KEY PRO FORMA HISTORICAL AND FORECAST COST INFORMATION

A'S MILLION	HISTORICAL			FORECAST
	FY14 PRO FORMA	FY15 PRO-FORMA	FY16 PRO-FORMA	FY17 PRO-FORMA
Cost of sales	(20.44)	(20.43)	(20.78)	(25.97)
Employee expenses	(6.93)	(7.26)	(7.62)	(7.88)
Occupancy expenses	(2.31)	(2.27)	(2.26)	(2.18)
Other expenses	(2.22)	(2.16)	(2.36)	(2.91)

COST OF SALES

The Forecast Financial Information assumes that there will be no material change in the cost of purchasing raw materials and consumables, direct materials, direct labour and other manufacturing related expenses such as energy, consumables, and repairs. The increase from 50% of revenue in FY16 to 56% in FY17 is a function of the higher initial cost of production of the VEEM Gyros which the Company expects to reduce in subsequent years.

VEEM assumes a gross margin realised for major manufacturing divisions based on historical trends plus a review of any expected changes in production costs that may have an impact on the forecast period.

VEEM has made significant efforts in recent years to develop a global supply chain. Part of the reasoning for this is to create a natural hedge for sales denominated in USD. In relation to FY17 VEEM is not expected to be materially impacted by fluctuations in the AUD/USD exchange rate. Historically, the impact of fluctuations in currencies in which VEEM trades have not been material.

INCOME TAX

The Australian corporate tax rate is assumed to remain at 30% for the forecast period.

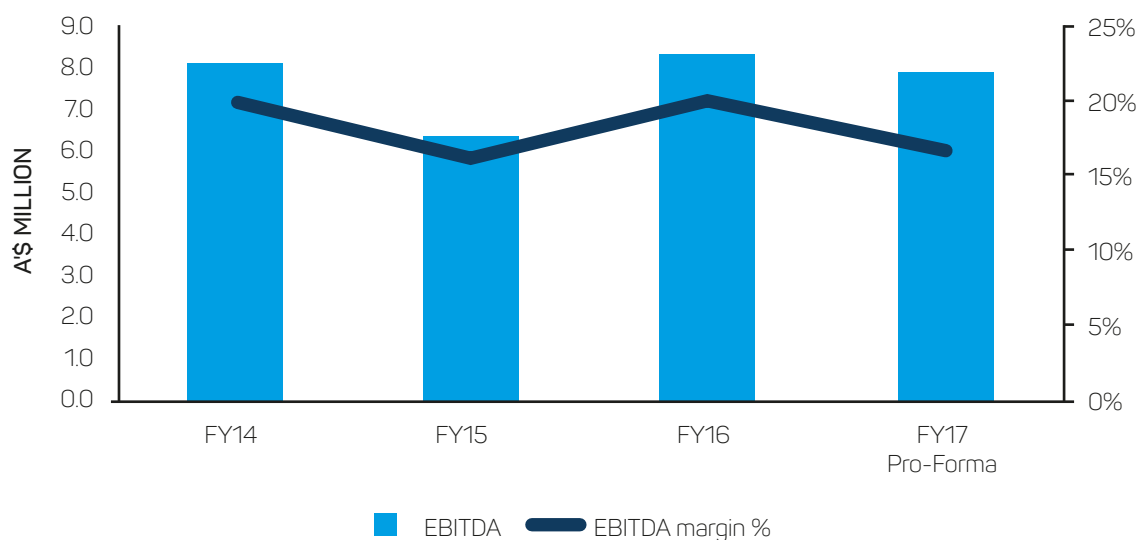
RESEARCH & DEVELOPMENT

The Company invests significantly in product research and development and benefits from the concessional tax treatment available under Australian tax laws for this type of expenditure.

EBITDA

VEEM's overall EBITDA is forecast to marginally decrease in FY17. This is primarily due to earnings generated from the high mobility off road vehicle manufacturing contract concluding during the prior year and the reduction of valve supply to ASC. VEEM's underlying EBITDA is forecast to remain consistent with prior years, with earnings growth generated from the sale of VEEM Gyros offsetting the reduction of other earnings.

FIGURE 24: EBITDA AND EBITDA MARGINS



CASH FLOW

Revenue during the FY17 Forecast period is assumed to be received consistent with historical customer collection patterns.

SEASONALITY

Revenue and NPAT is forecast to be spread relatively evenly over the FY17 Forecast period, with VEEM expecting a split over the first six months and second six months of the Forecast period for forecast revenue and forecast NPAT of 50%/50%. Revenue generated from VEEM Gyro sales is weighted slightly more to the second half of the year, based on a 35%/65% split to reflect the key luxury boat shows held in the northern hemisphere toward the end of the calendar year.

7.8 SENSITIVITY ANALYSIS OF FORECAST FINANCIAL INFORMATION

The Forecast Financial Information included in Section 7.7 is based upon a number of estimates and assumptions as described in Sections 7.7.1 and 7.7.2. These estimates and assumptions are subject to business, economic and competitive uncertainties and contingencies, many of which are beyond the control of VEEM, the Directors and Management. These estimates are also based on assumptions with respect to future business decisions, which are subject to change.

Set out in table 7.11 below is a summary of the sensitives of Pro Forma forecast NPAT for FY17 to changes in a number of key assumptions. These changes in the key assumptions set out in the sensitivity analysis are intended to provide a guide only and are not intended to be indicative of the complete range of variations that may be experienced. Variations in actual performance could exceed the ranges shown.

TABLE 7.11 – KEY SENSITIVES OF PRO FORMA FORECAST NPAT

A\$ MILLION ASSUMPTION		INCREASE IN PRO-FORMA NPAT	DECREASE IN PRO-FORMA NPAT
Revenue	+ / - 1%	0.33	(0.33)
Revenue - gyro	+ / - 5%	0.21	(0.21)
Employee expenses	- / + 5%	0.28	(0.28)
Cost of sales	- / + 5%	0.87	(0.87)
Change in AUD/USD exchange rate	- / + 2 cents	0.27	(0.27)

7.9 DIVIDEND POLICY

The payment of a dividend by VEEM is at the discretion of the Board and will be a function of a number of factors, including the general business environment, the operating results, cash flows and the financial condition of the Company and any other factors the Board may consider relevant.

No assurance can be given by any person, including the Board, about the payment of a dividend or the level of franking on any such dividend.

Subsequent to the end of the 2016 Financial Year, an interim dividend of \$4.0 million was declared to settle related party loans.

Following the listing of VEEM, it is the current intention of the Board to pay interim and final dividends in respect of half years ending 31 December and full years ending 30 June each year respectively. It is anticipated that interim dividends would be paid in April and final dividends paid in October following the relevant financial period.

It is the Board's current intention to target a payout ratio of between 30% to 40% of NPAT. For FY17, the Board's current intention is to pay 30% of Statutory NPAT as dividends in addition to the interim dividend declared, however the level of payout ratio may vary between periods depending on the factors above.

7.10 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Set out below is a summary of the significant accounting policies adopted in preparing the Financial Information.

A. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash on hand, deposits held at call with banks and other short term highly liquid investments with original maturities of three months or less. Bank overdrafts are shown with current short term borrowings.

B. TRADE AND OTHER RECEIVABLES

Trade receivables, which generally have 30-90 day terms, are recognised and carried at original invoice amount less an allowance for any uncollectible amounts. An allowance for doubtful debts is made when there is objective evidence that the Company will not be able to collect the debts. Bad debts are written off when identified.

C. INVENTORIES

Raw Material, Stores and Work in Progress

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

Construction Work in Progress

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

D. INCOME TAX

The income tax expense / (benefit) for the year comprises current income tax expense / (benefit) and deferred tax expense / (benefit).

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using the applicable income tax rates enacted or substantially enacted, as at reporting date. Current tax liabilities / (assets) are therefore measured at the amounts expected to be paid to (recoverable from) the relevant taxation authority.

Deferred income tax expense reflects the movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense/(benefit) is charged or credited directly to equity instead of profit or loss when the tax relates to items that are credited or charged directly to equity.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantially enacted at reporting date. Their measurement also reflects the manner in which management expect to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the economic entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

E. PLANT, EQUIPMENT AND MOTOR VEHICLES

Each class of plant, equipment and motor vehicles are carried at cost less, where applicable, any accumulated depreciation.

Depreciation

Plant, equipment and motor vehicles are stated at cost. All assets are depreciated on a straight line basis over the estimated useful lives of the assets to the Company.

The useful lives for each class of depreciable assets are:

<i>Class of Fixed Asset</i>	<i>Useful lives</i>
Plant and Equipment	5 - 30 years
Motor Vehicles	3 - 10 years

Impairment of assets

At each reporting date, the Company reviews the carrying values of its assets to determine whether there is an indication that those assets have been

impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the assets carrying value.

Any excess of the asset's carrying value over its recoverable amount is expensed to profit or loss.

Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs, unless the assets value in use can be estimated to approximate fair value.

F. INTANGIBLES

Intangible assets acquired separately

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

Internally generated intangible assets – research and development expenditure

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

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

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

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

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

The following useful life is used in the calculation of amortisation:

<i>Class of Intangible</i>	<i>Useful lives</i>
Patents	20 years
Development expenditure	10 -25 years

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are identified and recognised separately from goodwill where they satisfy the definition of an intangible asset and their fair values can be measured reliably. The cost of an intangible asset acquired in a business is its fair value as at the date of acquisition.

Subsequent to initial recognition, intangible assets acquired in a business combination are carried at cost less any accumulated amortisation and any accumulated impairment losses, on the same basis as intangible assets acquired separately.

G. GOODWILL

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of the business combination over the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities.

Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

Goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

H. TRADE AND OTHER PAYABLES

Trade payables and other payables are carried at amortised costs and represent liabilities for goods and services provided to the Company prior to the end of the financial year that are unpaid and arise when the Company becomes obliged to make future payments in respect of the purchase of these goods and services. Trade and other payables are presented as current liabilities unless payment is due within 12 months.

I. INTEREST BEARING LOANS AND BORROWINGS

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

Gains and losses are recognised in profit or loss when the liabilities are derecognised.

J. LEASES

Leases of property, plant and equipment, where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, are transferred to the Company, are classified as finance leases. Finance leases are capitalised, recording an asset and a liability equal to the present value of the minimum lease payments, including any guaranteed residual values. Leased assets are amortised over their estimated useful lives on a basis consistent with the depreciation policy for plant, equipment and motor vehicles.

Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

K. EMPLOYEE BENEFITS

Wages, salaries, annual leave and sick leave

Liabilities accruing for the Company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled and are recognised in current other payables, plus related on-costs. Employee benefits payable at later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits and are recognised in non-current other payable.

Liabilities for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

Long service leave

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

L. FINANCIAL ASSETS

Recognition

Financial assets are initially measured at cost on trade date, which includes transactions costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

Loans and receivables

Loans and receivables are non-derivative financial assets, with fixed and determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest rate method.

Gains and losses are recognised in profit or loss when the loans and receivables are recognised as impaired as well as through the amortisation process.

Available-for-sale financial assets

Available-for-sale financial assets are reflected at fair values unless the fair value cannot be reliably measured. Unrealised gains and losses arising from changes in fair value are taken directly to equity. Fair value is determined on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including arm's length transactions, reference to similar instruments and option pricing models.

M. FINANCIAL LIABILITIES

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

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

N. REVENUE RECOGNITION

Sale of goods

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Risks and rewards of ownership are considered passed to the buyer at the time of delivery of the goods to the customer.

Rendering of services

Revenue from the rendering of services is recognised by reference to the stage of completion of the contract.

Interest income

Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

O. BORROWING COSTS

Borrowing costs are capitalised that are directly attributable to the acquisition, construction or production of qualifying assets where the borrowing cost is added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

P. FOREIGN CURRENCY TRANSLATION

Both the functional and presentation currency is Australian dollars. The Company determines its own functional currency and items included in the financial statements are measured using that functional currency.

Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rates ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange at balance date

Q. GOODS AND SERVICES TAX (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

R. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The directors evaluate estimates and judgements incorporated in the financial report based on historical knowledge and best available information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Company.

S. DIVIDENDS

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

T. SHARE CAPITAL

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised direct in equity, net of any related income tax benefit.

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8. INVESTIGATING ACCOUNTANT'S REPORT





Mann Judd Corporate (WA) Pty Ltd
ACN 008 878 555

Licensed Investment Adviser

1609 VEE012 COR
LDI/DBI

23 September 2016

The Directors
VEEM Ltd
PO Box 1542
CANNING VALE WA 6970

Dear Sirs

INVESTIGATING ACCOUNTANT'S REPORT

INDEPENDENT LIMITED ASSURANCE REPORT ON VEEM LTD HISTORICAL AND FORECAST FINANCIAL INFORMATION AND FINANCIAL SERVICES GUIDE

We have been engaged by VEEM Ltd (the "Company") to prepare a report on the historical and forecast financial information of the Company ("Report") for inclusion in the prospectus to be dated on or about 23 September 2016 ("Prospectus") and relating to the proposed initial public offering of ordinary shares in the Company.

Expressions and terms defined in the Prospectus have the same meaning in this Report.

The nature of this Report is such that it can only be issued by an entity which holds an Australian financial services licence under the *Corporations Act 2001*. HLB Mann Judd Corporate (WA) Pty Ltd, which is wholly owned by HLB Mann Judd holds the appropriate Australian financial services licence under the *Corporations Act 2001*. This Report comprises an Investigating Accountant's Report, the scope of which is set out below, and a Financial Services Guide, as attached in Appendix A.

Scope

You have requested HLB Mann Judd Corporate (WA) Pty Ltd to perform a limited assurance engagement in relation to the statutory and proforma historical and forecast financial information of the Company included in the Prospectus. This financial information is presented in the Prospectus in an abbreviated form, as it does not include all of the presentation and disclosure requirements of Australian Accounting Standards and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the *Corporations Act 2001*. This financial information is summarised below:

Statutory Historical Financial Information

- The Statutory net profit after tax for the years ended 30 June 2014, 30 June 2015 and 30 June 2016;

- The statutory free cash flow for the years ended 30 June 2014, 30 June 2015 and 30 June 2016; and
- The statutory statement of financial position as at 30 June 2016, (together the “Statutory Historical Financial Information”).

The historical financial information has been prepared in accordance with the stated basis of preparation, being the recognition and measurement principles contained in Australian Accounting Standards and the Company’s adopted accounting policies. The Statutory Historical Financial Information has been extracted from the financial reports of the Company for the years ended 30 June 2014, 30 June 2015 and 30 June 2016 which were audited by HLB Mann Judd in accordance with Australian Auditing Standards. HLB Mann Judd issued unmodified audit opinions on the financial reports for the years ended 30 June 2014, 30 June 2015 and 30 June 2016. The Statutory Historical Financial Information is presented in the Prospectus in an abbreviated form, insofar as it does not include all of the presentation and disclosures required by Australian Accounting Standards and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the Corporations Act 2001.

Pro Forma Historical Financial Information

- The Pro Forma statements of profit or loss and other comprehensive income for the years ended 30 June 2014, 30 June 2015 and 30 June 2016;
- The Pro Forma statements of cash flows for the years ended 30 June 2014, 30 June 2015 and 30 June 2016;
- The Pro Forma statement of financial position as at 30 June 2016, (the “Pro Forma Historical Financial Information”).

The Pro Forma Historical Financial Information has been derived from the Statutory Historical Financial Information of the Company, after adjusting for the effects of pro forma adjustments described in section 7 of the Prospectus. The stated basis of preparation is the recognition and measurement principles contained in Australian Accounting Standards and the Company’s adopted accounting policies applied to the Statutory Historical Financial Information and the events or transactions to which the pro forma adjustments relate, as described in section 7 of the Prospectus, as if those events or transactions had occurred as at the date of the Statutory Historical Financial Information. Due to its nature, the Pro Forma Historical Financial Information does not represent the Company’s actual or prospective financial position, financial performance and cash flows.

The Statutory Historical Financial Information and the Pro Forma Historical Financial Information are collectively referred to in the Prospectus as the “Historical Financial Information”.

Statutory Forecast Financial Information

- The statutory forecast net profit after tax and free cash flows of the Company for the year ending 30 June 2017, as described in section 7 of the Prospectus, (the “Statutory Forecast Financial Information”).

The directors’ best-estimate assumptions underlying the Statutory Forecast Financial Information are described in section 7 of the Prospectus. The stated basis of preparation used in the preparation of the Statutory Forecast Financial Information is the recognition and

measurement principles contained in Australian Accounting Standards and the Company’s adopted accounting policies.

Pro Forma Forecast Financial Information

- The Pro Forma forecast statements of profit or loss and other comprehensive income and cash flows of the Company for the year ending 30 June 2017 (the “Pro Forma Forecast Financial Information”).

The Statutory Forecast Financial Information and the Pro Forma Forecast Financial Information are collectively the “Forecast Financial Information”.

The Pro Forma Forecast Financial Information has been derived from the Company’s Statutory Forecast Financial Information, after adjusting for the effects of the pro forma adjustments described in section 7 of the Prospectus. The stated basis of preparation of the Pro Forma Forecast Financial Information is the recognition and measurement principles contained in the Australian Accounting Standards applied to the forecast and the events or transactions to which the pro forma adjustments relate, as described in section 7 of the Prospectus, as if those events or transactions had occurred as at 30 June 2016. Due to its nature, the Pro Forma Forecast Financial Information does not represent the Company’s actual prospective financial performance and cash flows for the year ended 30 June 2016.

Director’s responsibility

The directors of the Company are responsible for the preparation of the Statutory and Pro Forma Historical Financial Information, including their basis of preparation and the selection and determination of pro forma adjustments made to the Statutory Historical Financial Information and included in the Pro Forma Historical Financial Information.

The directors of the Company are also responsible for the preparation of the Statutory Forecast Financial Information, including its basis of preparation and the selection underlying the Statutory Forecast Financial Information. They are also responsible for the preparation and determination of the pro forma adjustments made to the Statutory Forecast Financial Information and included in the Pro Forma Forecast Financial Information. This includes responsibility for its compliance with applicable laws and regulations and for such internal controls as the directors determine are necessary to enable the preparation of statutory historical financial information, pro forma historical information, a statutory forecast and a pro forma forecast that are free from material misstatement.

Our responsibility

Our responsibility is to express a limited assurance conclusion on the Statutory Historical Financial Information, the Pro Forma Historical Financial Information, the Statutory Forecast Financial Information and Pro Forma Forecast Financial Information, the best-estimate assumptions underlying the Statutory Forecast Financial Information and Pro Forma Forecast Financial Information, and the reasonableness of the Statutory Forecast Financial Information and Pro Forma Forecast Financial Information themselves, based on our review. We have conducted our engagement in accordance with the Standard on Assurance Engagement ASAE 3450 *Assurance Engagements involving Corporate Fundraising and/or Prospective Financial Information*.

A review 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 reasonable 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. Our engagement did not involve updating or reissuing any previously issued audit or review report on any financial information used as a source of the financial information.

Conclusions

Statutory Historical Financial Information

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the Statutory Historical Financial Information of the Company, as described in section 7 of the Prospectus is not presented fairly, in all material respects, in accordance with the stated basis of preparation, as described in section 7 of the Prospectus being the recognition and measurement principles contained in Australian Accounting Standards and the Company’s adopted accounting policies.

Pro Forma Historical Financial Information

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the Pro Forma Historical Financial Information of the Company as described in section 7 of the Prospectus is not presented fairly, in all material respects, in accordance with the stated basis of preparation, as described in section 7 of the prospectus being the recognition and measurement principles contained in Australian Accounting Standards and the Company’s adopted accounting policies applied to the Statutory Historical Financial Information and the events or transactions to which the pro forma adjustments relate, as described in section 7 of the prospectus, as if those events of transactions had occurred as at the date of the Statutory Historical Financial Information.

Statutory Forecast Financial Information

Based on our review, which is not an audit, nothing has come to our attention which causes us to believe that:

- The directors’ best-estimate assumptions used in the preparation of the Statutory Forecast Financial Information do not provide reasonable grounds for the Statutory Forecast Financial Information; and
- In all material respects, the Statutory Forecast Financial Information:
 - is not properly prepared on the basis of the directors’ best-estimate assumptions as described in section 7 of the prospectus; and
 - is not presented fairly in accordance with the stated basis of preparation, being the recognition and measurement principles contained in Australian Accounting Standards and the Company’s adopted accounting policies; and
- The Statutory Forecast Financial Information itself is unreasonable.

Pro Forma Forecast Financial Information

Based on our review, which is not an audit, nothing has come to our attention which causes us to believe that:

- The directors’ best-estimate assumptions used in the preparation of the Pro Forma Forecast Financial Information do not provide reasonable grounds for the Pro Forma Forecast Financial Information; and

- In all material respects, the Pro Forma Forecast Financial Information:
 - is not properly prepared on the basis of the directors’ best-estimate assumptions as described in section 7 of the prospectus; and
 - is not presented fairly in accordance with the stated basis of preparation, being the recognition and measurement principles contained in Australian Accounting Standards and the Company’s adopted accounting policies; applied to the Statutory Forecast Financial Information and the pro forma adjustments as if those adjustments had occurred as at the date of the forecast; and
- The Pro Forma Forecast Financial Information itself is unreasonable.

Forecast Financial Information

The Forecast Financial Information has been prepared by management and adopted by the directors in order to provide prospective investors with a guide to the potential financial performance of the Company for the year ending 30 June 2017. There is a considerable degree of subjective judgment involved in preparing forecasts since they relate to events and transactions that have not yet occurred and may not occur. Actual results are likely to be different from the Forecast Financial Information since anticipated events or transactions frequently do not occur as expected and the variation may be material.

The directors’ best-estimate assumptions on which the Forecast Financial Information are based relate to future events and/or transactions that management expect to occur and actions that management expect to take and are also subject to uncertainties and contingencies, which are often outside the control of the Company. Evidence may be available to support the directors’ best-estimate assumptions on which the Forecast Financial Information are based however such evidence is generally future-oriented and therefore speculative in nature. We are therefore not in a position to express a reasonable assurance conclusion on those best-estimate assumptions, and accordingly, provide a lesser level of assurance on the reasonableness of the directors’ best-estimate assumptions. The limited assurance conclusion expressed in this report has been formed on the above basis.

Prospective investors should be aware of the material risks and uncertainties in relation to an investment in the Company, which are detailed in the Prospectus, and the inherent uncertainty relating to the Forecast Financial Information. Accordingly, prospective investors should have regard to the investment risks and sensitivities as described in sections 1 and 6 of the Prospectus. The sensitivity analysis described in section 7 of the Prospectus demonstrates the impact on the Pro Forma Forecast Financial Information of changes in key best-estimate assumptions. We express no opinion as to whether the Forecast Financial Information will be achieved.

The Forecast Financial Information have been prepared by the directors of the purpose of inclusion in the Prospectus. We Disclaim any assumption of responsibility for any reliance on this report, or on the Forecast Financial Information to which relates, for any purpose other than that for which it was prepared. We have assumed, and relied on representations from certain members of management of the Company, that all material information concerning the prospects and proposed operations of the Company has been disclosed to us and that the information provided to us for the purpose of our work is true, complete and accurate in all respects. We have no reason to believe that those representations are false.

Notice to investors outside Australia

Under the terms of our engagement this report has been prepared solely to comply with Australian Auditing Standards applicable to review engagements. This does not constitute an offer to sell, or a solicitation of an offer to buy, any securities. We do not hold any financial services licence or other licence outside Australia. We are not recommending or making any representation as to suitability of any investment to any person.

Restriction on Use

Without modifying our conclusions, we draw attention to page 2 of the Prospectus, which describes the purpose of the financial information, being for inclusion in the Prospectus. As a result, the financial information may not be suitable for use for another purpose.

Consent

HLB Mann Judd Corporate (WA) Pty Ltd has consented to the inclusion of this assurance report in the Prospectus in the form and context in which it is included.

Liability

The liability of HLB Mann Judd Corporate (WA) Pty Ltd is limited to the inclusion of this report in the Prospectus. HLB Mann Judd Corporate (WA) Pty Ltd makes no representation regarding, and has no liability for, any other statements or other material in, or omissions from the Prospectus.

Independence or Disclosure of Interest

HLB Mann Judd Corporate (WA) Pty Ltd does not have any interest in the outcome of this transaction other than the preparation of this report and participation in due diligence procedures for which normal professional fees will be received.

Financial Services Guide

We have included our Financial Services Guide as Appendix A to our report. The Financial Services Guide is designed to assist retail clients in their use of any general financial product advice in our report.

Yours faithfully

HLB MANN JUDD CORPORATE (WA) PTY LTD



L DI GIALLONARDO

Authorised Representative

APPENDIX A - FINANCIAL SERVICES GUIDE

This Financial Services Guide is dated 23 September 2016

1. HLB Mann Judd Corporate (WA) Pty Ltd

HLB Mann Judd Corporate (WA) Pty Ltd ABN 69 008 878 555 (“HLB Mann Judd Corporate” or “we” or “us” or “ours” as appropriate) has been engaged to issue general financial product advice in the form of a report to be provided to you.

2. Financial Services Guide

In the above circumstances we are required to issue to you, as a retail client, a Financial Services Guide (“FSG”). This FSG is designed to help retail clients make a decision as to their use of the general financial product advice and to ensure that we comply with our obligations as a financial services licensee.

This FSG includes information about:

- who we are and how we can be contacted;
- the services we are authorised to provide under our **Australian Financial Services Licence, Licence No. 250903**;
- remuneration that we and/or our staff and any associates receive in connection with the general financial product advice;
- any relevant associations or relationships we have; and
- our complaints handling procedures and how you may access them.

3. Financial services we are licensed to provide

We hold an Australian Financial Services Licence which authorises us to provide financial product advice in relation to:

- securities;
- interests in managed investment schemes excluding investor directed portfolio services;
- superannuation; and
- debentures, stocks or bonds issued or proposed to be issued by a government.

We provide financial product advice by virtue of an engagement to issue a report in connection with a financial product of another person. Our report will include a description of the circumstances of our engagement and identify the person who has engaged us. You will not have engaged us directly but will be provided with a copy of the report as a retail client because of your connection to the matters in respect of which we have been engaged to report.

Any report we provide is provided on our own behalf as a financial services licensee authorised to provide the financial product advice contained in the report.

4. General financial product advice

In our report we provide general financial product advice, not personal financial product advice, because it has been prepared without taking into account your personal objectives, financial situation or needs.



You should consider the appropriateness of this general advice having regard to your own objectives, financial situation and needs before you act on the advice. Where the advice relates to the acquisition or possible acquisition of a financial product and there is no statutory exemption relating to the matter, you should also obtain a product disclosure statement relating to the product and consider that statement before making any decision about whether to acquire the product.

5. Benefits that we may receive

We charge fees for providing reports. These fees will be agreed with, and paid by, the person who engages us to provide the report. Fees will be agreed on either a fixed fee or time cost basis. In the preparation of this Report, our fees are charged on a fixed basis and amount to \$70,000 exclusive of GST. Directors of HLB Mann Judd Corporate may receive distributions or salaries or wages from entities associated with HLB Mann Judd Corporate.

Except for the fees referred to above, neither HLB Mann Judd Corporate, nor any of its directors, employees or related entities, receive any pecuniary benefit or other benefit, directly or indirectly, for or in connection with the provision of the Report.

6. Other benefits received by us

HLB Mann Judd Corporate has no employees. All personnel who complete reports for HLB Mann Judd Corporate are partners of HLB Mann Judd (WA Partnership). None of those partners are eligible for bonuses directly in connection with any engagement for the provision of this Report.

7. Referrals

We do not pay commissions or provide any other benefits to any person for referring customers to us in connection with the reports that we are licensed to provide.

8. Associations and relationships

HLB Mann Judd Corporate is wholly owned by HLB Mann Judd (WA Partnership). Also, our directors are partners in HLB Mann Judd (WA Partnership). Ultimately the partners of HLB Mann Judd (WA Partnership) own and control HLB Mann Judd Corporate.

From time to time HLB Mann Judd Corporate or HLB Mann Judd (WA Partnership) may provide professional services, including audit, tax and financial advisory services, to financial product issuers in the ordinary course of its business.



Mann Judd Corporate (WA) Pty Ltd
ACN 008 878 555

Licensed Investment Adviser

Financial Services Guide

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9. Complaints resolution

9.1. *Internal complaints resolution process*

As the holder of an Australian Financial Services Licence, we are required to have a system for handling complaints from persons to whom we provide financial product advice. Complaints must be in writing, addressed to The Complaints Officer, HLB Mann Judd Corporate (WA) Pty Ltd, Level 4, 130 Stirling Street, Perth WA 6000.

When we receive a written complaint we will record the complaint, acknowledge receipt of the complaint within **seven days** and investigate the issues raised. As soon as practical, and not more than **one month** after receiving the written complaint, we will advise the complainant in writing of the determination.

9.2 *Referral to external disputes resolution scheme*

A complainant not satisfied with the outcome of the above process, or our determination, has the right to refer the matter to the Financial Ombudsman Service Limited (“FOS”). FOS independently and impartially resolves disputes between consumers, including some small business, and participating financial services providers.

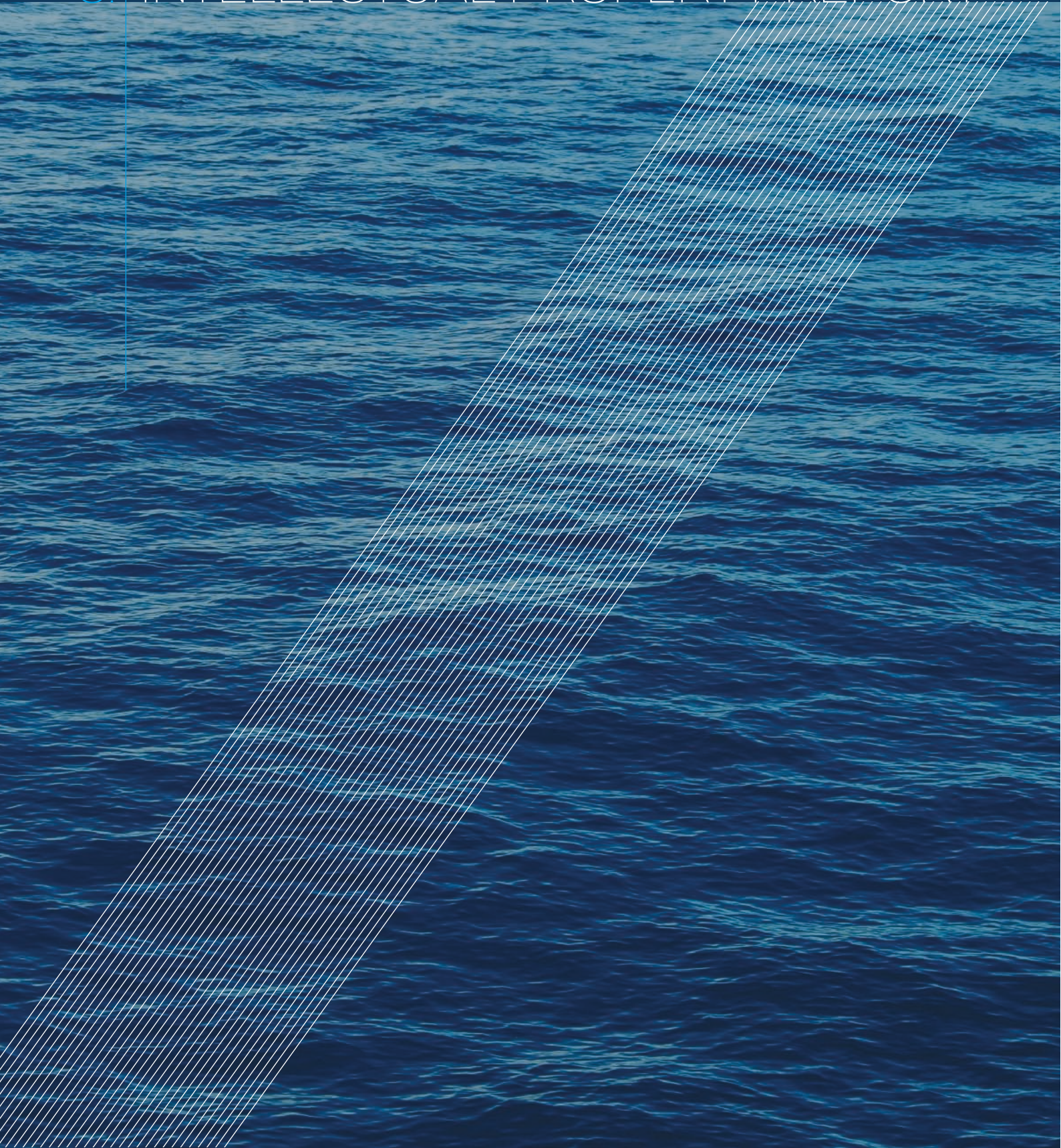
Further details about FOS are available at the FOS website www.fos.org.au or by contacting them directly via the details set out below.

Financial Ombudsman Service Limited
GPO Box 3
Melbourne VIC 3001
Toll free: 1300 78 08 08
Facsimile: (03) 9613 6399

10. Contact details

You may contact us using the details at the foot of this FSG.

9. INTELLECTUAL PROPERTY REPORT



22 September 2016
Our Ref: Z6118AU00

The Directors
VEEM Ltd
22 Baile Road
CANNING VALE
WA 6970

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E mail@watermark.com.au
www.watermark.com.au

Dear Sirs

IP Report for VEEM Ltd

Watermark has been requested to provide an Intellectual Property (IP) report on the portfolio and status of patents/patent applications of VEEM Ltd ("VEEM") for inclusion in an Initial Public Offering (IPO) prospectus (Prospectus) for VEEM.

1. General Background

1.1. VEEM is a developer and supplier of advanced marine propulsion packages, propellers and gyrostabilizers. The patent/patent application portfolio of VEEM reflects this technology range and focus.

2. Patents/Patent Applications of VEEM Ltd

2.1. VEEM is the owner of the patents/patent application 'families' in the countries listed in the following table accompanying each family.

2.2. A general description is given below for each family. The general description is for guidance and information only, and may not exactly reflect the scope of claims as granted following examination in any particular jurisdiction.

2.3. Most of the patents/patent applications are recorded at the various patent offices in the name of VEEM Ltd as the owner. Some of the patents/patent applications identified below remain recorded in earlier name of VEEM Engineering Pty Ltd at each patent office. VEEM Engineering Pty Ltd subsequently changed name to VEEM Ltd, which is not a change of ownership of the patents/patent applications.

2.4. The change of name to VEEM Ltd has yet to be recorded at each patent office for some of those patents/patent applications. Although there is a requirement at most patent offices to record changes of names and addresses, there is no specific deadline by which to do so, and recordal of an update to an owner name or address is an administrative matter only and does not affect validity of the identified patents/patent applications. We do, however, recommend recording the updated name before enforcement, defence or licensing of any patent in a particular jurisdiction.

Watermark Patent and Trade
Marks Attorneys in association
with Watermark Intellectual
Property Lawyers

ABN 61 266 251 581

3. Improved Hydrofoil Device

General description

A hydrofoil device is useable as a hydrofoil wing, propeller blade, etc. In a water flow, a relatively lower pressure is generated on a second surface of the device compared with a first surface. Near the trailing end of the first surface a protrusion in the form of an adjustable interceptor is provided. The face of this protrusion defines an included angle to the upstream direction of less than or equal to 90 DEG so that water flow thereat is deflected back on itself thereby increasing the local pressure on the first surface. A second protrusion may be provided near the leading edge of the second surface to encourage flow separation thereat. Air may be provided adjacent each protrusion to provide natural ventilation if the pressure of the water flow drops below atmospheric pressure.

TITLE: IMPROVED HYDROFOIL DEVICE						
VEEM Engineering Pty Ltd						
Jurisdiction	Appln No.	Pat No.	Status	Patent Date [§]	Maximum Term [#]	Renewal Date [^]
Australia (AU)	36916/99	778453	Granted In force	6 May 1999	6 May 2019	6 May 2017
China (CN)	99806453.X	1121331C	Granted In force	6 May 1999	6 May 2019	6 May 2017
Japan (JP)	2000-546992	3803251	Granted In force	6 May 1999	6 May 2019	12 May 2017
Singapore (SG)	200006335-4	76984	Granted in force	6 May 1999	6 May 2019	6 May 2017
USA (US)	09/674,734	6,467,422	Granted In force	6 May 1999	6 May 2019	Final renewal paid

4. Marine Propeller Pitch Adjustment Means

General Description

A blade for a marine propeller includes an adjustment strip located in a channel near the trailing edge of a high pressure face of the blade. The adjustment strip protrudes from the blade face, altering the hydrodynamic properties of the blade. Strips can be replaced with other strips of different heights in order to suit particular requirements for hydrodynamic properties.

TITLE: MARINE PROPELLER PITCH ADJUSTMENT MEANS						
VEEM Engineering Pty Ltd						
Jurisdiction	Application Number	Patent Number	Status	Patent Date [§]	Maximum Term [#]	Renewal Date [^]
Australia (AU)	2008213740*	2008213740 *	Granted In force	8 Feb 2008	8 Feb 2028	8 Feb 2017
China (CN)	200880004537.8	101616839	Granted In force	8 Feb 2008	8 Feb 2028	8 Feb 2017
European Patent Convention (EP)	08700449.5	2117921	Granted See national validations below	8 Feb 2008	8 Feb 2028 See national validations below	8 Feb 2017 Renewal now due in individual national validated countries below
Germany (DE)	602008044980.7	2117921	Validated	8 Feb 2008	8 Feb 2028	8 Feb 2017
France (FR)	08700449.5	2117921	Validated	8 Feb 2008	8 Feb 2028	8 Feb 2017
UK (GB)	08700449.5	2117921	Validated	8 Feb 2008	8 Feb 2028	8 Feb 2017
Spain (ES)	300204090	2117921	Validated	8 Feb 2008	8 Feb 2028	8 Feb 2017
Italy (IT)	TBC	TBC	Validating	8 Feb 2008	8 Feb 2028	8 Feb 2017
Netherlands (NL)	TBC	TBC	Validating	8 Feb 2008	8 Feb 2028	8 Feb 2017
USA (US)	12/526/176	8,517,683	Granted In force	8 Feb 2008	25 June 2030	27 Feb 2017

*AU 2008213740 already recorded with **VEEM Ltd** as the patentee at the Australian Patent Office.

5. Marine Propeller Coating

General Description

A marine propeller is plated in low-friction material in order to restrict the growth of marine organisms on the propeller. The preferred material for plating is a combination of nickel or nickel alloy and polytetrafluoroethylene.

TITLE: MARINE PROPELLER COATING						
VEEM Ltd						
Jurisdiction	Application Number	Patent Number	Status	Patent Date [§]	Maximum Term [#]	Renewal Date [^]
Australia (AU)	2008213741	2008213741	Granted In force	8 Feb 2008	8 Feb 2028	8 Feb 2017

6. Fault Tolerant Vessel Stabiliser Control System

General Description

A vessel stabiliser control system includes a sensor fault detection means which senses the availability of sensing signals from a gyrostabiliser precession motion sensor and a vessel roll motion sensor. The control system controls the action of a gyro-actuator which is mechanically coupled to a gyrostabiliser. The benefit of employing fault sensing of the sensors providing the process control variables is that the sensed number of available process control variables (or sensors) can be used to activate a tiered system of control modes. Each tiered control mode is designed to utilise the available process control variables to ensure safe and effective operation of the gyrostabiliser that is tolerant of sensor faults and loss of power supply. A control mode selector is provided for selecting the appropriate control mode based on the number of available process control variables.

TITLE: FAULT TOLERANT VESSEL STABILISER CONTROL SYSTEM						
VEEM Ltd						
Jurisdiction	Application Number	Patent Number	Status	Patent Date [§]	Maximum Term [#]	Renewal Date [^]
Australia (AU)	2011217739	2011217739	Granted In force	17 Feb 2011	17 Feb 2031	17 Feb 2017
China (CN)	201180019577.1	102906538	Granted In force	17 Feb 2011	17 Feb 2031	17 Feb 2017
European Patent Convention (EP)	11 744 194.9	TBC	Application pending Awaiting examination	17 Feb 2011	17 Feb 2031	17 Feb 2017
Japan (JP)	2012-553151	5827959	Granted In force	17 Feb 2011	17 Feb 2031	23 Oct 2018
Singapore (SG)	201206049-7	183330	Granted In force	17 Feb 2011	17 Feb 2031	17 Feb 2017
USA (US)	13/579,517	8,904,948	Granted In force	17 Feb 2011	18 Apr 2031	9 June 2018

7. Active Adaptive Gyrostabiliser Control System

General Description

A gyrostabiliser control system and method for stabilising marine vessel motion based on precession information only. The control system employs an Automatic Gain Control (AGC) precession controller. This system operates with a gain factor that is always being gradually minimized so as to let the gyro flywheel develop as much precession as possible - the higher the precession, the higher the roll stabilising moment. This continuous gain change provides adaptation to changes in sea state and sailing conditions. The system effectively predicts the likelihood of maximum precession being reached. Should this event be detected, then the gain is rapidly increased so as to provide a breaking precession torque. Once the event has passed, the system again attempts to gradually decrease the gain.

TITLE: ACTIVE ADAPTIVE GYROSTABILISER CONTROL SYSTEM						
VEEM Ltd						
Jurisdiction	Application Number	Patent Number	Status	Patent Date [§]	Maximum Term [#]	Renewal Date [^]
Australia (AU)	2011217738	2011217738	Granted In force	17 Feb 2011	17 Feb 2031	17 Feb 2017
China (CN)	201180019556.X	102859322	Granted In force	17 Feb 2011	17 Feb 2031	17 Feb 2017
European Patent Convention (EP)	11 744 193.1	TBC	Application pending Awaiting examination	17 Feb 2011	17 Feb 2031	17 Feb 2017
Japan (JP)	2012-553150	5827245	Granted In force	17 Feb 2011	17 Feb 2031	23 Oct 2018
Singapore (SG)	201206093-5	183360	Granted In force	17 Feb 2011	17 Feb 2031	17 Feb 2017
USA (US)	13/579,520	8,899,166	Granted In force	17 Feb 2011	18 Apr 2031	2 June 2018

8. GYROSTABILISERS

Unpublished provisional application relating to improvements to gyrostabilisers.

TITLE: GYROSTABILISERS						
VEEM Ltd						
Jurisdiction	Application Number	Patent Number	Status	Application Date	Maximum Term ^A	Renewal Date
Australia (AU)	2016903303	N/A	Provisional Application	19 Aug 2016	19 Aug 2017	No renewal

9. GYROSTABILISER MANAGEMENT

Unpublished provisional application relating to improvements to gyrostabilisers.

TITLE: GYROSTABILISER MANAGEMENT						
VEEM Ltd						
Jurisdiction	Application Number	Patent Number	Status	Application Date	Maximum Term ^A	Renewal Date
Australia (AU)	2016903304	N/A	Provisional Application	19 Aug 2016	19 Aug 2017	No renewal

Notes

Notes on patent families in sections 3-9 above:

§: Patent Date - The patent date is typically calculated from the date of filing the complete/PCT filing date, and commences the 20 year maximum term. An earlier priority date is often claimed, such as from one or more Australian provisional patent applications filed up to 12 months prior to the complete/PCT application filing date, which does not affect the maximum term.

#: Maximum Term - The potential maximum term of a patent can vary between jurisdictions. Most jurisdictions apply a 20 year maximum term calculated from the patent date. The USA adds back on to the maximum term any days lost due to processing delays with the US Patent and Trademarks Office (USPTO).

^: Renewal Date - Renewals are sometimes called maintenance fees or annuities. Renewal dates can vary between jurisdictions. Most jurisdictions apply an annual renewal date commencing on an anniversary calculated from the patent date.

The European Patent Office commences annual renewals from the 3rd anniversary from the patent date. Renewals transfer to individual countries in Europe following grant of the European patent and election of validation countries.

Australia commences annual renewals from the 4th anniversary from the patent date.

Some jurisdictions, such as China, Japan and the USA, do not commence renewals until the patent is granted.

The USA applies a multi-annual renewal period of 3½ years, 7½ years and 11½ years from grant of the patent.

Japan requires a multi-year renewal at grant, and subsequently an annual renewal is required.

Δ: Provisional patent applications last 12 months from filing and are not published. A complete application, such as an international (PCT) application must be filed by the end of the 12 month period to maintain rights.

10. Patents/Patent Applications: General

10.1. A patent is a right granted by a government or authorized government agency for any device, system, substance, method or process that is new, inventive, useful and not a technology or subject matter otherwise excluded from patentability.

10.2. A granted patent is legally enforceable and gives the owner exclusive rights to commercially exploit the invention in a given jurisdiction for the life of the patent (typically up to 20 years).

10.3. Patent applications are generally subject to an examination process within a national or regional patent office. The examination process assesses novelty (newness) and inventiveness (non-obviousness) against existing prior art, as well as usefulness and sufficiency of disclosure requirements, before a patent is granted.

10.4. European patent applications via the European Patent Office (EPO) under the European Patent Convention (EPC) provide for a centralized single patent application that ultimately becomes validated in national jurisdictions in Europe chosen by the applicant.

10.5. The 'claims' of a patent define the scope of protection granted.

10.6. The scope of granted claims can vary between jurisdictions (countries) within the 'family' of patents for the same invention. This variation arises because of the differences in laws and application of those laws by each jurisdiction, particularly when the patent application is proceeding through the national examination phase.

10.7. Consequently, the scope of protection within one jurisdiction may differ from that of another jurisdiction in respect of the same invention.

10.8. The exclusive right of the patentee to 'work' a granted patent can be Ltd if granted patent claims fall within the scope of broader granted claims of a third party patent. Cross licensing/commercial agreements may be required.

11. Background, Interests and Disclosure

11.1. In preparing this report, for the latest information, Watermark has relied upon information from its own records and from overseas patent offices at which patents are registered or are pending as applications.

11.2. The details in this report are believed to be correct as of the date of this report.

11.3. Watermark provides intellectual property services to VEEM Ltd.

11.4. Watermark does not have any ownership, shareholding or management interest or activity in VEEM Ltd, or any interest in the outcome of the Prospectus other than in connection with the preparation of this report and participation in the due diligence procedures for which normal professional fees will be received.

11.5. Watermark has consented to the inclusion of this IP Report in the Prospectus in the form and context in which it is prepared, but has not authorized the issue of the Prospectus. Accordingly, Watermark makes no representation regarding and takes no responsibility for, any other statements or material in, or omissions from, the Prospectus.

11.6. Watermark, in providing this report, is not to be taken as an endorsement of the Initial Public Offering made pursuant to the Prospectus.

Yours Faithfully



Mark Pullen
Principal
On behalf of Watermark

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10. MATERIAL CONTRACTS

All contracts which may be material in terms of the Offer or the operation of the business of the Company are summarised below.



10.1 UNDERWRITING AGREEMENT

Pursuant to an agreement between Euroz Securities Limited, the Company and VEEM Corporation Pty Ltd ATF <The Mioceovich Family Trust> (**Selling Shareholder**), Euroz Securities Limited has agreed to act as lead manager and underwriter to the Offer (**Underwriting Agreement**). Euroz Securities Limited may at any time with the agreement of the Company, appoint co-managers and brokers to the Offer and at its own cost, appoint sub-underwriters to sub-underwrite the Offer.

Pursuant to the Underwriting Agreement, the Company has agreed to:

- a. pay Euroz Securities Limited an underwriting fee of 4% of the total amount raised under the Offer;
- b. pay Euroz Securities Limited a management fee equal to 0.5% of the total amount raised under the Offer; and
- c. reimburse Euroz Securities Limited for all reasonable costs and out-of-pocket expenses of and incidental to the Offer.

Amounts due and payable under the Underwriting Agreement by the Company to Euroz Securities Limited for more than 30 days incurs interest at a rate per annum equal to the Reserve Bank of Australia's overnight cash rate plus 1.00%.

The obligations of Euroz Securities Limited under the Underwriting Agreement are conditional on, among other things:

- a. lodgement of the Prospectus with ASIC;
- b. execution of all contracts material to the Offer by the relevant parties;
- c. completion of all due diligence investigations with respect to the Offer including the provision of a Due Diligence Report and Legal Opinion to Euroz Securities Limited, together with any other opinions or sign-offs obtained during these investigations; and
- d. the Company receiving all necessary regulatory approvals to enable the Offer to proceed in accordance with the timetable prescribed in the Underwriting Agreement.

Euroz Securities Limited may terminate, at any time, its obligations under the Underwriting Agreement if:

- a. (**disclosures**) a statement contained in the Offer Document or public and other media statements made by, or on behalf of, the Company in relation to the affairs of the Company or the Offer is or becomes misleading or deceptive, or a matter required to be included is omitted from the Offer Document;
- b. (**forecasts**) the Offer Documents include any forecast, expression of opinion, belief, intention or expectation which is not in all material respects based on reasonable grounds (including having regard to ASIC Regulatory Guide 170);
- c. (**new circumstances**) there occurs a new circumstance that arises after the Prospectus is lodged that would have been required to be included in the Prospectus if it had arisen before the Prospectus was lodged;
- d. (**Supplementary Offer Document**) the Company issues or, in the reasonable opinion of Euroz Securities Limited, is required to issue a Supplementary Offer Document to comply with section 719 of the Corporations Act;
- e. (**form of Supplementary Offer Document**) the Company lodges a Supplementary Offer Document with ASIC in a form that has not been approved by Euroz Securities Limited;
- f. (**market fall**) at any time the S&P/ASX All Ordinaries Index falls to a level that is 90% or less of the level as at the close of trading on the date of this agreement and remains at or below that 90% level for at least 3 Business Days or until the Business Day immediately prior to the issue of Shares under the Offer, whichever is shorter;
- g. (**listing and quotation**) approval is refused or not granted, or approval is granted subject to conditions other than customary conditions, to:
 - i. the Company's admission to the official list of ASX; or
 - ii. the quotation of the Company's Shares on ASX or for the Shares issued under the Offer to be cleared through CHESS on or before the date of quotation,

or if granted, the approval is subsequently withdrawn, qualified (other than by customary conditions) or withheld;

- h. **(notifications)** any of the following notifications are made in respect of the Offer:
 - i. ASIC issues an order (including an interim order, other than an interim order which does not become public) under section 739 of the Corporations Act;
 - ii. any person (other than Euroz Securities Limited) who has previously consented to the inclusion of its name in any Offer Document withdraws that consent; or
 - iii. any person gives a notice under section 730 of the Corporations Act in relation to the Offer Document;
- i. **(certificate)** the Company or the Selling Shareholder does not provide a closing certificate as and when required by the Underwriting Agreement or a statement in any closing certificate is provided is false, misleading or deceptive (including by way of omission);
- j. **(withdrawal)** the Company withdraws the Offer Document or the Offer;
- k. **(insolvency events)** the Company is or becomes insolvent or there is an act or omission which may result in the Company becoming insolvent;
- l. **(ASX Waivers and ASIC Modifications)** ASX withdraws, revokes or amends any waiver of the Listing Rules or ASIC withdraws, revokes or amends any modification or exemption required to be obtained by the Company or the Selling Shareholder to enable them to compete the Offer.
- m. **(applications and proceedings)** any person makes an application for an order under Part 9.5 of the Corporations Act, or to any Government agency, in relation to the Prospectus or the Offer or ASIC commences or gives notice of an intention to hold, any investigation, proceedings or hearing in relation to the Offer or the Prospectus or any Government agency (other than ASX or ASIC) commences or gives notice of an intention to hold, any inquiry, except where the application, investigation, proceeding or hearing does not become publically known and is disposed of or withdrawn to Euroz Securities Limited's satisfaction within 5 Business Days and in any event before 4.00pm on the Business Day before the Settlement Date;
- n. **(prosecution)** any of the following occur:
 - i. a director of the Company or the Selling Shareholder is charged with an indictable offence;
 - ii. any Government agency commences, or announces that it intends to take, any public action against the Company, the Selling Shareholder or any of the directors of the Company in their capacity as a director of the Company (as applicable); or
 - iii. any director of the Company or the Selling Shareholder is disqualified from managing a corporation under Part 2D.6 of the Corporations Act;
- o. **(unable to issue or transfer)** the Company is prevented from allotting or issuing the New Shares or the Selling Shareholder are prevented from transferring the Vendor Shares within the time required by the timetable specified in the Underwriting Agreement, the Offer Documents, the Listing Rules, the ASX Settlement Operating Rules or by any other applicable laws, an order of a court of competent jurisdiction or a Government agency.
- p. **(disclosures in Due Diligence Report)** the Due Diligence Report or verification material or any other information supplied by or on behalf of the Company to Euroz Securities Limited in relation to the Company or the Offer is or becomes false or misleading or deceptive, including by way of omission;
- q. **(Adverse Effect)** there is, in the reasonable opinion of Euroz Securities Limited, an adverse change or effect, or any development involving a prospective adverse change or effect, in or affecting the general affairs, business, operations, assets, liabilities, financial position or performance, profits, losses, earnings position, shareholder's equity, or results of operations of the Company, when compared to the position disclosed in the Offer Documents or other specified public information;

- r. **(change of law)** there is introduced, or there is a public announcement of a proposal to introduce, into the Parliament of Australia or any State or Territory of Australia a new law, or the Reserve Bank of Australia, or any Commonwealth or State authority, including ASIC adopts or announces a proposal to adopt a new policy (other than a law or policy which has been announced before the date of this agreement), any of which does or is likely to prohibit, restrict or regulate the Offer, capital issues, the level or likely level of valid applications or stock markets;
- s. **(change in management)** a change in senior management or the board of directors of the Company occurs;
- t. **(compliance)** the Company fails to comply with a provision of its constitution, the ASX Listing Rules, the Corporations Act, applicable laws, or a requirement, order or request, made by or on behalf of ASIC, ASX or any Governmental Agency or commits a fraudulent act;
- u. **(default)** a default by the Company in the performance of any of its obligations under the Underwriting Agreement occurs;
- v. **(representations and warranties)** a representation or warranty contained in the Underwriting Agreement on the part of the Company is breached, becomes not true or correct or is not performed;
- w. **(timetable)** the Offer is not conducted in accordance with the timetable set out in the Underwriting Agreement or any event specified in the timetable is delayed by more than 2 Business Days without the prior written consent of Euroz Securities Limited (not to be unreasonably withheld or delayed);
- x. **(constitution)** the Company varies any term of its constitution without the prior written consent of Euroz Securities Limited to the terms of the variation;
- y. **(charges)** the Company or any of its affiliates charges, or agrees to charge, the whole or a substantial part of the business or property of the Company other than:
 - i. a charge over any fees or commissions to which the Company is or will be entitled;
 - ii. as disclosed in the Offer Documents; or
 - iii. as agreed with Euroz Securities Limited;
- z. **(material contracts)** any material contract of the Company is varied, terminated, rescinded or altered or amended without the prior consent of Euroz Securities Limited or any material contract is breached or found to be void or voidable;
- aa. **(information supplied)** any information supplied by or on behalf of the Company to Euroz Securities Limited in respect of the Offer or the Company is or is found to be false or misleading or deceptive or likely to mislead or deceive;
- ab. **(regulatory approvals)** a regulatory body withdraws, revokes or amends any regulatory approvals required for the Company to perform its obligations under the Underwriting Agreement; or
- ac. **(disruption in financial markets)** any of the following occurs:
 - i. a general moratorium on commercial banking activities in Australia, the United States, the United Kingdom, Hong Kong or any member state of the European Union is declared by the relevant central banking authority in those countries, or there is a material disruption in commercial banking or security settlement or clearance services in any of those countries; or
 - ii. trading in all securities quoted or listed on the ASX, New York Stock Exchange, Hong Kong Stock Exchange or London Stock Exchange is suspended or limited in a material respect.

The Underwriting Agreement also contains a number of indemnities, representations and warranties from the Company to Euroz Securities Limited as well as other provisions that are considered standard for an agreement of this type.

10.2 BANK FACILITIES

	FACILITY SIZE	AMOUNT DRAWN AT DATE OF THE PROSPECTUS
Commercial Bill Facility	\$5,000,000	\$4,000,000
Overdraft Facility	\$900,000	Nil

The Company's bank facilities (as outlined in the table above) have been provided by the Australia and New Zealand Banking Group (**ANZ**) and have been used to meet expenses of the day to day operation of the Company's business (**Bank Facilities**).

The Commercial Bill Facility has an indefinite revolving term and is subject to annual review. Interest is charged monthly and calculated at a standard variable rate plus a margin of 1.25% per annum (rates subject to change). The face value of the Commercial Bill Facility is repaid at the end of each rollover period.

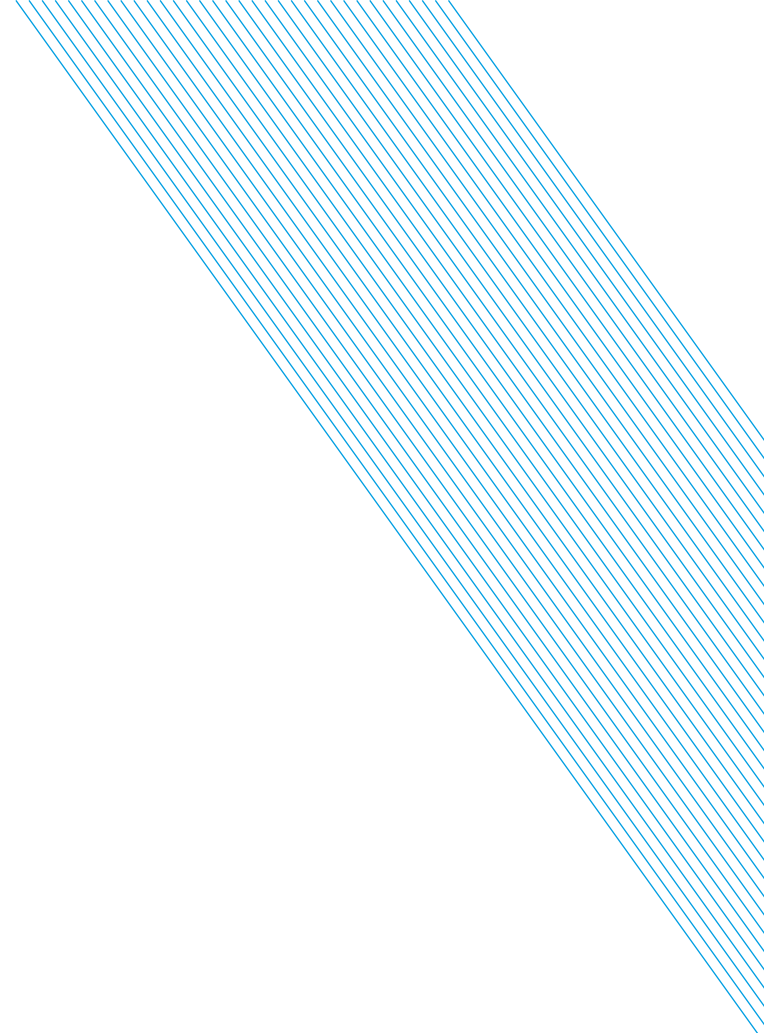
The guarantors under the Bank Facilities are Mark Miocevic and Brad Miocevic. The Bank Facilities are secured by a PPSR registered security interests granted in favour of ANZ by the Company over all of its assets.

10.3 AGREEMENTS WITH DIRECTORS AND RELATED PARTIES

Refer to Section 5.6 for summary of agreements entered into with Directors and their related entities.



VEEM'S TEST VESSEL FITTED WITH 4,800HP TO ALLOW TESTING OF NEW PROPELLER DESIGNS UP TO 45KNOTS.



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11. DETAILS OF THE OFFER



11.1 THE OFFER

Pursuant to this Prospectus:

- a. the Company is conducting a capital raising of \$5,000,000 by an offer of 10,000,000 New Shares at an issue price of \$0.50 per New Share; and
- b. the Vendor is conducting a \$20,000,000 sell down by an offer of 40,000,000 Vendor Shares held by the Vendor at a sale price of \$0.50 per Vendor Share.

The total number of Shares to be issued under the Offer is 50,000,000 for a total Offer size of \$25,000,000. The total number of Shares on issue on completion of the Offer will be 130,000,000.

The New Shares and Vendor Shares offered under this Prospectus will rank equally with the existing Vendor Shares on issue. The rights attaching to the Shares are summarised in Section 12.2 of this Prospectus.

The Offer is made on the terms and subject to the conditions set out in this Prospectus. The offer is fully underwritten by the Underwriter and comprises:

- a. the Broker Firm Offer, which is open to Australian resident retail clients of Brokers who have received a firm allocation from their Broker; and
- b. the Institutional Offer, which consists of an invitation to bid for Shares made to Institutional Investors including those in Australia, and New Zealand.

11.2 MINIMUM SUBSCRIPTION

If the minimum subscription to the Offer of \$25,000,000 (being the full subscription) has not been raised within 3 months after the date of this Prospectus, the Company will not issue or transfer any Shares and will repay all application monies for the Shares within the time prescribed under the Corporations Act, without interest.

11.3 INDICATIVE TIMETABLE*

Lodgement of Prospectus with the ASIC	23 September 2016
Opening Date of the offer	3 October 2016
Closing Date of the offer	7 October 2016
Issue of New Share and transfer of Vendor Shares	11 October 2016
Despatch Expected despatch of holding statements	12 October 2016
Expected date for quotation on ASX	14 October 2016

* The above dates are indicative only and may change without notice. The Company reserves the right to extend the Closing Date or close the Offer early without notice.

11.4 PURPOSE OF THE OFFER

The purpose of the Offer is to:

- a. facilitate an application to ASX for admission to the Official List of the ASX;
- b. facilitate the Vendor Sell Down; and
- c. provide working capital for the purpose of the continuing growth of the business.

Listing on the ASX will provide:

- a. access to capital markets to pursue growth opportunities;
- b. expansion of VEEM's shareholder base; and
- c. increased corporate and public profile.



ROYAL AUSTRALIAN NAVY'S ARMIDALE-CLASS PATROL BOATS FITTED WITH VEEM PROPELLERS.

11.5 USE OF FUNDS

The Company intends to apply funds raised from the Offer as follows:

	FULL SUBSCRIPTION (\$)	PERCENTAGE OF FUNDS (%)
Funds raised from the Offer	25,000,000	100
Total	25,000,000	100
Allocation of funds		
Payments to Vendors for Vendor Shares	20,000,000	80.00
Expenses of the Offer ¹	1,440,000	5.76
Business inventory	1,500,000	6.00
Working capital	2,060,000	8.24
Total	25,000,000	100

¹ Refer to Section 12.7 of this Prospectus for further details.

The above table is a statement of current intentions as of the date of lodgement of this Prospectus with the ASIC. As with any budget, intervening events and new circumstances have the potential to affect the ultimate way funds will be applied. The Board reserves the right to alter the way funds are applied on this basis.

Actual expenditure may differ significantly from the above estimates due to a change in market conditions, the development of new opportunities and other factors (including the risk factors outlined in Section 6 of this Prospectus).

The Board believes that the funds raised from the Offer combined with existing funds will provide the Company with sufficient working capital at anticipated expenditure levels to achieve its objectives set out in this Prospectus.

11.6 APPLICATIONS

Applications for Shares under the Offer must be made using the Application Form.

Applications for Shares must be for a minimum of 4,000 Shares and thereafter in multiples of 1,000 Shares and payment for the Shares must be made in full at the issue price of \$0.50 per Share.

Completed Application Forms and accompanying cheques, made payable to "**VEEM LTD – Initial Public Offer Account**" and crossed "Not Negotiable", must be mailed or delivered to the address set out on the Application Form by no later than the Closing Date.

If you have received a firm allocation of Shares from your Broker, please follow the instructions set out in section 11.7. If you have questions on how to complete the Application Form, or you require additional copies of this Prospectus, you can:

- contact the Lead Manager and Underwriter on +61 8 9488 1400; or
- visit the website at www.veem.com.au to download a copy of this Prospectus and the Application Form.

The Company reserves the right to close the Offer early.

11.7 BROKER FIRM OFFER

If you have received a 'firm' allocation of Shares from your Broker, your application and payment procedures will differ in two important respects from those described above:

- your cheque for your Application Money must be made payable to the Broker; and
- your completed Application Form and cheque must be delivered to the Broker directly (not to the Share Registry).

Applicants who receive a firm allocation of Shares must lodge their Application Form and Application Money with the relevant Broker in accordance with the relevant Broker's directions in order to receive their firm allocation.

Your Broker will act as your agent in submitting your Application. The Company, the Share Registry and the Lead Manager and Underwriter take no responsibility for any acts or omissions by your Broker in connection with your Application, Application Form or Application Money.

The procedure should be explained to you in further detail by your Broker. If you have a firm allocation of Shares and are in any doubt about what action to take, you should immediately contact the Broker who has made you the firm offer.

11.8 INSTITUTIONAL OFFER

The Institutional Offer consists of an invitation prior to or after the Prospectus date to certain institutional investors including those in Australia, and New Zealand to apply for Shares under this Prospectus. Application procedures for Institutional Investors have been, or will be, advised to the Institutional Investors by the Lead Manager and Underwriter.

11.9 UNDERWRITER

The Offer is underwritten by Euroz Securities Limited. See Section 10.1 of this Prospectus for details of the underwriting terms and the potential effect of the underwriting on the Company.

11.10 ASX LISTING

Application for Official Quotation by ASX of the Shares offered pursuant to this Prospectus will be made within 7 days after the date of this Prospectus.

If the Shares are not admitted to Official Quotation by ASX before the expiration of 3 months after the date of issue of this Prospectus, or such period as varied by the ASIC, the Company will not issue or transfer any Shares and will repay all application monies for the Shares within the time prescribed under the Corporations Act, without interest.

The fact that ASX may grant Official Quotation to the Shares is not to be taken in any way as an indication of the merits of the Company or the Shares offered for subscription under this Prospectus.

11.11 ISSUE

Subject to the ASX granting conditional approval for the Company to be admitted to the Official List, issue and transfer of Shares offered by this Prospectus will take place as soon as practicable after the Closing Date.

The allocation of Shares offered under this Prospectus will be determined by the Lead Manager and Underwriter and the Company.

There is no assurance that any person will be allocated any Shares or the number of Shares for which they apply.

Pending the issue or transfer of the Shares or payment of refunds pursuant to this Prospectus, all application monies will be held by the Company in trust for the Applicants in a separate bank account as required by the Corporations Act. The Company, however, will be entitled to retain all interest that accrues on the bank account and each Applicant waives the right to claim interest.

11.12 APPLICANTS OUTSIDE AUSTRALIA

This Prospectus does not, and is not intended to, constitute an offer in any place or jurisdiction, or to any person to whom, it would not be lawful to make such an offer or to issue this Prospectus. The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any of these restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

No action has been taken to register or qualify the Shares or otherwise permit a public offering of the Shares the subject of this Prospectus in any jurisdiction outside Australia. Applicants who are

resident in countries other than Australia should consult their professional advisers as to whether any governmental or other consents are required or whether any other formalities need to be considered and followed.

If you are outside Australia it is your responsibility to obtain all necessary approvals for the issue of the Shares pursuant to this Prospectus. The return of a completed Application Form will be taken by the Company to constitute a representation and warranty by you that all relevant approvals have been obtained

11.13 CAPITAL STRUCTURE

The capital structure of the Company following completion of the Offer (assuming full subscription) is summarised below¹:

SHARES¹

	NUMBER
Shares currently on issue	120,000,000
Shares to be issued pursuant to the Offer	10,000,000
Total Shares on completion of the Offer	130,000,000

¹ The rights attaching to the Shares are summarised in Section 12.2 of this Prospectus.

OPTIONS

	NUMBER
Options currently on issue	Nil.
Options to be issued pursuant to the Offer	Nil.
Total Options on completion of the Offer	Nil.



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12 | ADDITIONAL INFORMATION



12.1 LITIGATION

As at the date of this Prospectus, our Company is not involved in any legal proceedings and the Directors are not aware of any legal proceedings pending or threatened against our Company.

12.2 RIGHTS ATTACHING TO SHARES

The following is a summary of the more significant rights attaching to Shares. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders. To obtain such a statement, persons should seek independent legal advice.

Full details of the rights attaching to Shares are set out in the Constitution, a copy of which is available for inspection at the Company's registered office during normal business hours.

A. GENERAL MEETINGS

Shareholders are entitled to be present in person, or by proxy, attorney or representative to attend and vote at general meetings of the Company.

Shareholders may requisition meetings in accordance with section 249D of the Corporations Act and the Constitution.

B. VOTING RIGHTS

Subject to any rights or restrictions for the time being attached to any class or classes of Shares, at general meetings of Shareholders or classes of Shareholders:

- i. each Shareholder entitled to vote may vote in person or by proxy, attorney or representative;
- ii. on a show of hands, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder has one vote; and
- iii. on a poll, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder shall, in respect of each fully paid Share held by him, or in respect of which he is appointed a proxy, attorney or representative, have one vote for the Share, but in respect of partly paid Shares shall have such number of votes as bears the same proportion to the total of such Shares registered in the Shareholder's name as the amount paid (not credited) bears to the total amounts paid and payable (excluding amounts credited).

C. DIVIDEND RIGHTS

Subject to the rights of any preference Shareholders and to the rights of the holders of any shares created or raised under any special arrangement as to dividend, the Directors may from time to time declare a dividend to be paid to the Shareholders entitled to the dividend which shall be payable on all Shares according to the proportion that the amount paid (not credited) is of the total amounts paid and payable (excluding amounts credited) in respect of such Shares.

The Directors may from time to time pay to the Shareholders any interim dividends as they may determine. No dividend shall carry interest as against the Company. The Directors may set aside out of the profits of the Company any amounts that they may determine as reserves, to be applied at the discretion of the Directors, for any purpose for which the profits of the Company may be properly applied.

Subject to the ASX Listing Rules and the Corporations Act, the Company may, by resolution of the Directors, implement a dividend reinvestment plan on such terms and conditions as the Directors think fit and which provides for any dividend which the Directors may declare from time to time payable on Shares which are participating Shares in the dividend reinvestment plan, less any amount which the Company shall either pursuant to the Constitution or any law be entitled or obliged to retain, be applied by the Company to the payment of the subscription price of Shares.

D. WINDING-UP

If the Company is wound up, the liquidator may, with the authority of a special resolution of the Company, divide among the shareholders in kind the whole or any part of the property of the Company, and may for that purpose set such value as he considers fair upon any property to be so divided, and may determine how the division is to be carried out as between the Shareholders or different classes of Shareholders.

The liquidator may, with the authority of a special resolution of the Company, vest the whole or any part of any such property in trustees upon such trusts for the benefit of the contributories as the liquidator thinks fit, but so that no Shareholder is compelled to accept any Shares or other securities in respect of which there is any liability.

E. SHAREHOLDER LIABILITY

As the Shares under the Prospectus are fully paid shares, they are not subject to any calls for money by the Directors and will therefore not become liable for forfeiture.

F. TRANSFER OF SHARES

Generally, Shares are freely transferable, subject to formal requirements, the registration of the transfer not resulting in a contravention of or failure to observe the provisions of a law of Australia and the transfer not being in breach of the Corporations Act or the ASX Listing Rules.

G. VARIATION OF RIGHTS

Pursuant to section 246B of the Corporations Act, the Company may, with the sanction of a special resolution passed at a meeting of Shareholders vary or abrogate the rights attaching to Shares.

If at any time the share capital is divided into different classes of Shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class), whether or not the Company is being wound up, may be varied or abrogated with the consent in writing of the holders of three-quarters of the issued shares of that class, or if authorised by a special resolution passed at a separate meeting of the holders of the shares of that class.

H. ALTERATION OF CONSTITUTION

The Constitution can only be amended by a special resolution passed by at least three quarters of Shareholders present and voting at the general meeting. In addition, at least 28 days written notice specifying the intention to propose the resolution as a special resolution must be given.

12.3 EMPLOYEE SHARE OPTION PLAN

The key terms of the employee share option plan (**ESOP** or **Option Plan**) are as follows:

- a. **(Eligibility and Grant of Plan Options)**: The Board may grant options to acquire Shares under the Option Plan (**ESOP Options**) to any full or part time employee or director of the Company or subject to, and in accordance with, any necessary ASIC relief being obtained, a casual employee or contractor of the Company (**Eligible Participant**). ESOP Options may be granted by the Board at any time.
- b. **(No Consideration)**: Unless the ESOP Options are quoted on ASX, ESOP Options will be issued for no more than nominal cash consideration.
- c. **(Conversion)**: Each ESOP Option is exercisable into one Share ranking equally in all respect with the existing issued Shares.
- d. **(Exercise Price and Expiry Date)**: The exercise price and expiry date for ESOP Options granted under the Option Plan will be determined by the Board prior to the grant of the ESOP Options.
- e. **(Exercise Restrictions)**: The ESOP Options granted under the Option Plan may be subject to conditions on exercise as may be fixed by the Board prior to grant of the ESOP Options (**Exercise Conditions**). Any restrictions imposed by the Board must be set out in the offer for the ESOP Options.
- f. **(Renounceability)**: Eligible Participants may renounce their offer in favour of a nominee (the Eligible Participants and their nominees are each **Participants**).

- g. **(Lapsing of ESOP Options):** Unless the Board determines otherwise, subject to the terms of the offer made to a Participant, an unexercised ESOP Option will lapse:
- i. on the Eligible Participant ceasing to be an Eligible Participant:
 - a. where any Exercise Conditions have not been met by the date the relevant person ceases to be an Eligible Participant (**Ceasing Date**); or
 - b. where any Exercise Conditions have been met by the Ceasing Date or the ESOP Option is not subject to any Exercise Conditions, the Participant does not exercise the ESOP Option within a period of 1 month after the Ceasing Date (or a further date as determined by the Board after the Ceasing Date);
 - ii. if any Exercise Condition is unable to be met; or
 - iii. the expiry date has passed.
- h. **(Share Restriction Period):** Shares issued on the exercise of ESOP Options may, at the discretion of the Board, be subject to a restriction that they may not be transferred or otherwise dealt with until a restriction period has expired, as specified in the offer for the ESOP Options.
- i. **(Disposal of Options):** ESOP Options will not be transferable and will not be quoted on the ASX, unless the offer provides otherwise or the Board in its absolute discretion approves.
- j. **(Trigger Events):** The Company may permit ESOP Options to be exercised in certain circumstances where there is a change in control of the Company (including by takeover) or entry into a scheme of arrangement.
- k. **(Participation):** There are no participating rights or entitlements inherent in the ESOP Options and holders will not be entitled to participate in new issues of capital offered to shareholders of the Company during the currency of the ESOP Options.
- l. **(Change in exercise price):** An ESOP Option will not confer a right to a change in exercise price or a change in the number of underlying Shares over which the ESOP Option can be exercised.
- m. **(Reorganisation):** If at any time the capital of the Company is reorganised (including consolidation, subdivision, reduction or return), all rights of a Participant are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reorganisation.
- n. **(Limitations on Offers):** the Company must have reasonable grounds to believe, when making an offer under the Option Plan that the number of Shares to be received on exercise of ESOP Options, when aggregated with the number of Shares issued or that may be issued as a result of offers made at any time during the previous 3 year period under an employee incentive scheme covered by an ASIC Class Order or an ASIC exempt arrangement of a similar kind to an employee incentive scheme, will not exceed 5% of the total number of Shares on issue at the date of the offer.

12.4 INTERESTS OF DIRECTORS

Other than as set out in this Prospectus, no Director or proposed Director holds, or has held within the 2 years preceding lodgement of this Prospectus with the ASIC, any interest in:

- a. the formation or promotion of the Company;
 - b. any property acquired or proposed to be acquired by the Company in connection with:
 - i. its formation or promotion; or
 - ii. the Offer; or
 - c. the Offer,
- and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to a Director or proposed Director:
- a. as an inducement to become, or to qualify as, a Director; or
 - b. for services provided in connection with:
 - i. the formation or promotion of the Company; or
 - ii. the Offer.

12.5 INTERESTS OF EXPERTS AND ADVISERS

Other than as set out below or elsewhere in this Prospectus, no:

- a. person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus;
- b. promoter of the Company; or
- c. underwriter (but not a sub-underwriter) to the issue or a financial services licensee named in this Prospectus as a financial services licensee involved in the issue,

holds, or has held within the 2 years preceding lodgement of this Prospectus with the ASIC, any interest in:

- a. the formation or promotion of the Company;
- b. any property acquired or proposed to be acquired by the Company in connection with:
 - i. its formation or promotion; or
 - ii. the Offer; or
- c. the Offer,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any of these persons for services provided in connection with:

- a. the formation or promotion of the Company; or
- b. the Offer.

HLB Mann Judd Corporate (WA) Pty Ltd has acted as Investigating Accountant and has prepared the Investigating Accountant's Report which is included in Section 8 of this Prospectus. The Company estimates it will pay HLB Mann Judd Corporate (WA) Pty Ltd a total of approximately \$70,000 (excluding GST) for these services. During the 24 months preceding lodgement of this Prospectus with the ASIC, HLB Mann Judd Corporate (WA) Pty Ltd has received approximately \$131,000 in fees from the Company for other services.

Watermark Intellectual Asset Management has acted as Patent Attorney and has prepared the Intellectual Property Report which is included in Section 9 of this Prospectus. The Company estimates it will pay Watermark Intellectual Asset Management a total of approximately \$3,500 (excluding GST) for these services.

During the 24 months preceding lodgement of this Prospectus with the ASIC, Watermark Intellectual Asset Management has received approximately \$39,000 in fees from the Company for other services.

Euroz Securities Limited has acted as the Lead Manager and Underwriter to the Offer. The Company estimates it will pay Euroz Securities Limited approximately \$1,125,000 (excluding GST) for these services. Subsequently, fees will be charged in accordance with normal charge out rates. During the 24 months preceding lodgement of this Prospectus with the ASIC, Euroz Securities Limited has not received fees from the Company for any other services.

Pitcher Partners (WA) Propriety Limited has acted as Corporate Adviser to the Company in relation to the Offer. The Company estimates it will pay Pitcher Partners (WA) Propriety Limited approximately \$130,000 (excluding GST) for these services. Subsequently, fees will be charged in accordance with normal charge out rates. During the 24 months preceding lodgement of this Prospectus with the ASIC, Pitcher Partners (WA) Propriety Limited has received approximately \$20,000 in fees from the Company for any other services.

Steinepreis Paganin has acted as the solicitors to the Company in relation to the Offer. The Company estimates it will pay Steinepreis Paganin approximately \$100,000 (excluding GST) for these services. Subsequently, fees will be charged in accordance with normal charge out rates. During the 24 months preceding lodgement of this Prospectus with the ASIC, Steinepreis Paganin has not received fees from the Company for any other services.

12.6 CONSENTS

Chapter 6D of the Corporations Act imposes a liability regime on the Company (as the offeror of the Shares), the Directors, the persons named in the Prospectus with their consent as Proposed Directors, any underwriters, persons named in the Prospectus with their consent having made a statement in the Prospectus and persons involved in a contravention in relation to the Prospectus, with regard to misleading and deceptive statements made in the Prospectus. Although the Company bears primary responsibility for the Prospectus, the other parties involved in the preparation of the Prospectus can also be responsible for certain statements made in it.

Each of the parties referred to in this section:

- a. does not make, or purport to make, any statement in this Prospectus other than those referred to in this section; and
- b. in light of the above, only to the maximum extent permitted by law, expressly disclaim and take no responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this section.

HLB Mann Judd Corporate (WA) Pty Ltd has given its written consent to being named as Investigating Accountant in this Prospectus and to the inclusion of both the Investigating Accountant's Review on Forecast Financial Information and the Investigating Accountant's Report in Section 8 of this Prospectus in the form and context in which the information and report is included. HLB Mann Judd Corporate (WA) Pty Ltd has not withdrawn its consent prior to lodgement of this Prospectus with the ASIC.

HLB Mann Judd Corporate (WA) Pty Ltd has given its written consent to being named as the Auditor to the Company in this Prospectus. HLB Mann Judd Corporate (WA) Pty Ltd has not withdrawn its consent prior to the lodgement of this Prospectus with ASIC.

Watermark Intellectual Asset Management has given its written consent to being named as the Patent Attorney in this Prospectus and the inclusion of the Intellectual Property Report in Section 9 of this Prospectus in the form and context in which the report is included. Watermark Intellectual Asset Management has not withdrawn its consent prior to lodgement of this Prospectus with the ASIC.

Steinepreis Paganin has given its written consent to being named as the solicitors to the Company in this Prospectus. Steinepreis Paganin has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

Euroz Securities Limited has given its written consent to being named as Lead Manager and Underwriter to the Offer. Euroz Securities Limited has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

Pitcher Partners (WA) Propriety Limited has given its written consent to being named as corporate advisor to the Company. Pitcher Partners (WA) Propriety Limited has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

Computershare Investor Services Pty Limited has given its written consent to being named as the share registry to the Company in this Prospectus for information purposes only. Computershare Investor Services Pty Limited has not taken any part in the preparation of this Prospectus and has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

12.7 EXPENSES OF THE OFFER

The total expenses of the Offer (excluding GST) are estimated to be \$1,440,000 and are expected to be applied towards the items set out in the table below:

ITEM OF EXPENDITURE	FULL SUBSCRIPTION (\$)
ASIC fees	2,320
Underwriting Fees	1,125,000
Corporate Advisory Fees	130,000
Legal Fees	100,000
Patent Attorney Fees	3,500
Investigating Accountant's Fees	70,000
Miscellaneous	9,150
Total	1,440,000

12.8 CONTINUOUS DISCLOSURE OBLIGATIONS

Following admission of the Company to the Official List, the Company will be a "disclosing entity" (as defined in section 111AC of the Corporations Act) and, as such, will be subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company will be required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Company's securities.

Price sensitive information will be publicly released through ASX before it is disclosed to shareholders and market participants. Distribution of other information to shareholders and market participants will also be managed through disclosure to the ASX. In addition, the Company will post this information on its website after the ASX confirms an announcement has been made, with the aim of making the information readily accessible to the widest audience.

12.9 ELECTRONIC PROSPECTUS

Pursuant to Class Order 00/44, the ASIC has exempted compliance with certain provisions of the Corporations Act to allow distribution of an electronic prospectus and electronic application form on the basis of a paper prospectus lodged with the ASIC, and the publication of notices referring to an electronic prospectus or electronic application form, subject to compliance with certain conditions.

If you have received this Prospectus as an electronic Prospectus, please ensure that you have received the entire Prospectus accompanied by the Application Form. If you have not, please contact the Company and the Company will send you, for free, either a hard copy or a further electronic copy of this Prospectus or both. Alternatively, you may obtain a copy of this Prospectus from the website of the Company at www.veem.com.au.

The Company reserves the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the electronic Application Form, it was not provided together with the electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered.

12.10 CLEARING HOUSE ELECTRONIC SUB-REGISTER SYSTEM (CHESS) AND ISSUER SPONSORSHIP

The Company will apply to participate in CHESS, for those investors who have, or wish to have, a sponsoring stockbroker. Investors who do not wish to participate through CHESS will be issuer sponsored by the Company.

Electronic sub-registers mean that the Company will not be issuing certificates to investors. Instead, investors will be provided with statements (similar to a bank account statement) that set out the number of Shares issued to them under this Prospectus. The notice will also advise holders of their Holder Identification Number or Security Holder Reference Number and explain, for future reference, the sale and purchase procedures under CHESS and issuer sponsorship.

Electronic sub-registers also mean ownership of securities can be transferred without having to rely upon paper documentation. Further monthly statements will be provided to holders if there have been any changes in their security holding in the Company during the preceding month.

12.11 PRIVACY STATEMENT

If you complete an Application Form, you will be providing personal information to the Company. The Company collects, holds and will use that information to assess your application, service your needs as a Shareholder and to facilitate distribution payments and corporate communications to you as a Shareholder.

The information may also be used from time to time and disclosed to persons inspecting the register, including bidders for your securities in the context of takeovers, regulatory bodies including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the share registry.

You can access, correct and update the personal information that we hold about you. If you wish to do so, please contact the share registry at the relevant contact number set out in this Prospectus.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the Privacy Act 1988 (as amended), the Corporations Act and certain rules such as the ASX Settlement Operating Rules. You should note that if you do not provide the information required on the application for Shares, the Company may not be able to accept or process your application.



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13. DIRECTORS' AUTHORISATION



This Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

In accordance with Section 720 of the Corporations Act, each Director has consented to the lodgement of this Prospectus with the ASIC.

A handwritten signature in blue ink, appearing to read 'Brad Miocevich', is displayed within a light grey rectangular box.

BRAD MIOCEVICH

Non-Executive Chairman
For and on behalf of
VEEM Ltd

14. GLOSSARY



Where the following terms are used in this Prospectus they have the following meanings:

\$ means an Australian dollar.

ABE means Australian Business Excellence

Applicant(s) means a person(s) who submits a valid Application Form.

Application Form means the application form attached to or accompanying this Prospectus relating to the Offer.

ASIC means Australian Securities & Investments Commission.

ASX means ASX Limited (ACN 008 624 691) or the financial market operated by it as the context requires.

ASX Listing Rules means the official listing rules of ASX.

BHN means Brinell Hardness Number.

Board means the board of Directors as constituted from time to time.

Broker means an ASX participating organisation selected by the Lead Manager and Underwriter to participate in the Broker Firm Offer.

Broker Firm Offer means the offer to apply for Shares under this Prospectus to clients of Brokers who have received an invitation to participate from their Broker.

Closing Date means the closing date of the Offer as set out in the indicative timetable in Section 11.3 of this Prospectus (subject to the Company reserving the right to extend the Closing Date or close the Offer early).

Company means VEEM Ltd (ACN 008 944 009).

Constitution means the constitution of the Company.

Corporations Act means the Corporations Act 2001 (Cth).

Directors means the directors of the Company at the date of this Prospectus.

EBIT means earnings before interest and tax.

EBITDA means earnings before interest, tax, depreciation and amortisation.

ERP means enterprise resource planning.

Exposure Period means the period of 7 days after the date of lodgement of this Prospectus, which period may be extended by the ASIC by not more than 7 days pursuant to Section 727(3) of the Corporations Act.

Financial information together the historical information and forecast financial information.

Forecast financial information has the meaning given in Section 7.

Forecast period the reporting period in which vem is providing forecast financial information.

FY14 means the financial year ending 30 June 2014.

FY15 means the financial year ending 30 June 2015.

FY16 means the financial year ending 30 June 2016.

FY17 means the financial year ending 30 June 2017.

GFC means the financial crisis of 2007-09.

Institutional Offer means the offer of Shares to institutional investors set out in Section 11.8 of this Prospectus.

kN.m.s means kilo newton metres per second as a measure of torque.

kW mean kilo watt as a measure of energy.

Kg mean kilo weight.

LOA means the overall loadline length of a vessel.

Luxury Motor Yacht means a privately or commercial operated luxury motor yacht that has a loadline length of less than 24 metres.

NATA means National Association of Testing Authorities Australia.

NPAT means net profit after tax.

NPBT means net profit before tax.

New Share means a Share offered under the Offer that is not a Vendor Share.

Offer means the offer of New Shares and Vendor Shares pursuant to this Prospectus as set out in Section 11.1 of this Prospectus.

Offer Document means the Prospectus and any other documents issued or published by or on behalf of the Company in respect of the Offer.

Offer Price means the \$0.50 offer price of New Shares and Vendor Shares under the Offer.

Official List means the official list of ASX.

Official Quotation means official quotation by ASX in accordance with the ASX Listing Rules.

Prospectus means this prospectus.

Seakeeper means Seakeeper Inc.

Section means a section of this Prospectus.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a holder of Shares.

Sports Motor Yacht means a privately operated sports or fishing boat that has a loadline length of less than 24 metres.

Superyacht means a privately or commercial operated luxury motor yacht which is professionally crewed and has a loadline length of 24 metres and above.

SOLAS means The International Convention for the Safety of Life at Sea.

UHNWI means ultra-high-net-worth individuals.

US mean the United States of America.

Vendor means VEEM Corporation Pty Ltd ATF <A/C The Miocevic Family Trust>.

Vendor Sell Down means the \$20,000,000 sell down by an offer of 40,000,000 Vendor Shares held by the Vendor at a sale price of \$0.50 per Vendor Share.

Vendor Share means a Share held by the Vendor as at the date of this Prospectus.

WST means Western Standard Time as observed in Perth, Western Australia.

15. CORPORATE DIRECTORY

DIRECTORS

Brad Miocevich
(Non-Executive Chairman)

Mark Miocevich
(Managing Director)

Ian Barsden
(Non-Executive Director)

JOINT COMPANY SECRETARIES

Peter Torre

Tracy Caudwell

REGISTERED OFFICE

22 Baile Rd,
Canning Vale WA 6155

Telephone: + 61 8 9455 9355
Facsimile: +61 8 9455 9333

Email: veem@veem.com.au
Website: www.veem.com.au

PROPOSED ASX CODE

VEE

SHARE REGISTRY*

Computershare Investor Services Pty Ltd
Level 11
172 St Georges Terrace
PERTH WA 6000

Telephone: +61 8 9323 2000
Facsimile: +61 8 9323 2033

INVESTIGATING ACCOUNTANT AND AUDITOR

HLB Mann Judd Corporate (WA) Pty Ltd
Level 4,
130 Stirling St
Perth WA 6000

Telephone: +61 8 9227 7500
Facsimile: +61 8 9227 7533

CORPORATE ADVISER

Pitcher Partners (WA) Proprietary Limited
Level 1
914 Hay Street
Perth WA 6000

Telephone: +61 8 9322 2022
Facsimile: +61 8 9322 1262

SOLICITORS

Steinepreis Paganin
Level 4,
The Read Buildings
16 Milligan Street
Perth WA 6000

Telephone: +61 8 9321 4000
Facsimile: +61 8 9321 4333

PATENT ATTORNEY

Watermark Intellectual Asset Management
362 Rokeby Rd,
Subiaco WA 6008

Telephone: +61 8 9325 1900
Facsimile: +61 8 9325 4463

LEAD MANAGER AND UNDERWRITER

Euroz Securities Limited
Level 18, Alluvion
58 Mounts Bay Road
Perth WA 6000

Telephone: +61 8 9488 1400
facsimile: +61 8 9488 1477

How to complete this Broker Firm Offer Application Form

A Number of Shares applied for
Enter the number of Shares you wish to apply for. The application must be for a minimum of 4,000 Shares (A\$2,000.00). Applications for greater than 4,000 Shares must be in multiples of 1,000 Shares (A\$500.00).

B Application Monies
Enter the amount of Application Monies. To calculate the amount, multiply the number of Shares applied for in Step A by the Issue Price of A\$0.50.

C Applicant Name(s)
Enter the full name you wish to appear on the statement of Shareholding. This must be either your own name or the name of a company. Up to 3 joint Applications may register. You should refer to the table below for the correct forms of registrable title. Applications using the wrong form of names may be rejected. Clearing House Electronic Subregister System (CHES) participants should complete their name identically to that presently registered in the CHES system.

D Postal Address
Enter your postal address for all correspondence. All communications to you from the Registry will be mailed to the person(s) and address as shown. For joint Applicants, only one address can be entered.

E Contact Details
Enter your contact details. These are not compulsory but will assist us if we need to contact you regarding this application.

F CHES
VEEM Ltd participates in CHES, operated by ASX Settlement Pty Limited, a wholly owned subsidiary of ASX Limited. If you are a CHES participant (or are sponsored by a CHES participant) and you wish to hold Shares issued to you under this Application on the CHES Subregister, enter your CHES HIN. Otherwise, leave this section blank and on issue, you will be sponsored by VEEM Ltd and allocated a Securityholder Reference Number (SRN).

G Payment
If you have been contacted by your Broker regarding the Broker Firm Offer, you should ask your Broker for information about how and when to lodge this Application Form, and who to make your cheque payable to. Generally, you will lodge this Application Form and cheque payment with your Broker in accordance with their instructions.

Before completing the Application Form the Applicant(s) should read the Prospectus to which this Application relates. By lodging the Application Form, the Applicant agrees that this Application for Shares in VEEM Ltd is upon and subject to the terms of the Prospectus and the Constitution of VEEM Ltd, agrees to take any number of Shares that may be issued to the Applicant(s) pursuant to the Prospectus and declares that all details and statements made are complete and accurate. It is not necessary to sign the Application Form.

Lodgement of Application

The Broker Firm Offer opens at 9.00am (AWST) on 3 October 2016 and is expected to close at 5:00pm (AWST) on 7 October 2016. VEEM Ltd and the Lead Manager may elect to extend the Broker Firm Offer.

If you have been contacted by your Broker regarding the Broker Firm Offer, you should ask your Broker for information about how and when to lodge this Application Form, and who to make your cheque payable to. Generally, you will lodge this Application Form and cheque payment with your Broker in accordance with their instructions. Do NOT lodge this Application Form with the Share Registry.

Your Broker must receive your completed Application Form and Application Monies (if applicable) in time to arrange settlement on your behalf by the relevant Closing Date for the Broker Firm Offer.

Privacy Notice

The personal information you provide on this form is collected by CIS, as registrar for the securities issuers (the issuer), for the purpose of maintaining registers of securityholders, facilitating distribution payments and other corporate actions and communications. In addition, the issuer may authorise us on their behalf to send you marketing material or include such material in a corporate communication. You may elect not to receive marketing material by contacting CIS using the details provided overleaf or emailing privacy@computershare.com.au. We may be required to collect your personal information under the Corporations Act 2001 (Cth) and ASX Settlement Operating Rules. We may disclose your personal information to our related bodies corporate and to other individuals or companies who assist us in supplying our services or who perform functions on our behalf, to the issuer for whom we maintain securities registers or to third parties upon direction by the issuer where related to the issuer's administration of your securityholding, or as otherwise required or authorised by law. Some of these recipients may be located outside Australia, including in the following countries: Canada, India, New Zealand, the Philippines, the United Kingdom and the United States of America. For further details, including how to access and correct your personal information, and information on our privacy complaints handling procedure, please contact our Privacy Officer at privacy@computershare.com.au or see our Privacy Policy at <http://www.computershare.com/au>.

Correct forms of registrable title(s)

Note that ONLY legal entities are allowed to hold Shares. Application Forms must be in the name(s) of a natural person(s), companies or other legal entities acceptable to VEEM Ltd. At least one full given name and the surname is required for each natural person. Application Forms cannot be completed by persons less than 18 years of age. Examples of the correct form of registrable title are set out below.

Type of Investor	Correct Form of Registration	Incorrect Form of Registration
Individual: Use given names in full, not initials	Mr John Alfred Smith	JA Smith
Company: use the company's full title, not abbreviations	ABC Pty Ltd	ABC P/L or ABC Co
Joint Holdings: use full and complete names	Mr Peter Robert Williams & Ms Louise Susan Williams	Peter Robert & Louise S Williams
Trusts: use the trustee(s) personal name(s)	Mrs Susan Jane Smith <Sue Smith Family A/C>	Sue Smith Family Trust
Deceased Estates: use the executor(s) personal name(s)	Ms Jane Mary Smith & Mr Frank William Smith <Est John Smith A/C>	Estate of late John Smith or John Smith Deceased
Minor (a person under the age of 18): use the name of a responsible adult with an appropriate designation	Mr John Alfred Smith <Peter Smith A/C>	Master Peter Smith
Partnerships: use the partners personal names	Mr John Robert Smith & Mr Michael John Smith <John Smith and Son A/C>	John Smith and Son
Long Names	Mr John William Alexander Robertson-Smith	Mr John W A Robertson-Smith
Clubs/Unincorporated Bodies/Business Names: use office bearer(s) personal name(s)	Mr Michael Peter Smith <ABC Tennis Association A/C>	ABC Tennis Association
Superannuation Funds: use the name of the trustee of the fund	Jane Smith Pty Ltd <Super Fund A/C>	Jane Smith Pty Ltd Superannuation Fund

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