

**RESULTS FOR ANNOUNCEMENT TO THE MARKET**

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

Current Reporting Period: 31 December 2020

Previous Corresponding Period: 31 December 2019

For and on behalf of the Directors



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**TRACY CAUDWELL**  
**COMPANY SECRETARY**

Dated: 24 February 2021

**RESULTS FOR ANNOUNCEMENT TO THE MARKET**

<b>Revenue and Net Profit (Loss)</b>				<b>AUD \$'000's</b>
Revenue from ordinary activities	up	35.8%	to	28,384
Profit/ (Loss) from ordinary activities	up	235.4%	to	2,995
Net Profit/ (Loss) for the period attributable to members	up	235.4%	to	2,995

**Dividends**

On 25 September 2020, the Company paid a final dividend in respect to the financial year ended 30 June 2020 of \$292,500 representing a payment of \$0.0025 per share.

The Directors have declared an unfranked interim dividend in respect to the 30 June 2021 year of \$559,000 representing approximately 30% of Net Profit After Tax (excluding JobKeeper) and \$0.0043 per share with the following relevant details:

Date the dividend is payable	19 April 2021
Record date to determine entitlement to the dividend	8 March 2021
Amount per security	\$0.0043
Total dividend	\$559,000
Amount per security of foreign sourced dividend or distribution	N/A
Details of any dividend reinvestment plans in operation	N/A

**COMMENTARY**

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The directors report accompanying this preliminary final report contains an operating and financial review for the period ended 31 December 2020.

**NET TANGIBLE ASSET BACKING**

	<b>31 Dec 2020</b> <b>\$'000's</b>	<b>31 Dec 2019</b> <b>\$'000's</b>
Net Assets / (Liabilities)	35,265	31,253
Less intangible assets	(14,132)	(13,008)
Net tangible assets of the Company <sup>1</sup>	21,133	18,245
Fully paid ordinary shares on issue at Balance Date	130,000,000	130,000,000
Net tangible asset backing per issued ordinary share as at Balance Date	16.26c	14.03c

<sup>1</sup> Net tangible assets include right-of-use-assets of \$12,882,783 and lease liabilities of \$13,504,974.

**AUDIT DETAILS**

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



**ABN 51 008 944 009**

Financial Report for the Half-year Ended  
31 December 2020



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## **CORPORATE DIRECTORY**

### **Directors**

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

### **Joint Company Secretaries**

Mr David Rich  
Mrs Tracy Caudwell

### **Registered Office**

22 Baile Rd  
Canning Vale WA 6155  
Telephone: +61 8 9455 9355

### **Website**

[www.veem.com.au](http://www.veem.com.au)

### **Share Registry**

Computershare Investor Services Pty Ltd  
Level 11  
172 St Georges Terrace,  
PERTH WA 6000  
Telephone: + 618 9323 2000  
Facsimile: + 618 9323 2033

### **Auditors**

HLB Mann Judd (WA) Partnership  
Level 4  
130 Stirling Street  
Perth WA 6000 Australia  
Telephone: +618 9227 7500  
Facsimile: +618 9227 7533

### **Stock Exchange**

Australian Securities Exchange  
(Home Exchange: Perth, WA)

### **ASX Code**

VEE



## DIRECTORS' REPORT

The Directors submit the financial report of VEEM Ltd ("the Company") for the half-year ended 31 December 2020. In order to comply with the provisions of the Corporations Act 2001, the Directors report as follows:

### DIRECTORS

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

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

### RESULTS OF OPERATIONS

The profit after tax for the half-year ended 31 December 2020 was \$2,995,201 (31 December 2019: \$893,073).

#### Dividends

On 25 September 2020, the Company paid a final unfranked ordinary dividend in respect to the financial year ended 30 June 2020 of \$292,500 representing \$0.00225 per share (2019: \$474,500 fully franked).

### PRINCIPAL ACTIVITIES

The principal activity of the Company during the course of the half-year was the manufacturing of bespoke products and services for the marine, defence and mining industries.

### OPERATING AND FINANCIAL REVIEW

Total Revenue for the first half of the 2021 financial year was \$28.4m, up 36% from the prior corresponding period (2020: \$20.9m). This significant increase was due to increased sales of VEEM Gyros, propulsion products and the commencement of deliveries to ASC under the Collins class submarine maintenance contract announced to the ASX on 18 March 2020.

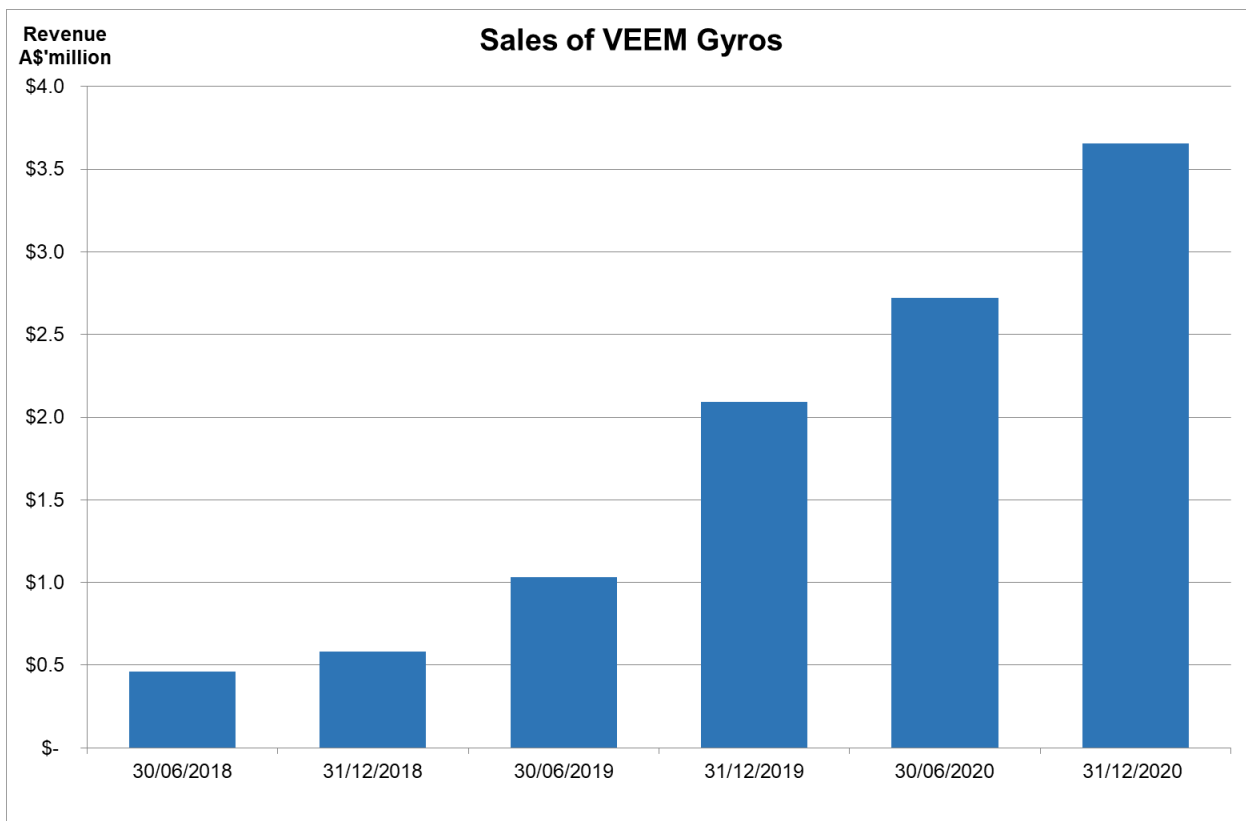
The significantly increased revenue led to earnings before interest, tax, depreciation and amortisation (EBITDA) of \$5.7m, up 111% over the prior comparative period (2020: 2.7m). EBITDA excluding the \$1.5m JobKeeper income was \$4.2m, an increase of 56% from the prior comparative period. Cashflow from operations was \$3.7m (2020: \$1.0m outflow). Net Profit After Tax was \$3.0m (2020: \$0.9m), an increase of 233% or 111% if JobKeeper is excluded.

The Company held cash on hand of \$4.1m at 31 December 2020 (30 June 2020: \$3.6m) and has an undrawn overdraft facility of \$3.4m. Work in progress increased from \$10.4m to \$12.2m reflecting the orders going through the facility at 31 December 2020 including ASC, Austal and the third VG1000SD and other gyro builds in progress. While inventory levels were steady overall, a higher level of gyro components on order to meet increasing sales orders were reflected in the high level of suppliers paid in advance (\$1.9m compared to \$0.5m at 30 June 2020). Total borrowings for the Company were \$8.1m made up of a \$7.1m commercial bank facility and \$1.0m in hire purchase commitments. Overall net assets increased to \$35.3m (30 June 2020: \$32.6m).

The six months to 31 December 2020 was in many ways a breakout period for the VEEM Gyro marine gyrostabilizer product range with VEEM establishing itself as the pre-eminent player in the large marine gyrostabilizer market. Not only did the sales increase significantly in line with the trend since 2018, but the Company executed a three-year supply agreement with Damen Shipyards (as announced to ASX on 31 October 2020) whereby Damen will offer VEEM Gyros as an option on its FCS vessels.

Damen, one of the Europe's largest boatbuilders, sells 175 vessels per year, including 20 FCS vessels, providing a major platform for increasing sales of VEEM Gyros. Damen's adoption of the VEEM Gyro technology into their vessel offering is a major step for VEEM in terms of acceptance in the large commercial market and follows Damen's initial two orders for VG1000SD VEEM Gyros in 2019 and 2020 which were for FCS vessels. Under the agreement, pricing and terms of supply have been agreed in advance so VEEM can fit into Damen's short-lead time supply model and VEEM will commit to holding base inventory levels based on Damen's production forecasts to ensure Damen can meet short-lead time demand from its customers.

During the period VEEM completed the second VG1000SD VEEM Gyro for Damen and a number of other models for prestige European yacht builders including Alia and Canados. Locally in Western Australia VEEM supplied a VG120 VEEM Gyro to be fitted on to the charter fishing vessel Reel Teaser and received an order for the third VG1000SD to be fitted to a privately owned Damen vessel in Fremantle, Western Australia.



Propulsion sales were higher than the previous corresponding period and orders remain strong as a consequence of an apparent strong global market for leisure, and boating in particular. This is expected to continue and the Company has increased capacity in January 2021 and has committed to acquiring two new machining centres in mid-2021 which will allow improved delivery times to European and North American customers.

The submarine maintenance contract with ASC ensured that the revenues from VEEM's defence business were strong with deliveries under the contract commencing in August 2020. These are expected to continue throughout the rest of the financial year and into FY2022. Work for Austal Ships was steady during the period.

The Company's engineering products and services business continued its decades-long trend of reliable revenue and gross profits with revenue up compared to both the prior comparative period and the six months to 30 June 2020. Sales of the Company's unique high-wearing Forever Pipe product continues to grow and generate targeted gross profits.

## Outlook

Overall the Company is in a strong position with an existing robust core business which has allowed it to invest and support the focus on the rapid growth of the disruptive VEEM Gyro product into the global marine market.

The gyrostabilizer assembly facility is now running to a production plan which is expected to result in some level of inventory of completed VEEM Gyros as well as meeting orders in hand. The plan gives VEEM the ability to forecast production and the holding of some completed VEEM Gyros will allow customers more certainty over delivery times where this is a critical requirement of the order.

The Company continues to take a systematic, long-term view in terms of the product range, ensuring all designs and materials are continually developed for a highly functioning, long-life premium product with the goal of complete customer satisfaction with the product and after-sales service. The Company remains confident that sales of the large gyro range will continue to grow at an accelerating rate.

Demand for propellers is expected to remain strong and VEEM have already increased the manufacturing capacity in January 2021 as well as ordering two new machining centres for delivery mid-year which will further add significantly to capacity. Other developments and innovations are in train within propulsion which are expected to increase margins and capacity over time. VEEM's defence revenue is expected to remain strong for the rest of the financial year and into FY2022 with both the ASC submarine maintenance contract and ride control work for Austal Ships. VEEM is active and well positioned to take advantage of further defence work that may result from the current federal government initiatives.

The traditional engineering products and services business continues to underpin VEEM's operations, revenue and profit and is expected to continue with sales of the Company's Forever Pipe, in particular, expected to increase steadily.



#### **SIGNIFICANT EVENTS AFTER THE BALANCE DATE**

On 23 February 2021, the Directors declared an unfranked interim dividend in respect to the 30 June 2021 year of \$559,000 representing approximately 30% of the Net Profit After Tax (excluding JobKeeper) and \$0.0043 per share.

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

#### **AUDITOR INDEPENDENCE DECLARATION**

Section 307C of the Corporations Act 2001 requires our auditors, HLB Mann Judd, to provide the directors of the company with an Independence Declaration in relation to the review of the half-year financial report. This Independence Declaration is set out on page 4 and forms part of this directors' report for the half-year ended 31 December 2020.

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

A handwritten signature in black ink, appearing to read 'B. Miocevich', with a stylized flourish at the end.

Brad Miocevich  
Chairman  
Perth, Western Australia  
24 February 2021

## AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of VEEM Ltd for the half-year ended 31 December 2020 I declare that to the best of my knowledge and belief, there have been no contraventions of:

- a) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b) any applicable code of professional conduct in relation to the review.

Perth, Western Australia  
24 February 2021



**N G Neill**  
Partner

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**Condensed Statement of Profit or Loss and Other Comprehensive Income for the half-year ended 31 December 2020**

	Note	31 December 2020 \$	31 December 2019 \$
Revenue	4	28,384,486	20,906,425
Other income	4	1,606,213	8,924
Changes in inventories of finished goods and work in progress		3,055,865	2,293,047
Raw materials and consumables		(13,895,593)	(8,685,906)
Employee benefits expense		(10,593,927)	(9,477,895)
Depreciation and amortisation expense		(1,858,414)	(1,711,546)
Repairs and maintenance expense		(983,608)	(715,613)
Occupancy expense		(598,441)	(546,602)
Borrowing costs expense		(378,372)	(443,905)
Advertising, marketing and travel expense		(116,736)	(364,807)
Other expenses	5	(1,139,962)	(702,195)
<b>Profit before income tax</b>		<b>3,481,511</b>	<b>559,927</b>
Income tax (expense)/benefit		(486,310)	333,146
<b>Profit after income tax</b>		<b>2,995,201</b>	<b>893,073</b>
<b>Other comprehensive income, net of income tax</b>		-	-
<b>Total comprehensive income for the half-year</b>		<b>2,995,201</b>	<b>893,073</b>
<b>Earnings per share</b>			
Basic earnings per share (cents)		2.30	0.69

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



## Condensed Statement of Financial Position as at 31 December 2020

	Note	31 December 2020 \$	30 June 2020 \$
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents		4,128,047	3,618,166
Trade and other receivables		8,800,735	9,471,613
Inventories	6	11,434,527	8,239,066
Current tax assets		696,289	1,162,575
Other assets	7	2,543,983	1,093,899
<b>Total Current Assets</b>		<b>27,603,581</b>	<b>23,585,319</b>
<b>Non-Current Assets</b>			
Property, plant and equipment	8	13,172,435	13,649,662
Intangible assets	9	14,131,852	13,326,680
Right-of-use assets		12,882,783	13,657,103
Deferred tax assets		1,398,634	1,590,945
<b>Total Non-Current Assets</b>		<b>41,585,704</b>	<b>42,224,390</b>
<b>Total Assets</b>		<b>69,189,285</b>	<b>65,809,709</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade and other payables	10	7,072,838	5,400,652
Provisions		1,243,768	1,107,730
Borrowings – current	11	1,685,370	1,896,831
Lease liabilities - current		1,279,583	1,218,474
<b>Total Current Liabilities</b>		<b>11,281,559</b>	<b>9,623,687</b>
<b>Non-Current Liabilities</b>			
Borrowings – non current	11	6,426,229	7,016,666
Provisions		100,929	100,929
Lease liabilities – non current		12,225,391	12,909,950
Deferred tax liabilities		3,889,699	3,595,700
<b>Total Non-Current liabilities</b>		<b>22,642,248</b>	<b>23,623,245</b>
<b>Total Liabilities</b>		<b>33,923,807</b>	<b>33,246,932</b>
<b>Net Assets</b>		<b>35,265,478</b>	<b>32,562,777</b>
<b>EQUITY</b>			
Issued capital	12	5,140,616	5,140,616
Retained earnings		30,124,862	27,422,161
<b>Total Equity</b>		<b>35,265,478</b>	<b>32,562,777</b>

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



## Condensed Statement of Cash Flows for the half-year ended 31 December 2020

	Note	31 December 2020 \$	31 December 2019 \$
<b>Cash flows from operating activities</b>			
Receipts from customers		30,665,073	23,662,520
Payments to suppliers and employees		(28,171,952)	(24,311,586)
Government subsidies received		2,188,807	-
Interest paid		(378,372)	(443,905)
Interest received		2,850	-
Income tax received		466,286	538,515
Net GST paid		(1,024,906)	(427,231)
<b>Net cash flows (used in)/ provided by operating activities</b>		<b>3,747,786</b>	<b>(981,687)</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		(166,264)	(656,025)
Proceeds from sale of property plant & equipment		6,787	-
Purchase of intangible assets		(1,065,249)	(484,170)
<b>Net cash flows used in investing activities</b>		<b>(1,224,726)</b>	<b>(1,140,195)</b>
<b>Cash flows from financing activities</b>			
Dividends paid	15	(292,500)	(474,500)
Repayments of borrowings		(300,000)	(300,000)
Payments of lease liabilities		(623,450)	(458,259)
Payments of hire purchase liabilities		(704,841)	(616,611)
<b>Net cash used in financing activities</b>		<b>(1,920,791)</b>	<b>(1,849,370)</b>
<b>Net (increase)/decrease in cash and cash equivalents</b>		<b>602,269</b>	<b>(3,971,252)</b>
Cash at the beginning of the period, net of overdraft		3,618,166	2,874,087
Effects of exchange rate fluctuations on cash held		(92,388)	(4,689)
<b>Cash and cash equivalents at the end of the period, net of overdraft</b>		<b>4,128,047</b>	<b>(1,101,854)</b>
<b>Components of cash</b>			
Cash at bank		4,128,047	982,689
Bank overdraft		-	(2,084,543)
		<b>4,128,047</b>	<b>(1,101,854)</b>

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



## Condensed Statement of Changes in Equity for the half-year ended 31 December 2020

	Note	Issued Capital \$	Retained earnings \$	Total \$
<b>At 1 July 2020</b>		<b>5,140,616</b>	<b>27,422,161</b>	<b>32,562,777</b>
Profit for the half-year		-	2,995,201	2,995,201
Other comprehensive income		-	-	-
<b>Total comprehensive income for the half-year</b>		-	2,995,201	2,995,201
Dividends paid	15	-	(292,500)	(292,500)
<b>Balance at 31 December 2020</b>		<b>5,140,616</b>	<b>30,124,862</b>	<b>35,265,478</b>

		Issued Capital \$	Retained earnings \$	Total \$
<b>At 1 July 2019 (Restated*)</b>		<b>5,140,616</b>	<b>25,771,095</b>	<b>30,911,711</b>
Adjustment on initial application of AASB 16		-	(76,896)	(76,896)
		<b>5,140,616</b>	<b>25,694,199</b>	<b>30,834,815</b>
Profit for the half-year		-	893,073	893,073
Other comprehensive income		-	-	-
<b>Total comprehensive income for the half-year</b>		-	893,073	893,073
Dividends paid	15	-	(474,500)	(474,500)
<b>Balance at 31 December 2019</b>		<b>5,140,616</b>	<b>26,112,772</b>	<b>31,253,388</b>

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

\*Certain amounts shown here do not correspond to the 2019 financial statements and reflect adjustments made. Refer to note 24 of the 30 June 2020 financial statements.



## Notes to the Condensed Financial Statements for the half-year ended 31 December 2020

### 1. Corporate

The half-year financial report of VEEM Ltd ("the Company") for the half-year ended 31 December 2020 was authorised for issue on 24 February 2021 in accordance with a resolution of the Directors on 23 February 2021.

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

### 2. Basis of Preparation and Accounting Policies

#### (a) Basis of preparation

These general purposes condensed financial statements for the half-year ended 31 December 2020 have been prepared in accordance with Australian Accounting Standard 134 Interim Financial Reporting and the Corporations Act 2001. Compliance with AASB 134 ensures compliance with IAS 34 Interim Financial Reporting.

These half-year financial statements do not include all the notes of the type normally included in annual financial statements and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the Company as the full financial statements. Accordingly, these half-year financial statements are to be read in conjunction with the annual financial statements for the year ended 30 June 2020 and any public announcements made by VEEM Ltd during the half-year reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

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

For the purpose of preparing the half-year financial report, the half-year has to be treated as a discrete reporting period. The accounting policies and methods of computation are the same as those adopted in the most recent annual financial statements except for the impact of the new standards and interpretations described in Note 2(b) below. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

#### Going Concern

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

#### (b) Adoption of the revised standards

##### *Standards and Interpretations applicable to 31 December 2020*

In the half-year ended 31 December 2020, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Company and effective for reporting periods beginning on or after 1 July 2020 and none of these were considered to have a material impact on the Company. Therefore, no change is necessary to the Company's accounting policies.

##### *New Standards and Interpretations in issue not yet adopted*

The Directors have also reviewed all of the new and revised Standards and Interpretations in issue not yet adopted for the half-year ended 31 December 2020. As a result of this review, the Directors have determined that there is no material impact of the Standard and Interpretations in issue not yet adopted on the Company and, therefore, no change is necessary to its accounting policies.

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

#### (c) Significant accounting judgments and key estimates

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

In preparing this half-year financial report, the significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial report for the year ended 30 June 2020.



## Notes to the Condensed Financial Statements for the half-year ended 31 December 2020

### 3. Segment Reporting

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

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

### 4. Revenue

#### Revenue from contracts with customers

	6 months to 31 December 2020 \$	6 months to 31 December 2019 \$
Sales revenue		
• Revenue – point in time	2,683,019	2,473,418
• Revenue – over time	25,701,467	18,433,007
	<u>28,384,486</u>	<u>20,906,425</u>
Other revenue		
• Government subsidies – JobKeeper & Cash flow boost	1,587,261	-
• Apprentice subsidies	4,112	2,871
• Interest received	2,850	-
• Commissions received	637	561
• Scrap metal	11,353	5,492
	<u>1,606,213</u>	<u>8,924</u>

### 5. Other Expenses

Foreign exchange (losses)/gains (net)	(417,836)	(54,139)
Insurance	(241,831)	(131,164)
Other general expenses	(480,295)	(516,892)
	<u>(1,139,962)</u>	<u>(702,195)</u>

### 6. Inventories

	31 December 2020 \$	30 June 2020 \$
Work in progress – over time	10,907,669	9,592,427
Work in progress – point in time	1,297,497	786,039
	<u>12,205,166</u>	<u>10,378,466</u>
Less: Progress billings	(10,382,999)	(11,565,195)
	<u>1,822,167</u>	<u>(1,186,729)</u>
Goods for resale, raw materials and stores	9,612,360	9,425,795
	<u>11,434,527</u>	<u>8,239,066</u>

Included in goods for resale, raw materials and stores are inventories carried at net realisable value with a carrying value of \$3,546,010. There were no write-downs charged to the statement of comprehensive income in relation to obsolete or damaged inventory in the current period (2019:\$Nil).

### 7. Other Assets

	31 December 2020 \$	30 June 2020 \$
Prepayments	588,223	537,261
Suppliers paid in advance	1,955,760	556,638
	<u>2,543,983</u>	<u>1,093,899</u>



## Notes to the Condensed Financial Statements for the half-year ended 31 December 2020

### 8. Property, Plant and Equipment

	Plant and Equipment	Motor Vehicles	Capital Work in Progress	Computer Equipment	Total
As at 30 June 2020	\$	\$	\$	\$	\$
Cost	37,436,529	660,720	68,278	1,596,359	39,761,886
Accumulated depreciation	(24,286,771)	(491,299)	-	(1,334,154)	(26,112,224)
<b>Closing carrying amount</b>	<b>13,149,758</b>	<b>169,421</b>	<b>68,278</b>	<b>262,205</b>	<b>13,649,662</b>
<b>Half-year ended 31 December 2020</b>					
Opening carrying amount	13,149,758	169,421	68,278	262,205	13,649,662
Additions	149,981	38,581	79,031	101,578	369,171
Disposals	(22,381)	-	-	-	(22,381)
Depreciation charge	(732,200)	(18,510)	-	(73,307)	(824,017)
<b>Closing carrying amount</b>	<b>12,545,158</b>	<b>189,492</b>	<b>147,309</b>	<b>290,476</b>	<b>13,172,435</b>
<b>As at 31 December 2020</b>					
Cost	37,573,119	699,301	147,309	1,697,937	40,117,666
Accumulated Depreciation	(25,027,961)	(509,809)	-	(1,407,461)	(26,945,231)
<b>Carrying amount</b>	<b>12,545,158</b>	<b>189,492</b>	<b>147,309</b>	<b>290,476</b>	<b>13,172,435</b>

### 9. Intangible Assets

	Other Intellectual Property	Product Development	Total
As at 30 June 2020	\$	\$	\$
Cost	905,005	13,894,902	14,799,907
Accumulated amortisation	(361,153)	(1,112,074)	(1,473,227)
<b>Closing carrying amount</b>	<b>543,852</b>	<b>12,782,828</b>	<b>13,326,680</b>
<b>Half-year ended 31 December 2020</b>			
Opening carrying amount	543,852	12,782,828	13,326,680
Additions	19,982	1,072,688	1,092,670
Transfers	-	(27,421)	(27,421)
Amortisation	(86,488)	(173,589)	(260,077)
<b>Closing carrying amount</b>	<b>477,346</b>	<b>13,654,506</b>	<b>14,131,852</b>
<b>As at 31 December 2020</b>			
Cost	924,987	14,940,169	15,865,156
Accumulated amortisation	(447,641)	(1,285,663)	(1,733,304)
<b>Carrying amount</b>	<b>477,346</b>	<b>13,654,506</b>	<b>14,131,852</b>



## Notes to the Condensed Financial Statements for the half-year ended 31 December 2020

### 10. Trade and Other Payables

	31 December 2020	30 June 2020
	\$	\$
Trade payables (i)	4,466,351	3,081,871
Annual leave payable	1,664,604	1,379,248
GST payable	270,827	255,745
Other creditors	671,056	683,788
	<b>7,072,838</b>	<b>5,400,652</b>

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

### 11. Borrowings

	31 December 2020	30 June 2020
	\$	\$
<i>Current</i>		
Commercial facility	1,200,000	900,000
Hire purchase liability	519,454	1,041,420
Less: Unexpired charges	(34,084)	(44,589)
	<b>1,685,370</b>	<b>1,896,831</b>
<i>Non-current</i>		
Commercial facility	5,900,000	6,500,000
Hire purchase liability	560,100	553,270
Less: Unexpired charges	(33,871)	(36,604)
	<b>6,426,229</b>	<b>7,016,666</b>

The Company has a Commercial Facility with a limit of \$7,100,000. The Commercial Facility is repayable by 1 July 2023. From 1 January 2021 \$100,000 of principal is payable each calendar month with the remaining facility amount owing payable on the termination date. The loan facility limit is reduced by the principal component of each repayment. Interest at the base rate plus 1.95% per annum is charged monthly and a line fee of 0.75% per annum of the Facility Limit is payable quarterly in arrears. The interest rate is currently 1.95% (June 2020: 1.89%).

The Company has an Overdraft Facility with a limit of \$3,400,000. Interest at the base rate less 0.75% per annum is charged monthly. The facility is reviewed on an annual basis. At 31 December 2020 the Company had available \$3,400,000 (June 2019: \$3,400,000) of undrawn overdraft facilities. In addition, there is an Electronic Payment Facility with a limit of \$300,000. At 31 December 2020, the Company had available \$300,000 under this facility. The Company complied with all banking covenants during the period.

The bank overdraft and commercial facility are secured by a registered first mortgage over the assets and undertakings of the Company.





## Notes to the Condensed Financial Statements for the half-year ended 31 December 2020

### Financing facilities available

At balance date, the following financing facilities had been negotiated and were available:

	31 December 2020	30 June 2020
	\$	\$
Total facilities		
• Overdraft Facility	3,400,000	3,400,000
• Commercial Facility	7,100,000	7,400,000
• Electronic Payments Facility	300,000	300,000
• Commercial Card Facility	50,000	50,000
	<b>10,850,000</b>	<b>11,150,000</b>
Facilities used at balance date		
• Overdraft Facility	-	-
• Commercial Facility	7,100,000	7,400,000
• Commercial Card Facility	24,389	47,226
	<b>7,124,389</b>	<b>7,447,226</b>
Facilities unused at balance date		
• Overdraft Facility	3,400,000	3,400,000
• Commercial Facility	-	-
• Electronic Payments Facility	300,000	300,000
• Commercial Card Facility	25,611	2,774
	<b>3,725,611</b>	<b>3,702,774</b>
Total facilities		
• Facilities used at balance date	7,124,389	7,447,226
• Facilities unused at balance date	3,725,611	3,702,774
	<b>10,850,000</b>	<b>11,150,000</b>

The carrying value of plant and equipment held under hire purchase contracts at 31 December 2020 is \$3,939,439 (June 2020: \$4,073,063). Additions during the year include \$202,944 (June 2020: \$575,786) of plant and equipment held under hire purchase contracts.

## 12. Issued Capital

### (a) Issued and paid up capital

	31 December 2020	30 June 2020
	\$	\$
Ordinary shares fully paid	<b>5,140,616</b>	<b>5,140,616</b>

### (b) Movements in ordinary shares on issue

	6 months to 31 December 2020		Year to 30 June 2020	
	No.	\$	No.	\$
<i>Movements in ordinary shares on issue</i>				
Opening balance	130,000,000	5,140,616	130,000,000	5,140,616
Closing balance	<b>130,000,000</b>	<b>5,140,616</b>	<b>130,000,000</b>	<b>5,140,616</b>

### (c) Share options

There are no options on issue at balance date.



## Notes to the Condensed Financial Statements for the half-year ended 31 December 2020

### 13. Contingent Liabilities & Commitments

	31 December 2020 \$	30 June 2020 \$
<b>Hire purchase commitments payable</b>		
- within one year	519,454	1,041,420
- after one year but not more than five years	560,100	553,270
- longer than five years	-	-
Minimum hire purchase payments	1,079,554	1,594,690
Less: Unexpired charges	(67,954)	(81,193)
Present value of hire purchase payments	<b>1,011,600</b>	<b>1,513,497</b>
Represented by:		
Current	485,371	996,831
Non-current	526,229	516,666
	<b>1,011,600</b>	<b>1,513,497</b>

#### Capital commitments

At 31 December 2020 the Company had \$3,662,505 of capital commitments (2019: \$128,034) which it expects to finance through hire purchase arrangements.

### 14. Subsequent Events

On 23 February 2021, the Directors declared an unfranked interim dividend in respect to the 30 June 2021 year of \$559,000 representing approximately 30% of the Net Profit After Tax (excluding JobKeeper) and \$0.0043 per share.

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

### 15. Dividends

	6 months to 31 December 2020 \$	6 months to 31 December 2019 \$
Unfranked dividends paid	292,500	-
Fully franked dividends paid	-	474,500
Dividends paid	292,500	474,500

### 16. Financial Instruments

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



## Directors' Declaration

In the opinion of the Directors of VEEM Ltd ('the Company'):

1. The financial statements and notes thereto, are in accordance with the Corporations Act 2001 including:
  - a. complying with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001; and
  - b. giving a true and fair view of the Company's financial position as at 31 December 2020 and of its performance for the half-year then ended.
2. There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

A handwritten signature in black ink, appearing to read 'Brad Miocevic'.

Brad Miocevic  
Chairman  
Perth, Western Australia  
24 February 2021

## **INDEPENDENT AUDITOR'S REVIEW REPORT**

To the members of VEEM Ltd

### **Report on the Condensed Half-Year Financial Report**

#### *Conclusion*

We have reviewed the accompanying half-year financial report of VEEM Ltd ("the company"), which comprises the condensed statement of financial position as at 31 December 2020, the condensed statement of profit or loss and other comprehensive income, the condensed statement of changes in equity and the condensed statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

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

- (a) giving a true and fair view of the company's financial position as at 31 December 2020 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

#### *Basis for conclusion*

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

#### *Responsibility of the directors for the financial report*

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

#### *Auditor's responsibility for the review of the financial report*

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the company's financial position as at 31 December 2020 and its

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performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

#### *Independence*

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



**HLB Mann Judd**  
**Chartered Accountants**

**Perth, Western Australia**  
**24 February 2021**



**N G Neill**  
**Partner**