



VEEM LTD ACN 008 944 009

CORPORATE INFORMATION

ABN 51 008 944 009

DIRECTORS

Brad Miocevich Non-Executive Chairman
Mark Miocevich Managing Director

Michael Bailey Independent Non-Executive Director
Peter Torre Independent Non-Executive Director
Angus Murnaghan Independent Non-Executive Director

COMPANY SECRETARIES

David Rich Tino Kapfumo

REGISTERED OFFICE

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PRINCIPAL PLACE OF BLISINESS

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SHARE REGISTRY

Computershare Investor Services Pty Ltd Level 17, 221 St Georges Terrace Perth WA 6000 Telephone: +61 8 9323 2000 Facsimile: +61 8 9323 2033

SOLICITORS

Steinpreis Paganin

Level 4, the Read Buildings 16 Milligan Street

Perth WA 6000 Telephone: +61 8 9321 4000 Facsimile:

+61 8 9321 4333

RANKERS

ANZ Banking Corporation Level 7, 77 St Georges Terrace Perth WA 6000 Telephone: +61 8 6298 3987

AUDITORS

HLB Mann Judd (WA Partnership) Level 4, 130 Stirling Street Perth WA 6000 Telephone: +61 8 9227 7500

SECURITIES EXCHANGE LISTING

VEEM Ltd shares are listed on the Australian Securities Exchange (ASX: VEE)

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CHAIRMAN'S LETTER

Dear Shareholders,

I am very proud to present to you VEEM Limited's 2024 Annual Report which reports that the Group produced a record net profit after tax of \$7.0 million from record revenue of \$80.6 million.

Last year I reported that the Board was excited for FY24 with the significant investments made in research and development, and plant and equipment in FY23 expected to fuel significant growth, particularly within marine products. I am delighted to advise that through the hard work and dedication of everyone at VEEM we surpassed even our own lofty expectations.

The benefit of such investment is evident in our propulsion division with machines added in FY22 and FY23 available for the whole of FY24 allowing for a decrease in the backlog and in lead times, which is pleasing not only for ourselves but our customers. Our propulsion revenue (including shaftlines and defence) generated \$35.3 million of revenue, up 26%.

The strength of the propulsion division comes from many years of innovation, and we are determined to continue to create a platform for growth. In September 2023, VEEM entered into an exclusive worldwide agreement to partner with Sharrow Engineering, LLC. Under the agreement Sharrow will design and VEEM will manufacture and sell SHARROW by VEEM propellors between 50cm and 5 metres in diameter for inboard vessels.

The award-winning Sharrow design has shown significant improvements in the outboard market in relation to fuel efficiency, noise and vibration. In a world where consumers are becoming more environmentally conscious, the Sharrow provides both financial and environmental benefits. After passing our internal test requirements, the new SHARROW by VEEM propellers are now being carefully rolled out to a small select group of customers as the first phase. We are excited at the prospects for these designs.

A significant area of growth during the financial year was in our gyrostabiliser ('gyro') division with 18 units sold (+157%) for revenue of \$12.3 million (+146%). This was driven by our agreement with Singaporean Fast Crew Vessel manufacturer, Strategic Marine. We have continued to develop the product and this will culminate in the release of the Mark II later this year which will come with a 5-year warranty, demonstrating our confidence in the product.

As has been widely reported, in response to global tensions, Western nations are ramping up their defence strategies and bolstering military capabilities, including through security partnerships such as AUKUS.

With this backdrop, defence continues to be a key area for VEEM which experienced significant growth in the financial year with revenue of \$20.8m (+23%). We continued to deliver



for existing platforms such as the Collins Class Submarine sustainment work while also working towards qualifying for further work on projects such as the Hunter Class Frigate Program. As a local, defence accredited company able to manufacture precision cast and machined components, we see this as a potentially significant area for growth in the coming years. In particular because of a desire of Australia and allied countries to maintain sovereign manufacturing capability.

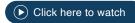
Our core engineering products and services work also experienced growth during the year. Importantly this area of our business also feeds into in-house innovation and technically supports the marine and defence businesses.

During the year we invested over \$4.6 million in capital and development expenditure. The Board remains committed to investing in the business to keep VEEM at the cutting edge in an ever-changing world. This is crucial to maintaining revenue growth and profitability into the future.

In response to the growth of the business over the past few years, I am very pleased to report that the Board has made a number of executive appointments to ensure we continue our momentum and capitalise on new opportunities. In late 2023 Tony Elms was appointed Chief Technical Officer for marine products. Tony is world renowned for his gyrostabiliser knowledge and is heavily involved in the roll out of the SHARROW by VEEM propellers. This was followed by the internal promotions of Trevor Raman to Chief Executive Officer and Tino Kapfumo to Chief Financial Officer and Company Secretary. Mark Miocevich remains as Managing Director and David Rich, the previous Chief Financial Officer, has taken up the role of Head of Corporate Development and remains a Company Secretary.



VEEM propellers featured by NautiStyles



It is also my great pleasure to welcome Angus Murnaghan to the Board. Apart from being an avid boatie, Angus brings extensive capital markets experience to the board.

Long time Board member and advisor, Ian Barsden, retired at the end of the financial year. Ian was a consultant from 1980 and board member since the IPO in 2016. Ian was instrumental in guiding VEEM over the decades and made a significant contribution to VEEM's current achievements.

Finally, I would like to thank all staff and directors for their efforts in delivering the incredible growth in 2024 and look forward to the coming years.

Brad Miocevich

Non-Executive Chairman

J. Shirim

8 September 2023

DIRECTORS' REPORT

The Directors present their report together with the financial statements of the Company and its controlled entities ("the Group") for the financial year ended 30 June 2024. 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 year and until the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.

Mr John Bradley Miocevich B.Comm, FAICD

NON-EXECUTIVE CHAIRMAN

Brad has been a Director of VEEM Ltd since 1983. Combining trade qualifications with a Commerce Degree in Finance and Banking, Brad has the unique skills suitable for the management of an engineering company. With a focus on strategic planning, he was a member of the team responsible for the acquisition of several companies over the past 25 years including S&S Foundry & Engineering and Timcast Foundry and Engineering. Taking on the role of Director Marine Propulsion in 2000, he has been the driving force in creating VEEM's now very successful international propeller business. Brad provided the vision for VEEM's highly automated manufacturing processes making VEEM the benchmark of propeller manufacturing worldwide. Brad brings to the Board expertise in finance, manufacturing, engineering and marketing along with practical knowledge of the Company and its markets.

the 3 years immediately before the end of the financial year, Brad has not served as a Director of any other listed company.

Mr Mark David Miocevich B.App.Sc (Mech Eng) FIE Aust MANAGING DIRECTOR

Mark has been a director and senior manager of VEEM for over 40 years. Commencing as Production Director from 1983 and until 1995 he was responsible for the implementation of the Quality Assurance systems in 1987, the integration of S&S Foundry & Engineering into the company in 1989, and defining the Company management model based on the Australian Business Excellence framework guideline in 1994. From 1995 until present he has been the Managing Director of VEEM and for a period during that time, the Managing Director of GA Perry and a Director of Thomassen Services Australia. He was responsible for the integration of Timcast Foundry and Engineering into VEEM during 2002. He brings to the Board intimate knowledge of the Company, its systems and strategic plan.

In the 3 years immediately before the end of the financial year, Mark has not served as a Director of any other listed company.

Mr Ian Henry Barsden CA

NON-EXECUTIVE DIRECTOR (RETIRED 30 JUNE 2024)

lan is a member of the Chartered Accountants Australia and New Zealand and is a former partner of a mid-tier accounting firm. Ian brought over 33 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 provided advisory services to VEEM as a consultant from 1980.

In the 3 years immediately before the end of the financial year, lan has not served as a Director of any other listed company.

Mr Peter Patrick Torre B.Bus (Accounting), CA, AGIA

INDEPENDENT NON-EXECUTIVE DIRECTOR

Peter was appointed as a Director of the Company on 12 April 2018. Peter served as Company Secretary of the Company from September 2016 to November 2019. He is a Chartered Accountant, a Chartered Secretary and a member of the Australian Institute of Company Directors. He was previously a partner of an internationally affiliated firm of Chartered Accountants. Peter is the Company Secretary of other public companies listed on the ASX, and Australian subsidiaries of overseas listed entities. In addition to his role as Company Secretary, Peter is also Chief Risk Officer of APM Human Services International Limited.

In the 3 years immediately before the end of the financial year, Peter has served as a Director of Mineral Commodities Ltd (1 April 2010 to 13 September 2021), Volt Group Limited (28 April 2017 to present) and Connexion Telematics Ltd (2 October 2020 to 17 November 2021).

Mr Michael Robert Bailey MSc; CEng; MRINA

INDEPENDENT NON-EXECUTIVE DIRECTOR

Mike brings 50 years' experience in areas of naval architecture, marine engineering, and project and company management. He has operated in the defence and offshore oil and gas sectors in Europe, Asia and Australia with multinational and private companies and as a consultant. Mike also held the Business Development role in VEEM Engineering in the 1990's. From 2000 to 2022 Mike was instrumental in the establishment and operations of the highly successful Australian Marine Complex - Common User Facility.

In the 3 years immediately before the end of the financials year, Mike has not served as a Director of any listed company. Mike has previously served as a director of AMC Management (WA) Pty Ltd, Facility Manager of the Australian Marine Complex - Common User Facility.

Mr Angus Murnaghan BCom - UNSW

INDEPENDENT NON-EXECUTIVE DIRECTOR (APPOINTED 7 JUNE 2024)

Angus has a Bachelor of Commerce from UNSW and is a qualified Master Mariner (Class V). Angus is highly experienced in capital markets and smaller companies with almost 40 years in the Australian equities markets in senior roles. He has worked at leading finance and advisory groups including UBS, Ord Minnett, as Managing Director of Moelis & Company and Wentworth Securities including serving on the management committee of UBS.

Currently Angus is a non-executive director of, and consultant to, diversified investment company Hancock and Gore Ltd. He was previously a director of emerging project software provider Total Synergy and served as a Board member of The Sporting Chance Cancer Foundation.

In the 3 years immediately before the end of the financial year, Angus has served as a Director of Hancock and Gore Ltd (23 February 2023 to present).

COMPANY SECRETARIES

Mr David James Rich BCom, FCA, GAICD, AGIA, Grad.Dip.CSP

HEAD OF CORPORATE DEVELOPMENT AND COMPANY SECRETARY

David is an experienced public company CFO and Company Secretary with over 35 years commercial experience including the last 25 years as CFO of ASX listed companies. Over his career David has worked in senior management for companies within the technology, manufacturing and oil and gas industries involving international interests and operations including in Australia, Europe, Asia, Africa and the USA.

Mr Tino Kapfumo BCom, CA, FGIA

CHIEF FINANCIAL OFFICER AND COMPANY SECRETARY (APPOINTED 1 JULY 2024)

Tino holds a Bachelor of Commerce from the University of Western Australia, is a Chartered Accountant and fellow of the Governance Institute of Australia. He initially gained experience with both Big 4 and mid-tier accounting firms dealing with a variety of entities including listed entities and large private companies with operations both in Australia and internationally. More recently his experience has been within small and medium sized ASX listed entities. He has been VEEM's Finance Manager for the last 18 months.



INTERESTS IN THE SHARES OF THE COMPANY AND RELATED BODIES CORPORATE

The following relevant interests in shares of the Company or a related body corporate were held by the Directors as at the date of this report.

Directors	Number
John Bradley Miocevich	68,135,593 ¹
Mark David Miocevich	68,135,593 ¹
Peter Patrick Torre	72,711
Michael Robert Bailey	115,423
lan Henry Barsden	53,571 ²
Angus Murnaghan	400,000

⁽¹⁾ Mr Brad Miocevich and Mr Mark Miocevich have a relevant interest in VEEM Corporation Pty Ltd ATF the Miocevich Family Trust which holds 68,135,593 fully paid ordinary shares in the Company.

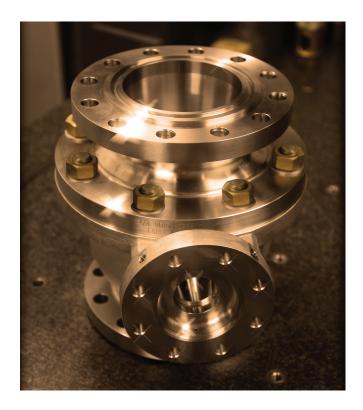
SHARES UNDER OPTION OR ISSUED ON EXERCISE OF OPTIONS

At the date of this report there were no unissued ordinary shares or interests of the Company under option.

PRINCIPAL ACTIVITIES

The principal activities of the Group during the course of the year were:

- Production, marketing and sales of propulsion and stabilisation systems; and
- Manufacturing bespoke engineered products and services for the marine, defence and mining industries.



⁽²⁾ As at date of retirement - 30 June 2024.

REVIEW OF FINANCIAL AND OPERATING PERFORMANCE

FINANCIAL PERFORMANCE

The Board is pleased to report that the FY24 financial result was a clear step up from FY23 in terms of revenue and profit, even though there were still some challenges around labour capacity.

The Group reported Net Profit After Tax (NPAT) for FY24 of \$7.0 million (2023: \$4.1 million) from revenue of \$80.6 million (2023: \$59.6 million). Earnings before interest, tax, depreciation and amortisation (EBITDA) was \$14.8 million (2023: \$10.0 million). Cash flow from operations was \$8.4 million (2023: \$4.7 million).

The revenue increase during the period was driven by significant increases in propeller sales, a large increase in defence revenue and accelerated gyro revenue. Propeller sales increased 22% due to increased capacity available to initially clear a backlog, then to meet the strong order book. Defence revenue was significantly higher due to the delivery of the majority of components for a Collins Class submarine full-cycle docking. Finally, gyro sales more than doubled as a result of the acceleration in delivery of the Strategic Marine three-year contract into 15 months.

In addition to revenue of \$80.6 million, work in progress increased by \$1.0 million showing an overall activity level for the Group of \$81.6 million for FY24 (2023: \$63.5 million).

Net assets increased by \$5.5 million to \$52.3 million. The Group held net cash on hand of \$0.2 million at 30 June 2024 (30 June 2023: \$2.4 million); with undrawn overdraft and trade facilities of \$4.2 million. During the year the Group repaid \$4.0 million of borrowings and acquired over \$4.6 million of plant and equipment and intangible assets (engineering development) including:

- Three robots Two replacements and one new
- A second automated guided vehicle
- Product Development including gyro engineering related to product improvement

VEEM spent \$4.5 million on formal research and development projects during FY24. VEEM will continue to commit to research and development projects as it sees necessary to remain at the forefront of the markets in which its products are sold and potentially enter new markets.

During the financial year amounts previously capitalised in relation to research prototypes for treating liver cancer with multiple heat sources were amortised resulting in a non-recurring reduction to pre-tax profit of \$0.5 million and post-tax profit of \$0.4m. The non-recurring initial expenses for the Sharrow project of \$0.8m (\$0.7m after tax) were also expensed during the year.



OPERATIONS

VEEM continued to invest in capital equipment and research and development during the year. Ongoing initiatives commenced in the prior year improved the retention of staff. Job hours in the financial year were 10% higher than budgeted. These factors facilitated material increases in propeller production and revenue from engineering products and services.

GYROSTABILISERS

In FY24 VEEM sold 18 gyrostabilisers ("gyros") (FY23: 7) generating revenue of \$12.3 million (30 June 2023: \$5.0 million). The growth was primarily driven by the acceleration of the Strategic Marine order announced in FY23. At 30 June 2024 VEEM held \$3.4 million in orders for gyrostabilisers.

In June 2023 VEEM executed an exclusivity agreement with Strategic Marine for fast crew boats (FCB) in SE Asia. Under the agreement, Strategic committed to purchase a minimum of 12 gyros over three years. Strategic subsequently made the VEEM gyro a standard feature on its high-tech fourth – generation FCB providing further validation of the value of a gyro in a workboat environment in terms of safety, efficiency, productivity, operability and financially. This decision necessitated accelerating the order for 12 gyrostabilisers which had initially been over 3 years and resulted in 10 of the 12 being completed and sold in FY24.

The decision by Strategic and evidence of take-up in the small boat recreational market (smaller than VEEM's products) provide confidence that wide adoption of the technology continues and VEEM is the only manufacturer in the large gyro market with the products to capitalise on this. VEEM's marketing efforts in addition to Strategic's decision has led to more informed inquiries from the commercial workboat sector who are realising the operational and financial benefits of having a gyro on board.

VEEM holds the dominant position as the only major supplier in the large marine gyrostabiliser market, which is estimated at US\$1.1bn for new builds and US\$13.5bn for retrofits.

VEEM continued to invest in the development of its gyrostabiliser product during FY24 and will release a new version of its range, the Mark II, later in 2024. With over 50 units now operating in the field, there have been significant learnings which have all been incorporated into the Mark II. VEEM's confidence in the product has allowed it to now offer a five-year warranty on all sales.

The Gyro service network has continued to mature, with five technicians now operating around the world at strategic locations to enhance response times and lower service costs for gyro customers.

Significant capital investment and intellectual expertise requirements now provide major barriers to entry for competitors wanting to get into this large market. VEEM is exploiting this by driving sales growth and using existing customers as validation of the benefits in marketing to potential customers.

PROPULSION

Demand for VEEM's world-leading fixed pitch propellers continued to be very strong during the year. VEEM's propulsion revenue overall (including shaflines and defence) for the year was \$35.3 million, an increase of 26% over FY23, with VEEM's propellers alone (excluding conquest and shaft lines) generating \$29.1 million – up 24% on FY23.

This was made possible as a result of installation and commissioning of three new machining centres in late FY23 which were available for the whole of FY24. These three new machines followed the addition of two new machines in FY22 with overall capacity increasing by over 80% since December 2021.

In addition to the machining centres and associated equipment, VEEM has also invested this year in additional robotics and equipment to bring further efficiencies to the propeller manufacturing process.

VEEM continues to develop its processes and pursue new initiatives and opportunities in relation to the propeller business where it can leverage its reputation and client base as the premium product in the market for high-speed, high-performance propellers. Part of VEEM's research and development focus is to continually increase the automation of the propeller process which not only reduces time and cost but also, notably in the current environment, reduces the requirement for highly skilled labour as capacity expands.

Agreement with Sharrow Engineering

On 2 October 2023 VEEM announced it had executed agreements with Sharrow Engineering, LLC ("Sharrow") for VEEM and Sharrow to partner together to design and then VEEM to exclusively manufacture and sell Sharrow propellers worldwide up to 5 metres in diameter for inboard motor vessels.

The award-winning Sharrow propeller design has made a significant impact on the outboard motor market with outstanding improvements in fuel efficiency, noise, vibration and handling.

Under the agreement, VEEM will pay Sharrow a licence fee based on the sales of the SHARROW by VEEM propellers. In April 2024, following comprehensive testing, VEEM formally accepted the test results of the Sharrow designs which progressed the SHARROW by VEEM relationship to the next phase of development and rollout.

VEEM will initially manufacture the SHARROW by VEEM propellers at its plant in Western Australia and these are expected to be taken up by demand from boat manufacturers and commercial operators. The roll out has begun with the initial focus being on a small group of select customers that have pre-ordered online, with designs optimised and tested for each vessel. The results from this customer group will be used to prioritise the order of series development which is the next stage of the rollout.

If the adoption rates follow the same patterns as the Sharrow outboard motor propellers, then VEEM expects to be building increased capacity in the next few years.

The target market is propellers below 5 metres in diameter used for inboard vessels. The main volumes VEEM is targeting initially are in the 30 – 90 feet (10 – 30m) range where there are premium production yacht manufacturers who the Company anticipates will embrace the significantly better product. Commercial operators are expected to adopt the new SHARROW by VEEM product for the economic benefits of less fuel usage and the drive to reduce their carbon footprint.

The overall market is 100,000 vessels which would be in the order of US\$2.6 bn* which includes the new boat market of 15,000 vessels worth in the order of US\$338 million* per annum.

The SHARROW by VEEM propellers will cost more to make in both raw materials and manufacturing time. The selling price will be at a further premium due to the licence fee payable to Sharrow. This is expected to lead to a pricing structure that is at a significant premium to current standard propellers, however the adoption rates for the outboard motor market have shown that customers are prepared to embrace the product at a premium due to the tangible benefits realised.

Underwater noise testing has been conducted with very encouraging results. This is an area of particular interest to the defence market and participants looking at the sustainability of boating and marine life.

DEFENCE

VEEM continues to be a reliable, local source of highly sophisticated critical components for the Collins Class submarines. Revenue from the submarine program was \$16.6 million for FY24 which is up 35% on FY23 due to the delivery of the majority of components for a full-cycle docking program in FY24.

Overall defence revenue was \$20.8 million, up 23% on FY23.

VEEM is currently working on the Hunter Class Frigate Program (HCFP) demonstrator blades for BAE Systems Australia. The value of the demonstrator contract is \$1.7 million, with successful completion of the task expected in H1 FY2025 ensuring VEEM qualifies as a supplier to the HCFP. VEEM is one of only two suppliers globally to be able to produce this level of precision.

Success with this project and VEEM's defence accreditations is expected to lead to further Australian defence work as well as the potential to export equipment for other naval shipbuilding programs around the world, including other Type 26 frigate programs.

VEEM also continues to be awarded contracts for numerous other defence projects including army vehicles and naval projects such as patrol boats (eg. Austal's Evolved Cape Class Patrol Boats, ANZAC Frigates).

VEEM is active in the Defence space and is well positioned to take advantage of further defence work opportunities that are now emerging from Hunter, Austal, AUKUS, autonomous vessel and other weapons defence programs, especially since VEEM now has an enhanced security rating.



^{*}The independent market assessment was conducted by EQC Consulting. The market assessment excludes: vessels over 10 years old: non-ocean-going commercial vessels; defence vessels; outboards, jets; stern drives; recreational vessels over 90m and under 10m; and commercial vessels without an IMO number. Valuation is calculated using approximately two times current design prices.

ENGINEERING PRODUCTS AND SERVICES

The majority of VEEM's traditional engineering business is in the manufacture of foundry-led, precision engineered products. This comprises both the manufacture of customer's designs and the sale and manufacture of VEEM's own hollow bar product (includes forever pipe). Demand generally for foundry-led, precision engineered products was strong throughout FY24 and remains so.

Revenue from VEEM's hollow bar product for FY24 was \$7.1 million which is a 13% increase over FY23 due to strong demand and increased capacity.

The balance of revenue from engineering products and services was \$8.7 million, up 20% from FY23 due primarily to improved recruitment and retention of staff which has facilitated additional hours being available to satisfy demand.

CORPORATE

During the year VEEM appointed Mr Tony Elms as Chief Technical Officer for its marine products. Mr Elms is world renowned for his gyrostabiliser knowledge and experience and has also been working on the Sharrow development since commencing in October 2023.

The implementation of management succession commenced on 1 July 2024 with Trevor Raman being promoted from Chief Operating Officer to Chief Executive Officer and Tino Kapfumo being promoted to Chief Financial Officer and Company Secretary.

Managing Director, Mark Miocevich, continues in that role and David Rich the previous Chief Financial Officer, has taken up the role of Head of Corporate Development and remains a Company Secretary. Refer to the ASX announcement of 27 June 2024.

In addition to executive appointments Angus Murnaghan was appointed as an independent non-executive director effective 7 June 2024. Angus adds extensive capital markets skills and experience to the board. In addition, Angus' experience and passion for boating and the marine industry is a valuable attribute given VEEM's main markets.

In conjunction with Angus' appointment Ian Barsden announced his retirement from the Board effective 30 June 2024. Ian provided advisory services to VEEM as a consultant from 1980 to 2016 when he joined the Board of VEEM Limited as a non-executive Director prior to the IPO. Ian's influence was a constant and reassuring presence, whether in his role as a partner of VEEM's accounting firm, as a consultant, or as a dedicated board member and his service over many years was deeply appreciated.

VEEM has been contributing its knowledge of induction heating technology in a research project with a Perth liver surgeon for the treatment of liver cancer for several years. During the financial year the Board evaluated the project and made the decision to amortise the full amount related to this project resulting in a one-off pre-tax reduction in profit of \$0.5m (\$0.4 million after tax). VEEM is proud to have been able to use its knowledge and experience to contribute to this project for the broader benefit of the community.

OUTLOOK

VEEM's continued investment in capital equipment and research and development is expected to be maintained into FY25.

The outlook for VEEM's large marine gyrostabiliser ('gyro') product remains positive with VEEM holding the dominant position as the only major supplier in the large marine gyrostabiliser market estimated at US\$1.1bn for new builds and US\$13.5bn for retrofits (current fleet). The Board is confident in the product and VEEM is now providing a five-year warranty, supported by a new version, the Mark II, being released shortly. This is expected to receive very positive feedback from both commercial and recreational customers.

The agreement with Strategic Marine highlights the commercial market for gyros is becoming better educated at the operational and HSE levels on the commercial benefits of gyros for crew transfers. VEEM is currently instigating a stronger marketing and sales push into the workboat and broader commercial and defence markets which it expects will keep up the sales momentum generated in FY24. A separate marketing strategy is being implemented to drive recreational sales.

VEEM's propellers continue to be the premium product in the fixed pitch propeller market globally. Orders on hand, customer feedback and industry reports all lead VEEM to expect the global demand for VEEM's propellers to remain strong. VEEM has increased its propulsion marketing and sales team heading into FY25 with the aim of broadening its geographical spread and also increasing its offerings to include shaftlines and associated equipment.

The step up in production experienced in FY24 has continued to date and is expected to be maintained. Margins are protected against cost increases by regular pricing reviews.

The roll out of the new SHARROW by VEEM propeller product has begun with the initial focus being on a small group of select customers that have pre-ordered online, with designs optimised and tested for each specific vessel. The results from this customer group will be used to prioritise the order of series development which is the next stage of the rollout.

VEEM expects to generate modest revenue from sales in FY25 as the series designs are developed with sales increasing into FY26. If the adoption rates follow the same patterns as the Sharrow outboard motor propellers, then VEEM expects to be building increased capacity in the next few years.





Defence revenue is expected to remain strong in FY25, weighted to 2HFY25 with deliveries for the current Collins Class submarine full cycle docking program being completed in Q1 FY25. Other defence work for a number of different prime contractors, including Austal, is also expected to continue with the building of patrol boats and other platforms.

VEEM will deliver on the Hunter demonstrator program in 1HFY25 and will pursue other options to leverage the high-level qualifications achieved with BAE/Kongsberg/Navy to supply other defence programs including overseas T26 programs.

VEEM is also active and well positioned to take advantage of further defence work opportunities that may arise out of AUKUS and other defence programs.

Demand for the traditional foundry-led engineering products and services is expected to continue. This includes continued growth in VEEM's hollow bar product.

VEEM will continue to focus heavily on recruitment, maintenance and increase in labour resources through a number of initiatives in order to ensure it has the capacity to deliver revenue growth. In terms of cost increases, VEEM has in place systems to ensure that cost increases and other factors such as exchange rates are identified as early as possible and incorporated into pricing in order to protect margins for all products.

STRATEGY

VEEM's strategy and focus is to become the global market leader in the provision of gyrostabilisation to superyachts and large commercial craft while growing its position as a premier supplier of world leading fixed pitch propeller technology.

VEEM will also continue to manufacture bespoke specialised engineered products and services for the marine, defence, resources and other industries.

KEY RISKS

VEEM's ongoing business performance is subject to a number of risks. The key risks identified are:

- Changes in the market demand for VEEM's products or services. This includes the impact of changing global economic conditions in markets such as the recreational marine market which is a major consumer of VEEM's propellers. VEEM monitors its markets for indicators of any change and devises plans to respond. VEEM proactively works to keep its products at the forefront of its markets both technically and price-wise.
- Rising input costs such as raw materials; freight and labour impacting margins. VEEM has in place systems to ensure that cost increases and other factors such as exchange rates are identified as early as possible and incorporated into pricing in order to protect margins for all products.
- Availability of labour in Western Australia impacting capacity. VEEM has in place a number of initiatives to manage this risk.
- The rate of adoption of the Company's large marine gyrostabiliser technology impacting revenue and profit growth. VEEM is working to maximise the adoption of its gyrostabiliser technology through marketing, pricing and after-sales attention.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Other than disclosed elsewhere in this report, there have been no significant changes in the state of affairs of the Group to the date of this report.

SIGNIFICANT EVENTS AFTER BALANCE DATE

No matters or circumstances have arisen since the end of the financial year which have significantly affected or may significantly affect the operating of the Group, the results of those operations, or state of affairs of the Group in future financial years apart from those listed below:

On 21 August 2024 the Company declared an unfranked ordinary dividend of \$1,045,425 representing \$0.0077 per share.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

The Group will continue with its strategy as set out above.

ENVIRONMENTAL LEGISLATION

The Group is not subject to any significant environmental legislation.

DIVIDENDS

Dividends paid to members during the financial year were as follows:

A final unfranked ordinary dividend of \$692,169 was paid on 20 September 2023 in relation to the 2023 financial year.

An interim unfranked ordinary dividend of \$1,045,040 was paid on 17 April 2024.

Since the end of the financial year the Directors have recommended the payment of a final unfranked ordinary dividend of \$1,045,425 (\$0.0077 per share) to be paid on or around 20 September 2024. The recommendation is based on 30% of the net profit after tax less the interim dividend of \$1,045,040 already paid.

INDEMNIFICATION AND INSURANCE OF **DIRECTORS AND OFFICERS**

The Company has agreed to indemnify all the Directors of the Company and the Chief Financial Officer for any liabilities to another person (other than the Company or related body corporate) that may arise from their position as Directors or officers of the Company and its controlled entities, except where the liability arises out of conduct involving a lack of good faith.

During the financial year the Company paid a premium in respect of a contract ensuring the Directors and officers of the Company and its controlled entities against any liability incurred in the course of their duties to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

REMUNERATION REPORT - AUDITED

This report, which forms part of the Directors' report, outlines the remuneration arrangements in place for the key management personnel ("KMP") of VEEM Ltd for the financial year ended 30 June 2024. The information provided in this remuneration report has been audited as required by Section 308(3C) of the Corporations Act 2001.

The remuneration report details the remuneration arrangements for KMP who are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company, directly or indirectly, including any Director (whether executive or otherwise) of the Company.



KEY MANAGEMENT PERSONNEL

The Key Management Personnel set out below were the only key management personnel of the Group during or since the end of the financial year.

Directors

John Bradley Miocevich	Chairman (Non-Executive)
Mark David Miocevich	Managing Director
Ian Henry Barsden	Non-Executive Director (Retired 30 June 2024)
Angus William Murnaghan	Independent Non-Executive Director (Appointed 7 June 2024)
Peter Patrick Torre	Independent Non-Executive Director
Michael Robert Bailey	Independent Non-Executive Director

Executives

Trevor Raman	Chief Executive Officer (promoted from Chief Operating Officer on 1 July 2024)
Tinotenda Alfred Kapfumo	Chief Financial Officer and Company Secretary (Appointed 1 July 2024)
David James Rich	Head of Corporate Development and Company Secretary (Ceased as Chief Financial Officer and KMP on 30 June 2024)
David James Wood	Global Commercial Manager (Resigned 13 October 2023)

The named persons held their current positions for the whole of the financial year and to the date of this report unless otherwise stated.

REMUNERATION PHILOSOPHY

The performance of the Group depends upon the quality of the Directors and executives. The philosophy of the Group in determining remuneration levels is to set competitive remuneration packages to attract and retain high calibre employees.

REMUNERATION COMMITTEE

The Group did not have a separate Remuneration and Nomination Committee during the year. The full Board fulfilled the role typically undertaken by a Remuneration Committee and was responsible for determining and reviewing compensation arrangements for the Directors.

The Board assesses the appropriateness of the nature and amount of remuneration of Directors and executives on a periodic basis by reference to relevant employment market conditions with an overall objective of ensuring maximum stakeholder benefit from the retention of a high-quality Board and executive team.

REMUNERATION STRUCTURE

In accordance with best practice corporate governance, the structure of non-executive Director and executive remuneration is separate and distinct.

USE OF REMUNERATION CONSULTANTS

Independent external advice is sought from remuneration consultants as required. A Benchmarking Report was undertaken to ensure the level of remuneration for the Group's Managing Director was in line with market and commensurate with the role being undertaken in July 2021.

NON-EXECUTIVE DIRECTOR REMUNERATION

The Board seeks to set aggregate remuneration at a level that provides the Group with the ability to attract and retain Directors of the highest calibre, whilst incurring a cost that is acceptable to shareholders.

The ASX Listing Rules specify that the aggregate remuneration of non-executive Directors shall be determined from time to time by a general meeting. The Constitution of the Company as at the time of listing in October 2016 provides that the aggregate remuneration of non-executive Directors be set at \$400,000.

The amount of aggregate remuneration sought to be approved by shareholders and the manner in which it is apportioned amongst Directors is reviewed annually leading up to the Company's Annual General Meeting. The Board considers advice from external shareholders as well as the fees paid to non-executive Directors of comparable companies when undertaking the annual review process.

Each Director receives a fee for being a Director of the Company. Given there are no committees currently in place, no additional fees are paid.

SENIOR MANAGER AND EXECUTIVE DIRECTOR REMUNERATION

Remuneration consisted of reasonable fixed remuneration and a performance rights and option plan during the year.

FIXED REMUNERATION

Fixed remuneration is reviewed annually by the Board.

The process consists of a review of relevant comparative remuneration in the market and internally and, where appropriate, external advice on policies and practices. The Board has access to external, independent advice where necessary.

Senior managers are given the opportunity to receive their fixed (primary) remuneration in a variety of forms including cash and fringe benefits such as motor vehicles and expense payment plans. It is intended that the manner of payment chosen will be optimal for the recipient without creating undue cost for the Group. The fixed remuneration component is detailed in Key Management Personnel remuneration tables for the years ended 30 June 2024 and 30 June 2023.

PERFORMANCE RIGHTS AND OPTIONS PLAN

The Company issued 150,000 Performance Rights under its performance rights and option plan to its then Chief Financial Officer, Mr David Rich in July 2021. 50,000 of these vested and ordinary shares were issued on 1 May 2024.

In December 2023 the Company issued a further 324,438 performance rights to David Rich (then Chief Financial Officer) and 307,692 to Trevor Raman (then Chief Operating Officer).

At 30 June 2024 these were the only performance rights on issue and there were no other performance rights granted or cancelled during the year. The issue was undertaken under the Company's placement capacity pursuant to ASX Listing Rule 7.1 given the Plan is yet to be approved by shareholders of the Company. The key terms of the Performance Rights issued are as follows:

FY22 Performance rights

- 50,000 Performance Rights which vest on 24 months from date of issue and upon the 30-day Volume Weighted Share Price of the Company being \$2.00 or above at any time up to expiry.
- 50,000 Performance Rights which vest on 36 months from date of issue and upon the 30-day Volume Weighted Share Price of the Company being \$2.50 or above at any time up to expiry.
- All Performance Rights have an accelerated vesting condition on a change of control event at any time up to expiry.
- All 100,000 unvested Performance Rights expired on 14 August 2024.

FY24 Performance rights

- Tranche 1: 12 months after date of issue and the 5-day volume weighted average share price (VWAP) of the Company has reached \$1.07.
 This can occur at any point to expiry.
- Tranche 2: 24 months after date of issue and the 5-day VWAP of the Company has reached a price which is 25% higher than the higher of (i) the 5-day VWAP up to and including the date that is 12 months from the date of issue; or (ii) \$1.07. This can occur at any point to expiry.
- Tranche 3: 36 months after date of issue and the 5-day VWAP of the Company has reached a price which is 25% higher than the higher of (i) the 5-day VWAP up to and including the date that is 24 months from the date of issue; or (ii) \$1.07. This can occur at any point to expiry.
- All Performance Rights have an accelerated vesting condition on a change of control event at any time up to expiry.
- All Performance Rights expire 11 January 2027.

2023 ANNUAL GENERAL MEETING

The Remuneration Report for the year ended 30 June 2023 was approved by in excess of 97% of shareholder votes cast.

PERFORMANCE ON SHAREHOLDER WEALTH

In considering the Group's performance and benefits for shareholder wealth, the Board have regarded the following indices in respect of the current and previous four financial years:

	2024	2023	2022	2021	2020
EPS (cents per share)	5.15	3.03	0.93	3.78	1.90
Dividends (cents per share)	1.54	0.91	0.43	0.66	0.57
Net profit before tax (\$k)	6,986	4,112	1,266	4,911	2,470
Share price (\$)	1.75	0.40	0.38	1.33	0.40

EMPLOYMENT CONTRACTS

Details of employment contracts with executive KMP as at the date of this report:

NAME	TERM OF AGREEMENT AND TERMINATION PROVISIONS	BASE SALARY	TERMINATION BENEFIT
M. Miocevich Managing Director	This agreement has no set term. Termination of the agreement is 1 months' notice by the Executive or 3 months' notice by the Company and includes a 6-month restraint of trade.	Base: \$549,601 per annum plus minimum statutory superannuation	3 Months' salary
T. Raman Chief Executive Officer	This agreement has no set term. Termination of the agreement is 3 months' notice by the Executive or the Company and includes a 6- month restraint of trade.	Base: \$460,000 per annum inclusive of minimum statutory superannuation	3 Months' salary
T. Kapfumo Chief Financial Officer	This agreement has no set term. Termination of the agreement is 3 months' notice by the Executive or the Company and includes a 6- month restraint of trade.	Base: \$270,000 per annum inclusive of minimum statutory superannuation	3 Months' salary

Executive remuneration consisted of fixed and variable remuneration during the year to 30 June 2024. The Group continues to assess the structure of executive remuneration to ensure it appropriately incentivises key management.

REMUNERATION OF KEY MANAGEMENT PERSONNEL

Key Management Personnel remuneration for the years ended 30 June 2024 and 30 June 2023:

>	Short-term employ			Post - employment benefits	Long-term benefits	Share based payments		Relative proportions of remuneration of KMP that are linked to performance		
-	Salary & fees	Bonus	Non - monetary benefits	Other	Superannuation	Long service leave		Total	Fixed remuneration	Remuneration linked to performance
30 June 2024	\$	\$	\$	\$	\$	\$	\$	\$	%	%
Directors										
Bradley Miocevich	h* 398,172	-	-	-	23,946	-	-	422,118	100%	-
Mark Miocevich	539,051	-	-	-	27,399	(46,197)	-	520,253	100%	-
Ian Barsden	64,810	-	-	-	7,129	-	-	71,939	100%	-
Michael Bailey	64,810	-	-	-	7,129	-	-	71,939	100%	-
Peter Torre	71,999	-	-	-	-	-	-	71,999	100%	-
Angus Murnaghan**	2,744	-	-	-	302	-	-	3,046	100%	-
Total Director remuneration	1,141,586	-	-	-	65,905	(46,197)	-	1,161,294		
Executive										
David Rich	381,827	-	-	-	27,399	6,573	39,449	455,248	91%	9%
Trevor Raman	353,728	-	-	-	27,399	6,210	31,364	418,701	93%	7%
David Wood***	109,154	-	-	-	10,700	-	-	119,854	100%	-
Total Executive remuneration	844,709	_	-	-	65,498	12,783	70,813	993,803		
Total	1,986,295	-	-	-	131,403	(33,414)	70,813	2,155,097		
	Short-term employ	ee benefits			Post- employment benefits	Long-term benefits	Share based payments		remuneratio	oportions of n of KMP that performance
0	Short-term employ Salary & fees	ee benefits Bonus	Non - monetary benefits	Other	employment		based	Total	remuneratio	n of KMP that
30 June 2023	Salary &		monetary	Other	employment benefits	Long service	based	Total	remuneratio are linked to Fixed	n of KMP that performance Remuneration
30 June 2023 Directors	Salary & fees	Bonus	monetary benefits		employment benefits Superannuation	Long service leave	based payments		remuneratio are linked to Fixed remuneration	n of KMP that performance Remunerati linked to performand
	Salary & fees	Bonus	monetary benefits		employment benefits Superannuation	Long service leave	based payments		remuneratio are linked to Fixed remuneration	n of KMP that performance Remunerati linked to performand
Directors	Salary & fees	Bonus	monetary benefits		employment benefits Superannuation	Long service leave	based payments	\$	remuneratio are linked to Fixed remuneration %	n of KMP that performance Remunerati linked to performand
Directors Bradley Miocevich	Salary & fees \$	Bonus	monetary benefits		employment benefits Superannuation \$ 12,970	Long service leave	based payments	\$ 136,499	remuneration are linked to Fixed remuneration %	n of KMP that performance Remunerati linked to performand
Directors Bradley Miocevich Mark Miocevich	\$ salary & fees \$ n 123,529 512,271	Bonus	monetary benefits		superannuation \$ 12,970 25,292	Long service leave	based payments	\$ 136,499 548,857	remuneration are linked to Fixed remuneration % 100% 100%	n of KMP that performance Remuneration linked to performance
Directors Bradley Miocevich Mark Miocevich lan Barsden	Salary & fees \$ 123,529 512,271 61,991	Bonus	monetary benefits		superannuation \$ 12,970 25,292	Long service leave	based payments	\$ 136,499 548,857 68,500	remuneratio are linked to Fixed remuneration % 100% 100% 100%	n of KMP that performance Remuneration linked to performance
Directors Bradley Miocevich Mark Miocevich lan Barsden Peter Torre	\$ 123,529 512,271 61,991 68,500	Bonus	monetary benefits \$	- - -	superannuation \$ 12,970 25,292 6,509	Long service leave	based payments	\$ 136,499 548,857 68,500 68,500	remuneration are linked to Fixed remuneration % 100% 100% 100% 100%	n of KMP that performance Remunerati linked to performand
Directors Bradley Miocevich Mark Miocevich Ian Barsden Peter Torre Michael Bailey Total Director	\$ 123,529 512,271 61,991 68,500 61,991	Bonus	monetary benefits \$	- - -	employment benefits Superannuation \$ 12,970 25,292 6,509 - 6,509	Long service leave \$ - 11,294	s \$	\$ 136,499 548,857 68,500 68,500 68,500	remuneration are linked to Fixed remuneration % 100% 100% 100% 100%	n of KMP that performance Remunerati linked to performand
Directors Bradley Miocevich Mark Miocevich lan Barsden Peter Torre Michael Bailey Total Director remuneration	\$ 123,529 512,271 61,991 68,500 61,991	Bonus	monetary benefits \$	- - -	employment benefits Superannuation \$ 12,970 25,292 6,509 - 6,509	Long service leave \$ - 11,294	s \$	\$ 136,499 548,857 68,500 68,500 68,500	remuneration are linked to Fixed remuneration % 100% 100% 100% 100%	n of KMP that performance Remuneration linked to performance
Directors Bradley Miocevich Mark Miocevich Ian Barsden Peter Torre Michael Bailey Total Director remuneration Executive	\$ 123,529 512,271 61,991 68,500 61,991 828,282	Bonus	monetary benefits \$	- - -	employment benefits Superannuation \$ 12,970 25,292 6,509 - 6,509 51,280	Long service leave \$	\$	\$ 136,499 548,857 68,500 68,500 68,500 890,856	remuneratio are linked to Fixed remuneration % 100% 100% 100% 100% 100%	n of KMP that performance Remuneration linked to performance %

	Short-term employ	ree benefits			Post- employment benefits	Long-term benefits	Share based payments		remuneratio	oportions of n of KMP that performance
)	Salary & fees	Bonus	Non - monetary benefits	Other	Superannuation	Long service leave		Total	Fixed remuneration	Remuneration linked to performance
30 June 2023	\$	\$	\$	\$	\$	\$	\$	\$	%	%
Directors										
Bradley Miocevich	123,529	-	-	-	12,970	-	-	136,499	100%	-
Mark Miocevich	512,271	-	-	-	25,292	11,294	-	548,857	100%	-
lan Barsden	61,991	-	-	-	6,509	-	-	68,500	100%	-
Peter Torre	68,500	-	-	-	-	-	-	68,500	100%	-
Michael Bailey	61,991	-	-	-	6,509	-	-	68,500	100%	-
Total Director remuneration	828,282	-	-	-	51,280	11,294	-	890,856		
Executive										
David Rich	350,138	-	-	-	25,292	6,832	44,100	426,362	90%	10%
Brett Silich	207,038	-	-	-	14,657	-	-	221,695	100%	-
Trevor Raman	66,432	-	-	-	5,862	5,175	-	77,469	100%	-
David Wood**	65,000	-	-	-	6,323	1,083	-	72,406	100%	-
Total Executive remuneration	688,608	-	-	-	52,134	13,090	44,100	797,932		
Total	1,516,890	-	-	-	103,414	24,384	44,100	1,688,788		

Mr Bradley Miocevich was engaged as a consultant between September 2023 and April 2024 to work on the licencing agreement with Sharrow Engineering, LLC and the subsequent performance testing. The fees for this work totalled \$268,893 with the balance of \$129,279 being the fees paid for the role of Chairman.

Mr Angus Murnaghan was appointed as Director effective 7 June 2024.

Mr David Wood ceased to be a KMP effective 13 October 2023.

FULLY PAID ORDINARY SHARES

Balance at beginning of year	Granted as compensation	Received on exercise of rights	Net change other	Balance at end of year	Balance held nominally	
30 June 2024	Number	Number	Number	Number	Number	Numbe
Directors						
Bradley Miocevich*	68,135,593	-	-	-	68,135,593	-
Mark Miocevich*	68,135,593	-	-	-	68,135,593	-
lan Barsden [™]	53,571	-	-	-	53,571	-
Angus Murnaghan***	375,000	-	-	25,000	400,000	
Peter Torre	72,711	-	-	-	72,711	-
Michael Bailey	115,423	-	-	-	115,423	-
Executive						
David Rich	216,316	-	50,000	(142,000)	124,316	-
Trevor Raman	-	-	-	13,783	13,783	-
David Wood**	-	-	-	-	-	-
J						
Balance at beginning of year	Granted as compensation	Received on exercise of rights	Net change other	Balance at end of year	Balance held nominally	
30 June 2023	Number	Number	Number	Number	Number	Numbe
Directors						
Bradley Miocevich	68,135,593	-	-	-	68,135,593	-
Mark Miocevich	68,135,593	-	-	-	68,135,593	-
lan Barsden	53,571	-	-	-	53,571	-
Peter Torre	72,711	-	-	-	72,711	-
Michael Bailey	115,423	-	-	-	115,423	-
Executive						
David Rich	216,316		-	-	216,316	-
Brett Silich	-	-	-	-	-	-
Trevor Raman***	-	-	-	-	-	-
David Wood***						

Balance at beginning of year	Granted as compensation	Received on exercise of rights	Net change other	Balance at end of year	Balance held nominally	
30 June 2023	Number	Number	Number	Number	Number	Number
Directors						
Bradley Miocevich	68,135,593	-	-	-	68,135,593	-
Mark Miocevich	68,135,593	-	-	-	68,135,593	-
lan Barsden	53,571	-	-	-	53,571	-
Peter Torre	72,711	-	-	-	72,711	-
Michael Bailey	115,423	-	-	-	115,423	-
Executive						
David Rich	216,316		-	-	216,316	-
Brett Silich	-	-	-	-	-	-
Trevor Raman***	-	-	-	-	-	-
David Wood***	-	-	-	-	-	-

Mr Brad Miocevich and Mr Mark Miocevich have a relevant interest in VEEM Corporation Pty Ltd ATF the Miocevich Family Trust which holds 68,135,593 fully paid ordinary shares in the Company. As at date of cessation

Beginning balance is at date of appointment

The Group has two lease agreements with Voyka Pty Ltd, an entity controlled by an entity related to Mr Mark Miocevich and Mr Brad Miocevich. The Group pays Voyka Pty Ltd current monthly rent of \$169,419 monthly excluding GST which is exclusive of any outgoings including rates, taxes, insurance premiums and maintenance costs. The leases end in 2029 and are on commercial terms.

PERFORMANCE RIGHTS

During the year there existed 782,130 performance rights issued to David Rich and Trevor Raman as remuneration.

150,000 were issued to David Rich in FY22 and 632,130 were issued to David Rich and Trevor Raman in FY24.

50,000 held by David Rich vested and 50,000 fully paid ordinary shares were issued during the year.

There are no other KMP option or performance right holdings.

OTHER RELATED PARTY TRANSACTIONS

The Group has two lease agreements with Voyka Pty Ltd, an entity controlled by an entity related to Mr Mark Miocevich and Mr Brad Miocevich. The Group pays Voyka Pty Ltd current monthly rent of \$169,419 monthly excluding

GST which is exclusive of any outgoings including rates, taxes, insurance premiums and maintenance costs. The leases end in 2029 and are on commercial terms.

During the year Mr Mark Miocevich purchased goods and services worth \$7,399 (2023: \$57,016). An entity related to Mr Brad Miocevich provided services of \$19,276 (2023: \$2,898) and purchased goods and services worth \$1,242 (2023: \$1,964). All these orders were on normal commercial terms

Lumos Marketing, which is owned by a related party of Mr Mark Miocevich, provided \$92,170 (2023: \$77,969) of marketing services to the Group on normal commercial terms.

Qback Pty Ltd, which is part owned by a related party of Mr Mark Miocevich, provided \$13,200 (2023: \$nil) of corporate services to the Group on normal commercial terms.

END OF REMUNERATION REPORT

DIRECTORS' MEETINGS

The number of meetings of Directors held during the year and the number of meetings attended by each Director were as follows:

	Meetings Held	Eligible to Attend	Meetings Attended
Number of meetings held:	12		
Number of meetings attended:			
John Bradley Miocevich		12	12
Mark David Miocevich		12	12
lan Henry Barsden		12	11
Angus William Murnaghan		1	1
Peter Patrick Torre		12	11
Michael Robert Bailey		12	11

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied for leave of court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

NON-AUDIT SERVICES

Details of amounts paid or payable to the auditor for non-audit services provided during the year by the auditor are outlined in Note 23 to the financial statements. The Directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The Directors are of the opinion that the services do not compromise the auditor's independence as all non-audit services have been reviewed to ensure that they do not impact the impartiality and objectivity of the auditor and none of the services undermine the general principles relating to auditor independence as set out in Code of Conduct APES 110: Code of Ethics for Professional Accountants issued by the Accounting Professional & Ethical Standards Board.

AUDITOR INDEPENDENCE AND NON-AUDIT SERVICES

Section 307C of the Corporations Act 2001 requires our auditors, HLB Mann Judd, to provide the Directors of the Company with Independence Declaration in relation to the audit of the annual report. This Independence Declaration is set out on page 17 and forms part of this Directors' report for the year ended 30 June 2024.

Signed in accordance with a resolution of the Directors.

Mark David Miocevich Managing Director

Perth, 21 August 2024

AUDITOR'S INDEPENDENCE DECLARATION



AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the consolidated financial report of VEEM Ltd for the year ended 30 June 2024, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

Perth, Western Australia 21 August 2024

Partner

hlb.com.au

HLB Mann Judd ABN 22 193 232 714

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Liability limited by a scheme approved under Professional Standards Legislation.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2024

		2024 (\$)	2023 (\$)
	Notes		
Continuing operations			
Revenue	2	80,554,382	59,579,944
Government subsidies	2	84,110	795,196
Foreign exchange losses (net)		(45,964)	(6,720)
Changes in inventories of finished goods and work in progress		(3,238,876)	5,409,765
Raw materials and consumables purchases		(32,534,080)	(27,348,315)
Employee benefits expense		(23,533,820)	(23,210,799)
Depreciation and amortisation expense		(5,367,190)	(4,082,386)
Repairs and maintenance expenses		(1,692,919)	(1,507,645)
Occupancy expense		(1,336,771)	(1,308,740)
Borrowing costs expense		(1,308,686)	(985,646)
Other expenses	2	(3,479,403)	(2,448,459)
Profit before income tax expense		8,100,783	4,886,195
Income tax expense	3	(1,114,967)	(773,987)
Net profit for the year		6,985,816	4,112,208
Other comprehensive income, net of income tax			
Items that may be reclassified subsequently to profit or loss			
Cash flow hedges – effective portion of changes in fair value		140,887	(109,796)
Foreign operations – foreign currency translation reserve difference		1,359	1,218
		142,246	(108,578)
Items that will not be reclassified to profit or loss		-	-
Other comprehensive income/(loss) for the year, net of tax		142,246	(108,578)
Total comprehensive income for the year		7,128,062	4,003,630
Earnings per share			
Basic earnings per share (cents per share) Diluted earnings per share (cents per share)	5	5.15	3.03
bilated carriings per strate (certis per strate)	5	5.14	3.03

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2024

		2024 (\$)	2023 (\$)
	Notes		
ASSETS			
Current assets			
Cash and cash equivalents	7	170,558	2,421,112
Trade and other receivables	8	13,204,501	10,112,724
Inventories	9	23,433,884	20,937,448
Other assets	10	2,074,588	1,335,003
Current tax assets	3	355,203	205,603
Total current assets		39,238,734	35,011,890
	_		
Non-current assets			
Property, plant and equipment	11	21,748,900	21,340,215
Deferred tax assets	3	2,850,684	4,268,401
Intangible assets	12	21,902,417	21,021,524
Right-of-use-asset	13	8,225,199	9,861,752
Total non-current assets		54,727,200	56,491,892
Total assets		93,965,934	91,503,782
LIABILITIES			
Current liabilities			
Trade and other payables	14	8,001,919	6,399,378
Borrowings – current	15	2,785,236	4,632,155
Provisions	17	3,965,135	3,933,864
Derivative liability	20	77,638	169,521
Lease liabilities - current	16	1,731,766	1,650,942
Total current liabilities	_	16,561,694	16,785,860
Non-current liabilities			
Borrowings – non current	15	9,752,908	10,508,404
Deferred tax liabilities	3	7,557,684	7,906,485
Provisions	17	100,929	100,929
Lease liabilities – non current	16	7,709,191	9,380,242
Total non-current liabilities		25,120,712	27,896,060
Total liabilities		41,682,406	44,681,920
Net assets	_	52,283,528	46,821,862
EQUITY			
Issued capital	18	11,541,213	11,509,613
Reserves	19	141,703	(39,756)
Retained earnings		40,600,612	35,352,005
Total equity		52,283,528	46,821,862

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2024

		Issued Capital	Reserves	Retained earnings	Total
7	Note	\$	\$	\$	\$
At 1 July 2022		11,509,613	24,722	32,067,675	43,602,010
Profit for the year		-	-	4,112,208	4,112,208
Other comprehensive loss, net of income tax		-	(108,578)	-	(108,578)
Total comprehensive income for the year		-	(108,578)	4,112,208	4,003,630
Shares issued during the year		-	44,100	-	44,100
Dividends paid	6		-	(827,878)	(827,878)
Balance at 30 June 2023		11,509,613	(39,756)	35,352,005	46,821,862
Profit for the year		-	-	6,985,816	6,985,816
Other comprehensive income, net of income tax		-	142,246	-	142,246
Total comprehensive income for the year		-	142,246	6,985,816	7,128,062
Shares issued during the year		31,600	(31,600)	-	-
Share-based payment expense recognised		-	70,813	-	70,813
Dividends paid	6	-	-	(1,737,209)	(1,737,209)
Balance at 30 June 2024		11,541,213	141,703	40,600,612	52,283,528

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2024

		2024 (\$)	2023 (\$)
	Notes		
Cash flows from operating activities			
Receipts from customers		74,839,656	60,505,046
Payments to suppliers and employees		(65,175,698)	(55,687,579
Government subsidies received		84,110	795,196
Other receipts		27,149	44,860
Interest paid		(1,308,686)	(985,646)
Interest received		1,541	419
Income tax received / (paid)		(149,033)	(58,942
Net GST received		41,698	100,795
Net cash flows provided by operating activities	7	8,360,737	4,714,149
Control of the contro			
Cash flows from investing activities		(4.004.007)	/4 770 407
Payments for property, plant and equipment		(1,294,697)	(1,773,107
Payments for intangible assets		(1,931,652)	(2,007,963
Proceeds from sale of property, plant and equipment		- (0.000.040)	(0.701.070
Net cash flows used in investing activities		(3,226,349)	(3,781,070
Cash flows from financing activities			
Dividends paid	6	(1,737,209)	(827,878
Payments of lease liabilities	7	(1,661,225)	(1,504,517
Proceeds from borrowings	·	3,316,671	3,692,14
Repayment of borrowings		(5,441,017)	(1,200,000
Repayment of hire purchase liabilities	7	(1,861,440)	(1,327,412
Net cash flows (used in) / provided by financing activities	·	(7,384,220)	(1,167,666
Net (decrease) / increase in cash and cash equivalents		(2,249,832)	(234,587
Cash and cash equivalents at the beginning of the year		2,421,112	2,632,302
Effect of exchange rate fluctuations on cash held		(722)	23,39
Cash and cash equivalents at the end of the year	7	170,558	2,421,112

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

NOTE 1: STATEMENT OF MATERIAL ACCOUNTING POLICIES

(a) BASIS OF PREPARATION

These financial statements are consolidated general purpose financial statements of VEEM Ltd ("the Company") and its controlled entities ("the Group"), which have been prepared in accordance with the requirements of the Corporations Act 2001, Accounting Standards and Interpretations and comply with other requirements of the law.

The accounting policies detailed below have been consistently applied to all of the years presented unless otherwise stated. For the purpose of preparing the financial statements, the Group is a for-profit entity.

The financial statements have been prepared on a historical cost basis except for where applicable derivative financial instruments. Historical cost is based on the fair values of the consideration given in exchange for goods and services.

The Company is a listed public Company, incorporated in Australia and operating in Australia selling into domestic and global markets. The Group's principal activities are described in the Directors' Report.

Where necessary comparatives have been amended to be consistent with current year treatment.

Going concern

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

(b) ADOPTION OF THE REVISED STANDARDS

Standards and Interpretations applicable to 30 June 2024

In the year ended 30 June 2024, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Group and effective for the reporting period beginning on or after 1 July 2023. As a result of this review, the Directors have determined that there is no material impact of the Standard and Interpretations issued on the Group and, therefore, no change is necessary to its 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 year ended 30 June 2024. 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 Group and, therefore, no change is necessary to its accounting policies.

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

(c) STATEMENT OF COMPLIANCE

The financial report was authorised for issue by the Board of VEEM Ltd on 21 August 2024.

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards (IFRS).

(d) SIGNIFICANT ACCOUNTING JUDGMENTS AND KEY ESTIMATES

The preparation of the 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.

Leases

The Group has leases for the main warehouse and related facilities, an office and production building. The lease liabilities are secured by the related underlying assets. In applying AASB16 the Group used the following practical expedients:

- The use of a single discount rate to a portfolio of leases with similar characteristics.
- The exclusion of initial direct costs for the measurement of the right-of-use-asset at the date of initial application.
- The use of hindsight in determining the lease term where the contract contains options to extend or terminate.

Amortisation of product development

Product development is amortised based on units of production as the Board has determined that this appropriately apportions the costs of development across the units produced to meet customer orders and building of inventory to meet future orders. Product development costs continue to be monitored for any indicators that these costs may be impaired or whether the amortisation rate needs to be accelerated.

Recovery of deferred tax assets

Deferred tax assets are recognised for deductible temporary differences as management considers that it is probable that sufficient future tax profits will be available to utilise those temporary differences. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits.

Inventories

Management estimates the net realisable values of inventories, taking into account the most reliable evidence available at each reporting date. The future realisation of these inventories may be affected by future technology or other market-driven changes that may reduce future selling prices.

Capitalisation of internally developed products

Distinguishing the research and development phases of new products and determining whether the recognition requirements for the capitalisation of development costs are met requires judgement. After capitalisation, management monitors whether the recognition requirements continue to be met and whether there are any indicators that capitalised costs may be impaired.

The Group assesses at each balance date whether there is an indication that an asset may be impaired. If any such indication exists, the Group makes an estimate of the asset's recoverable amount, being the higher of its fair value less costs to sell and its value in use. The value in use requires an estimation of the recoverable amount of the cash generating units to the assets are allocated. There were no indicators of impairment during the financial year.

(e) SEGMENT REPORTING

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors of VEEM Ltd.

The Board 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 operational 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 profit or loss and other 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.

(f) FOREIGN CURRENCY TRANSLATION

Both the functional and presentation currency of VEEM Ltd is Australian dollars. The functional currency of VEEM Marine (Europe) B.V is Euro.

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 ruling at the balance date.

All exchange differences in the financial report are taken to profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction.

Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

As at the balance date the assets and liabilities of the subsidiaries are translated into the presentation currency of VEEM Ltd at the rate of exchange ruling at the balance date and its statement of profit or loss and other comprehensive income is translated at the average exchange rate for the year.

The exchange differences arising on the translation are taken directly to the foreign currency translation reserve in equity.

On disposal of a foreign entity, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in profit or loss.

(g) REVENUE RECOGNITION

Revenue from contracts with customers is measured at fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, rebates and amounts collected on behalf of third parties. Contract liabilities are recognised where applicable in relation to sales.

Point in time recognition - sale of goods - propulsion & stabilisation

Revenue is recognised when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Over time recognition - Sale of goods and rendering of services - mining & industrial engineering, propulsion & stabilisation and defence

In determining whether performance obligations are satisfied over time the Group considers the following:

- Legal control is often retained by the customer;
- VEEM products and services are highly specialised and often do not have an alternate use; and
- Contracts are established with customers so that VEEM has an enforceable right to payment for performance completed to date, including profit margin.

Revenue is recognised by reference to the stage of completion of the performance obligation. The stage of completion of the performance obligation is determined as follows:

- Contract income is recognised by reference to the total actual costs incurred at the end of the reporting period relative to the proportion of the total costs expected to be incurred over the life of the performance obligation;
- Servicing fees are recognised by reference to the proportion of the total cost of providing the service for the product sold; and
- Revenue from time and material contracts are recognised at the contractual rates as labour hours are delivered and direct expenses are incurred.

(h) LEASES

Where the Group is a lessee, the Group recognises a right-of-use asset and a corresponding liability at the date which the lease asset is available for use by the Group (i.e., commencement date). Each lease payment is allocated between the liability and the finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a consistent period rate of interest on the remaining balance of the liability for each period.

The lease liability is initially measured at the present value of the lease payments that are not paid at commencement date, discounted using the rate implied in the lease. If this rate is not readily determinable, the Group uses its incremental borrowing rate. Lease payments included in the initial measurement of the lease liability consist of:

Fixed lease payments less any lease incentives receivable;

- Variable lease payments that depend on an index or rate, initially measured using the index or rate at commencement date;
- Any amounts expected to be payable by the Group under residual value guarantees;
- The exercise price of purchase options, if the Group is reasonably certain to exercise the options; and
- Termination penalties of the lease term reflects the exercise of an option to terminate the lease.

Extension options are included in a number of property leases across the Group. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option. Extension options are only included in the lease term if, at commencement date, it is reasonably certain that the options will be exercised.

Subsequent to initial recognition, the lease liability is measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made. The lease liability is remeasured (with a corresponding adjustment to the right-of-use asset) whenever there is a change in the lease term (including assessments relating to extension and termination options), lease payments due to changes in an index or rate, or expected payments under guaranteed residual values.

Right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before commencement date, less any lease incentives received and any initial direct costs. These right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses.

Where the terms of a lease require the Group to restore the underlying asset, or the Group has an obligation to dismantle and remove a leased asset, a provision is recognised and measured in accordance with AASB 137. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset.

Right-of-use assets are depreciated on a straight-line basis over the term of the lease (or the useful life of the leased asset if this is shorter). Depreciation starts on commencement date of the lease.

Where leases have a term of less than 12 months or relate to low value assets, the Group has applied the optional exemptions to not capitalise these leases and instead account for the lease expense on a straight-line basis over the lease term.

(i) INCOME TAX

The income tax expense or benefit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary difference and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance date.

Deferred income tax is provided on all temporary differences at the balance date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except:

- when the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

 when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred income tax assets is reviewed at each balance date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each balance date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

IMPAIRMENT OF TANGIBLE AND INTANGIBLE ASSETS

The Group assesses at each balance date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets and the asset's value in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cashgenerating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset unless the asset is carried at revalued amount (in which case the impairment loss is treated as a revaluation decrease).

An assessment is also made at each balance date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset

is carried at revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

(k) TRADE AND OTHER RECEIVABLES

Trade receivables are measured on initial recognition at fair value and are subsequently measured at amortised cost using the effective interest rate method, less any allowance for impairment. Trade receivables are generally due for settlement within periods ranging from 15 days to 90 days after the month in which they are arise.

Impairment of trade receivables is continually reviewed and those that are considered to be uncollectible are written off by reducing the carrying amount directly. An allowance account is used when there is objective evidence that the Group will not be able to collect all amounts due according to the original contractual terms.

Factors considered by the Group in making this determination include known significant financial difficulties of the debtor, review of financial information and significant delinquency in making contractual payments to the Group. The impairment allowance is set equal to the difference between the carrying amount of the receivable and the present value of estimated future cash flows, discounted at the original effective interest rate. Where receivables are short-term discounting is not applied in determining the allowance.

The amount of the impairment loss is recognised in the statement of profit or loss and other comprehensive income within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in the statement of profit or loss and other comprehensive income.

(I) 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.

Contract work in progress

Contract 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 Group's contract operations. Where a loss on completion is indicated that loss is brought to account in the current year.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

(m) DERECOGNITION OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Financial assets

- A financial asset (or, where applicable, a part of a financial asset or part of a Group of similar financial assets) is de-recognised when:
- the rights to receive cash flows from the asset have expired;
- the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement; or
- the Group has transferred its rights to receive cash flows from the asset and either:
 - has transferred substantially all the risks and rewards of the asset; or
 - has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration received that the Group could be required to repay.

When continuing involvement takes the form of a written and/ or purchased option (including a cash-settled option or similar provision) on the transferred asset, the extent of the Group's continuing involvement is the amount of the transferred asset that the Group may repurchase, except that in the case of a written put option (including a cash-settled option or similar provision) on an asset measured at fair value, the extent of the Group's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

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 derecognition 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) PROPERTY, PLANT AND EQUIPMENT

Plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses. Such cost includes the cost of replacing parts that are eligible for capitalisation when the cost of replacing the parts is incurred. Similarly, when each major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement only if it is eligible for capitalisation.

Depreciation is calculated on a straight-line basis over the estimated useful life of the assets as follows:

Motor vehicles	3-10 years
Plant and equipment	5-30 years
Computer equipment	3-5 years

The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each financial year end.

Impairment

The carrying values of plant and equipment are reviewed for impairment at each balance date, with recoverable amount being estimated when events or changes in circumstances indicate that the carrying value may be impaired.

The recoverable amount of plant and equipment is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For an asset that does not generate largely independent cash inflows, recoverable amount is determined for the cash-generating unit to which the asset belongs, unless the asset's value in use can be estimated to approximate fair value. An impairment exists when the carrying value of an asset or cash-generating unit exceeds its estimated recoverable amount. The asset or cash-generating unit is then written down to its recoverable amount.

For plant and equipment, impairment losses are recognised in the statement of profit or loss and other comprehensive income.

De-recognition and disposal

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

(o) INTANGIBLE ASSETS

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

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 lives are used in the calculation of amortisation:

Patents	10 - 20 years
Product Development Expenditure	Units of production
Software	10 years

Right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the Group expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of-use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The Group has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

(p) TRADE AND OTHER PAYABLES

Trade payables and other payables are carried at amortised cost and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group 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 not due within 12 months.

(q) BORROWINGS

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

(r) PROVISIONS

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not recognised for future operating losses.

When the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of profit or loss and other comprehensive income net of any reimbursement.

Provisions are measured at the present value or management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability.

When discounting is used, the increase in the provision due to the passage of time is recognised as an interest expense.

Onerous contracts

Presen obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract.

Warranties

Provisions for the expected cost of warranty obligations under local sale of goods legislation are recognised at the date of sale of the relevant products, at the Directors' best estimate of the expenditure required to settle the Group's obligation.

Commissioning Costs

Provisions for the expected cost of commissioning gyrostabilisers are recognised where the sale is inclusive of commissioning.

Lease restoration provision

A provision has been made for the present value of anticipated costs for future restoration of leased premises. The provision includes future cost estimates associated with the end of the lease term. The calculation of this provision requires assumptions such as application of end dates and cost estimates. The provision recognised for each site is periodically reviewed and updated based on the facts and circumstances available at the time. Changes to the estimated future costs for sites are recognised in the statement of financial position by adjusting the asset and the provision. Reductions in the provision that exceed the carrying amount of the asset will be recognised in profit or loss.

Annual leave

The liability for annual leave is measured as the value of the expected future payments to be made in respect of services provided by employees up to the balance date.

Long service leave

The liability for long service leave is measured as the present value of expected future payments to be made in respect of services provided by employees up to the balance date. Consideration is given to expected 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 national government bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

(s) DIVIDENDS

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

(t) EARNINGS PER SHARE

Basic earnings per share is calculated as net profit attributable to members of the parent, adjusted to exclude any costs of servicing equity (other than dividends), divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings per share are calculated, where applicable, as net profit attributable to members of the parent, adjusted for:

- costs of servicing equity (other than dividends);
- the after-tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares; divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

(u) DERIVATIVE FINANCIAL INSTRUMENTS

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

Cash flow hedges:

Cash flow hedges are used to cover the Group's exposure to variability in cash flows that is attributable to particular risks associated with a recognised asset or liability or a firm commitment which could affect profit or loss. The effective portion of the gain or loss on the hedging instrument is recognised in other comprehensive income through the cash flow hedges reserve in equity, whilst the ineffective portion is recognised in profit or loss. Amounts taken to equity are transferred out of equity and included in the measurement of the hedged transaction when the forecast transaction occurs.

Cash flow hedges are tested for effectiveness on a regular basis both retrospectively and prospectively to ensure that each hedge is highly effective and continues to be designated as a cash flow hedge. If the forecast transaction is no longer expected to occur, the amounts recognised in equity are transferred to profit or loss.

If the hedging instrument is sold, terminated, expires, exercised without replacement or rollover, or if the hedge becomes ineffective and is no longer a designated hedge, the amounts previously recognised in equity remain in equity until the forecast transaction occurs.

The Group subsequently measures derivative financial instruments at fair value. Gains and losses on derivative financial instruments that do not qualify for hedge accounting are recognised in the Profit and Loss for the period.

Amounts recognised in equity are reclassified from reserves into the cost of the underlying transaction and recognised in the Profit and Loss when the underlying transactions affects the Profit and Loss. The ineffective portion of any change in the fair value of the instrument is recognised in the Profit and Loss immediately. Where a derivative financial instrument is designated as a fair value hedge changes in the fair value of the underlying asset or liability attributable to the hedge risk, and gains and losses on the derivative financial instrument are recognised in the Profit and Loss for the period.

(v) BASIS OF CONSOLIDATION

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

A list of controlled entities is contained in Note 22 to the financial statements.

As at reporting date, the assets and liabilities of all controlled entities have been incorporated into the consolidated financial statements as well as their results for the year then ended.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate. The acquisition method of accounting is used to account for business combinations by the Group.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of financial position respectively.

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the Group's interests and the noncontrolling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities were disposed of.

NOTE 2: REVENUE AND EXPENSES

Revenue from contracts with customers

	2024 (\$)	2023 (\$)
Sales revenue		
Revenue – point in time	12,876,058	5,922,960
Revenue – over time	67,651,175	53,612,125
	80,527,233	59,535,085
Other revenue	27,149	44,859
	80,554,382	59,579,944
Government Subsidies		
Apprentice subsidies	53,519	261,442
Government subsidies – Manufacturing Modernisation Fund	30,591	533,754
	84,110	795,196

During the year, the Group recognised revenue of \$10,314,808 (2023: \$7,808,886) in relation to the prior years' work in progress. The Group has progress billings at 30 June 2024 of \$5,110,480 (2023: \$7,704,738), refer to Note 9.

The Group has contract assets, being work in progress (recognised over time) at 30 June 2024 of \$8,766,220 (2023: \$7,774,193).

The Group recognises revenue from contracts with customers based on the following performance:

- the completion of the contracted work-scope following factory acceptance testing
 in accordance with contract terms and conditions; and
- · when applicable, completion of contracted milestones and transfer of title generally based on:
 - milestone 1 material acquisition, and/or
 - milestone 2 completion of casting metal pour, and/or
 - milestone 3 factory acceptance testing (FAT)

The majority of customer contracts are from the private sector and this accounted for approximately 80% (2023: 79%) of the revenue during FY2024. Sales to government instrumentalities accounted for 20% (2023: 21%).

The geographic distribution of sales for FY2024 was approximately 53% (2023: 61%) derived from customers within Australia and the remaining 47% (2021: 39%) were derived predominantly from customers in the USA, Sweden, UK, Italy, Turkey, Netherlands and Singapore.

Contracts are received and executed generally within 12 months and hence are considered short term contracts. Period contracts (those that extend greater than 1 year) with customers are executed by discrete purchase orders for required shipments and hence still fall within the definition for short term contracts.

The majority of sales are generated by direct contracts with customers. During the year sales agents were utilised in Europe, MENA, Hong Kong, Turkey and South America (gyrostabilisers only) to introduce enquiries and leads. Contracts are then established directly between VEEM Ltd and the customer. Distributors are utilised for propeller sales in the USA, France, Costa Rica and Australia, where the distributors purchase from and contract directly with VEEM Ltd.

NOTE 2: REVENUE AND EXPENSES (CONTINUED)

Other expenses

	2024 (\$)	2023 (\$)
Insurance	541,188	527,981
Advertising and marketing	720,700	564,182
Bank Charges	92,441	68,163
Accounting and secretarial	369,856	280,920
Non-executive director fees	672,941	341,999
Share based payments	70,813	44,100
Other general expenses	1,011,464	621,114
	3,479,403	2,448,459

NOTE 3: INCOME TAX

Income tax recognised in profit or loss

The major components of tax expense are:

	2024 (\$)	2023 (\$)
Current tax expense	3,051,742	(419,051)
Deferred tax expense relating to the origination and reversal of temporary differences	(1,936,775)	1,193,038
Total tax expense	1,114,967	773,987
The prima facie income tax expense on pre-tax accounting profit from operations reconciles to the income tax expense in the financial statements as follows:		
Accounting profit before income tax	8,100,783	4,886,195
Income tax expense calculated at FY2023: 30% (FY2022: 30%)	2,430,235	1,465,859
Tax effect of amounts which are not deductible/(taxable) in calculating taxableincome:		
Prior year (over)/under provision of income tax	3	(5,969)
Effect of expenses that are not deductible in determining taxable profit	638,477	396,848
Effect of concessions – research and development	(1,953,748)	(1,082,751)
Income tax (benefit)/expense reported in the statement of profit or loss and other comprehensive income	1,114,967	773,987

The tax rate used in the above reconciliation is the corporate tax rate of 30% payable by Australian corporate entities with turnover greater than \$50 million on taxable profits under Australian tax law.

Current tax receivables comprise:

4	2024 (\$)	2023 (\$)
Income tax receivable/(payable)	355,203	205,603

NOTE 3: INCOME TAX (CONTINUED)

Deferred tax assets comprise:

		2024 (\$)	2023 (\$)
Annual leave payable		655,288	636,900
Provisions		534,253	545,509
Accrued expenses		140,022	125,185
Unrealised foreign exchange loss		-	24,287
Black hole expenditure and borrowing costs		43	42
Timing difference between Right of Use assets and Lease liabilities		395,006	381,108
Loss carried forward		-	419,051
Unclaimed research and development concessions		1,086,537	2,136,319
Patents		39,535	-
		2,850,684	4,268,401
Deferred tax liabilities comprise:			
Depreciable property, plant and equipment		7,549,119	7,880,387
Patents		-	26,098
Unrealised foreign exchange loss		8,565	-
	_	7,557,684	7,906,485
Reconciliation of deferred tax assets/ (liabilities):	_		
37	Openingbalance	Charged to income	Closing balance
30 June 2024	(\$)	(\$)	(\$)
Accrued expenses	125,185	14,837	140,022
Annual leave payable	636,900	18,388	655,288
Provisions	545,509	(11,256)	534,253
Property, plant and equipment	(7,880,387)	331,268	(7,549,119)
Unrealised foreign exchange (gain) / loss	24,287	(32,852)	(8,565)
Black hole expenditure and borrowing costs	42	1	43
Patents	(26,098)	65,633	39,535
Losses carried forward	419,051	(419,051)	-
Unclaimed research and development concessions	2,136,319	(1,049,782)	1,086,537
Timing difference between Right of Use assets and Lease liabilities	381,108	13,898	395,006
	(3,638,084)	(1,068,916)	(4,707,000)
	Opening balance	Charged to income	Closing balance
30 June 2023	(\$)	(\$)	(\$)
Accrued expenses	284,007	(158,822)	125,185
Annual leave payable	589,496	47,404	636,900
Provisions	372,455	173,054	545,509
Property, plant and equipment	(5,721,283)	(2,159,104)	(7,880,387)
Unrealised foreign exchange (gain) / loss	48,924	(24,637)	24,287
Black hole expenditure and borrowing costs	187	(145)	42
Patents	361	(26,459)	(26,098)
Losses carried forward	170,276	248,775	419,051
Unclaimed research and development concessions	1,053,568	1,082,751	2,136,319
Timing difference between Right of Use assets and Lease liabilities	337,916	43,192	381,108
	(2,864,093)	(773,991)	(3,638,084)

NOTE 4: SEGMENT REPORTING

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors of VEEM Ltd.

The Board 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 operational 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 profit or loss and other 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.

The Group has two customers (2023: two) where the revenue from those customers was in excess of 10% of the Group's revenue. Customer A generated 20% (2023: 21%) and Customer B generated 10% (2023: 2%) of the Group's revenue for the year.

Although the Group is managed as a single business segment, sales revenue of \$80.6 million (2023: \$59.6 million) can be broken down into the following sales categories. Propulsion and stabilisation consist of the manufacture of new propellers, shaft lines, gyrostabilisers, and marine ride control fins. The sales in this category were \$47.5 million (2023: \$32.9 million). Defence related sales for FY2024 totalled \$20.9 million (2023: \$17.0 million) with \$3.7 million (2023: \$3.9 million) of those sales being both within the defence and propulsion/ stabilization categories. Sales of engineering products and services (non-defence) for FY2024 were \$15.8 million (2023: \$13.5 million).

NOTE 5: EARNINGS PER SHARE

Basic and diluted earnings per share

	2024	2023
	Cents per share	Cents per share
Basic earnings per share	5.15	3.03
Diluted earnings per share	5.14	3.03

	2024 (\$)	2023 (\$)
Earnings		
Earnings from continuing operations	6,985,816	4,112,208
	Number	Number
Weighted average number of ordinary shares for the purpose of basic earnings per share	135,727,671	135,719,452
Effect of dilution	210,689	-
Weighted average number of ordinary shares on issue adjusted for the effect of dilution	135,938,360	135,719,452

	Cents per share	Cents per share
Basic earnings per share	5.15	3.03
Diluted earnings per share	5.14	3.00
The earnings and weighted average number of ordinary shares used in the calculation of basis	ic and diluted earnings pe	er share is as follow
	2024 (\$)	2023 (\$)
Earnings		
Earnings from continuing operations	6,985,816	4,112,208
	Number	Number
Weighted average number of ordinary shares for the purpose of basic earnings per share	135,727,671	135,719,452
Effect of dilution	210,689	-
Weighted average number of ordinary shares on issue adjusted for the effect of dilution	135,938,360	135,719,452
NOTE 6: DIVIDENDS		
	2024 (\$)	2023 (\$)
	2024 (\$)	2023 (\$)
Fully franked dividends paid Unfranked dividends paid	2024 (\$) - 1,737,209	2023 (\$) - 827,878
Fully franked dividends paid	-	-

NOTE 7: CASH AND CASH EQUIVALENTS

	2024 (\$)	2023 (\$)
Cash at bank	538,524	2,420,312
Overdraft	(368,766)	-
Cash on hand	800	800
	170,558	2,421,112

Cash at bank earns interest at floating rates based on daily bank deposit rates.

Reconciliation to the Statement of Cash Flows:

For the purposes of the statement of cash flows, cash and cash equivalents comprise cash on hand and at bank and investments in money market instruments, net of outstanding bank overdrafts.

Non-cash financing and investing activities

The Group purchased assets with a value of \$1,383,371 (2023: \$4,467,094) which were financed through hire purchase.

Cash balances not available for use

All cash balances are available for use.

Reconciliation of profit for the year to net cash flows from operating activities

6,985,816 5,368,906 45,961 70,813 (3,091,778) (3,572,109) 1,625,933 31,272	
45,961 70,813 (3,091,778) (3,572,109) 1,625,933	6,720 44,100 (43,639 (5,053,597
45,961 70,813 (3,091,778) (3,572,109) 1,625,933	6,720 44,100 (43,639) (5,053,597)
70,813 (3,091,778) (3,572,109) 1,625,933	44,100 (43,639) (5,053,597)
(3,091,778) (3,572,109) 1,625,933	(43,639) (5,053,597)
(3,572,109) 1,625,933	(5,053,597)
(3,572,109) 1,625,933	(5,053,597)
1,625,933	(5,053,597) 520,645
	520,645
31,272	
	141,862
919,315	750,999
(23,392)	152,465
8,360,737	3,019,848

loans (\$) 5,400,000 2,492,141 7,892,141	Hire Purchase liability (\$) 4,108,736 (1,327,412)	Lease liability (\$) 12,157,876 (1,504,517) 377,825	Total 21,666, (339,7 377,
5,400,000 2,492,141 - - 7,892,141	liability (\$) 4,108,736 (1,327,412) - 4,467,094	12,157,876 (1,504,517) 377,825	21,666, (339,7 377,
- - - - - - - - - - - - - - - - - - -	4,108,736 (1,327,412) - 4,467,094	(1,504,517) 377,825	(339,7
- - - - - - - - - - - - - - - - - - -	(1,327,412) - 4,467,094	377,825	377,
	4,467,094	377,825	377,
		-	
	7,248,418		4,467
		11,031,184	26,171,
,124,346)	(1,861,440)	(1,661,225)	(5,647,
, 124,040)		(1,001,220)	1,383
_	-	70.998	70
5.767.795	6.770.349		21,979
		2024 (\$)	202
Trade re	eceivables (a)	13,142,025	10,058
Othe	er receivables	62,476	54
		13,204,501	10,112
	Oth€	Trade receivables (a) Other receivables	70,998 5,767,795 6,770,349 9,440,957 2024 (\$) Trade receivables (a) 13,142,025 Other receivables 62,476

	2024 (\$)	2023 (\$)
Trade receivables (a)	13,142,025	10,058,505
Other receivables	62,476	54,219
	13,204,501	10,112,724

	2024 (\$)	2023 (\$)
60 – 90 days	82,935	48,275
90 – 120 days	232,479	110,211
Total	315,414	158,486

In measuring the expected credit losses, the trade receivables have been assessed on a collective basis as they possess shared credit risk characteristics. They have been grouped based on the days past due and also according to the geographical location of customers.

The expected loss rates are based on the payment profile for sales over the past 48 months before 30 June 2024 and 30 June 2023 respectively as well as the corresponding historical credit losses during that period. The historical rates are adjusted to reflect current and forwarding looking macroeconomic factors affecting the customer's ability to settle the amount outstanding.

Trade receivables are written off when there is no reasonable expectation of recovery. Failure to make payments within 180 days from the invoice date and failure to engage with the Company on alternative payment arrangements are considered indicators of low reasonable expectation of recovery. During the period \$17,317 of receivables were written off (2023: Nil).

Where commercially sensible and available, VEEM Ltd takes out credit insurance against its overseas receivables.

On the above basis, a provision for expected credit losses as at 30 June 2024 is not required as it is not material to the financial statements (30 June 2023: Nil).

NOTE 9: INVENTORIES

	2024 (\$)	2023 (\$)
Work in progress – over time	8,766,220	7,774,193
Work in progress – point in time	5,214,319	5,194,972
	13,980,539	12,969,165
Less: progress billings	(5,110,480)	(7,704,738)
	8,870,059	5,264,427
Goods for resale, raw materials and stores	14,563,825	15,673,021
	23,433,884	20,937,448

During the year, the Group recognised revenue of \$10,314,808 (2023: \$7,808,886) in relation to the prior years' work in progress.

NOTE 10: OTHER ASSETS

	2024 (\$)	2023 (\$)
Prepayments	1,261,681	503,455
Suppliers paid in advance	812,907	831,548
	2,074,588	1,335,003

NOTE 11: PROPERTY, PLANT AND EQUIPMENT

		Plant and Equipment	Motor Vehicles	Capital Work in Progress	Computer Equipment	Tota
		(\$)	(\$)	(\$)	(\$)	(\$
A	s at 30 June 2023			,		
С	ost	49,729,406	662,767	397,379	1,822,292	52,611,844
A	ccumulated depreciation	(29,112,105)	(537,995)	-	(1,621,529)	(31,271,629
c	losing carrying amount	20,617,301	124,772	397,379	200,763	21,340,215
Y	ear ended 30 June 2024					
10	pening carrying amount	20,617,301	124,772	397,379	200,763	21,340,215
Α	dditions	1,785,567	74,201	798,307	19,993	2,678,06
Tr	ransfers	196,910	-	(196,910)	-	
D	epreciation charge	(2,171,166)	(23,876)	-	(74,341)	(2,269,383
C	losing carrying amount	20,428,612	175,097	998,776	146,415	21,748,900
)) A	s at 30 June 2024					
С	ost	51,711,883	736,968	998,776	1,842,285	55,289,912
Α	ccumulated Depreciation	(31,283,271)	(561,871)	-	(1,695,870)	(33,541,012
С	arrying amount	20,428,612	175,097	998,776	146,415	21,748,900
	arrying amount		170,007	333,170	140,410	21,140,

NOTE 12: INTANGIBLE ASSETS

	Other Intellectual Property	Product Development	Total
	(\$)	(\$)	(\$)
As at 30 June 2023		'	
Cost	1,109,269	22,982,490	24,091,759
Accumulated amortisation	(873,745)	(2,196,490)	(3,070,235)
Closing carrying amount	235,524	20,786,000	21,021,524
Year ended 30 June 2024			
Opening carrying amount	235,524	20,786,000	21,021,524
Net additions	93,419	2,177,730	2,271,149
Amortisation charge	(133,040)	(1,257,216)	(1,390,256)
Closing carrying amount	195,903	21,706,514	21,902,417
As at 30 June 2024			
Cost	1,202,688	25,160,220	26,362,908
Accumulated amortisation and impairment	(1,006,785)	(3,453,706)	(4,460,491)
Carrying amount	195,903	21,706,514	21,902,417

No impairment loss was recognised in the 2024 financial year (2023: \$Nil).

NOTE 13: RIGHT-OF-USE ASSETS

-	Premises \$	Total \$
As at 30 June 2024		
Cost	16,540,187	16,540,187
Accumulated depreciation	(8,314,988)	(8,314,988)
Carrying amount	8,225,199	8,225,199
As at 30 June 2023		
Cost	16,469,189	16,469,189
Accumulated depreciation	(6,607,437)	(6,607,437)
Carrying amount	9,861,752	9,861,752
	2024 (\$)	2023 (\$)
Opening balance	9,861,752	11,132,417
Remeasurement of lease liability (a)	70,998	377,825
Depreciation	(1,707,551)	(1,648,490)
Closing balance	8,225,199	9,861,752

(a) A rent review during the 2023 financial year required a re-measurement of the lease liability which resulted in an increase in the lease liability and right of use asset of \$70,998.

NOTE 14: TRADE AND OTHER PAYABLES (CURRENT)

	2024 (\$)	2023 (\$)
Trade payables (a)	6,286,170	4,878,254
Net GST payable	312,957	336,349
Other creditors	1,402,792	1,184,775
	8,001,919	6,399,378

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

Information regarding the interest rate, foreign exchange and liquidity risk exposure is set out in Note 20.

NOTE 15: BORROWINGS

	2024 (\$)	2023 (\$)
Current		
Floating rate loan facility (a)	-	1,200,000
Trade Loan Facility (b)	767,795	1,692,141
Hire purchase liability	2,390,383	2,114,353
Less: Unexpired charges	(372,942)	(374,339)
	2,785,236	4,632,155
Non-current		
Loan facility - Daily Rate (c)	5,000,000	5,000,000
Hire purchase liability	5,198,635	6,081,057
Less: Unexpired charges	(445,727)	(572,653)
	9,752,908	10,508,404

- The Group had a Floating Rate Loan Facility with a limit of \$1,200,000 at 30 June 2023. The Loan Facility was repaid during the period with the final payment in June 2024. Interest was charged at the base rate plus 1.30% per month and a line fee of 0.50% per annum of the Facility Limit was paid guarterly in arrears.
 - The Group entered into a trade loan facility in the prior year to support it's import trade arrangements. The facility has a limit of \$2,000,000 and each drawdown is repayable in 150 days. Interest is at the base rate plus 1.25% per annum. A line fee of 0.75% per annum of the Facility Limit is payable quarterly in arrears.
 - The Group has a Loan Facility Daily Rate with a limit of \$5,000,000. The Loan Facility is repayable on the termination date of 1 October 2025. Interest at the base rate plus 1.65% per annum is charged and paid monthly. The interest rate is currently at 6.00% (June 2023: 5.84%). The facility is fully drawn and is reviewed on an annual basis.
- The Group has an Overdraft Facility with a limit of \$3,400,000. Interest at the base rate plus 2.60% per annum is charged monthly. A line fee of 0.50% per annum of the Facility Limit is payable quarterly in arrears. The facility is reviewed on an annual basis. At 30 June 2024, the Group had drawn \$368,766 and had available \$3,031,234 of undrawn overdraft facilities (June 2023: \$3,400,000). In addition, there is an Electronic Payments Facility with a limit of \$300,000. At 30 June 2024, the Group had available \$300,000 under this facility (June 2023: \$300,000).

 $\overline{\mathbb{I}}$ he facilities are secured by a registered first mortgage over the assets and undertakings of the Group. The Group complied with all banking covenants during the financial year.

NOTE 15: BORROWINGS (CONTINUED)

Financing facilities available

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

		2024 (\$)	2023 (\$)
Tota	al facilities		
	Overdraft facility	3,400,000	3,400,000
	 Loan facility – Daily Rate 	5,000,000	5,000,000
	Trade Loan Facility	2,000,000	2,000,000
	Electronic payments facility	300,000	300,000
	Floating rate loan facility	-	1,200,000
	Commercial card facility	50,000	50,000
		10,750,000	11,950,000
Faci	ilities used at balance date		
	Overdraft facility	368,766	-
	Loan facility – Daily Rate	5,000,000	5,000,000
	Trade Loan Facility	767,795	1,692,141
	Electronic payments facility	-	-
	Floating rate loan facility	-	1,200,000
	Commercial card facility	-	-
		6,136,561	7,892,141
Faci	ilities unused at balance date		
	Overdraft facility	3,031,234	3,400,000
	Loan facility – Daily Rate	-	-
	Trade Loan Facility	1,232,205	307,859
	Electronic payments facility	300,000	300,000
	Floating rate loan facility	-	-
	Commercial card facility	50,000	50,000
		4,613,439	4,057,859
Tota	al facilities		
	Facilities used at balance date	6,136,561	7,892,141
	Facilities unused at balance date	4,613,439	4,057,859
		10,750,000	11,950,000

The carrying value of plant and equipment held under hire purchase contracts at 30 June 2024 is \$9,306,458 (2023: \$8,531,525). Additions during the year include \$1,383,371 (2023: \$4,467,094) of plant and equipment held under hire purchase contracts.

NOTE 16: LEASE LIABILITIES

	Premises \$	Total \$
30 June 2024		
Current liabilities	1,731,766	1,731,766
Non-current liabilities	7,709,191	7,709,191
	9,440,957	9,440,957

	Premises \$	Total \$
30 June 2023		
Current liabilities	1,650,942	1,650,942
Non-current liabilities	9,380,242	9,380,242
	11,031,184	11,031,184

	\$	\$
30 June 2024		
Current liabilities	1,731,766	1,731,766
Non-current liabilities	7,709,191	7,709,191
	9,440,957	9,440,957
	Premises \$	Total \$
30 June 2023	'	
Current liabilities	1,650,942	1,650,942
Non-current liabilities	9,380,242	9,380,242
	11,031,184	11,031,184
Reconciliation	Premises \$	Total \$
Balance at 1 July 2022	12,157,876	12,157,876
Principal repayments	(1,504,517)	(1,504,517)
Remeasurement of lease liability (a)	377,825	377,825
Balance at 30 June 2023	11,031,184	11,031,184
Principal repayments	(1,661,225)	(1,661,225)
Remeasurement of lease liability (a)	70,998	70,998
Closing balance 30 June 2024	9,440,957	9,440,957

The average lease term to expiry is 5 years.

Lease payments due 30 June 2024	<1 year \$	1-5 years \$	>5 years \$	
Net present values	1,731,766	7,709,191	-	9,440
Interest	298,658	536,864	-	83
Lease payments	2,030,424	8,246,055	-	10,27

NOTE 17: PROVISIONS

	2024 (\$)	2023 (\$)
Current		
Annual Leave	2,184,293	2,123,000
Long service leave	1,365,404	1,270,205
After sales	294,061	361,699
Commissioning	121,377	178,960
	3,965,135	3,933,864
Non-Current		
Lease restoration	100,929	100,929
	100,929	100,929
Employee benefits (a)		
Balance at beginning of year	3,393,205	3,103,048
Net movements	156,492	290,157
Balance at the end of year - Current	3,549,697	3,393,205
(a) The provision for employee benefits represents annual and long service leave entitlements accrued. Provision for restoration		
Balance at beginning of year	100,929	100,929
Net movements	-	-
Balance at the end of the year - Non-current	100,929	100,929
	,	•
Provision for after sales		
Balance at beginning of year	361,699	590,497
	(67,638)	(228,798)
Net movements	(- ,/	
Net movements Balance at the end of the year - Non-current	294,061	361,699
Balance at the end of the year - Non-current Provision for commissioning		361,699
Balance at the end of the year - Non-current		361,699 98,456
Balance at the end of the year - Non-current Provision for commissioning	294,061	

NOTE 18: ISSUED CAPITAL

(a). Issued and paid up capital

	2024 (\$)	2023 (\$)
135,769,452 (2023: 135,719,452) Ordinary shares issued and fully paid	11,541,213	11,509,613

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held.

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

Ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

(b). Movements in ordinary shares on issue

	Year to 30 June 2024		Year to 30 June 2023	
	No.	\$	No.	\$
Movements in ordinary shares on issue				
Opening balance	135,719,452	11,509,613	135,719,452	11,509,613
Issue of shares	50,000	31,600	-	-
Closing balance	135,769,452	11,541,213	135,719,452	11,509,613

Closing balance	135,769,452	11,541,213	135,719,452	11,509,61
NOTE 19: RESERVES				
			2024 (\$)	2023 (\$)
Share based payment reserve		·	108,034	68,821
Cash flow hedge reserve			31,092	(109,795)
Foreign currency translation reserve			2,577	1,218
			141,703	(39,756)

The share based payments reserve is used to record the value of equity instruments issued to Directors, employees and qualifying contractors as part of their remuneration.

During the year the Group had a share-based payment Performance Rights and Options Plan which provided that the Board of the Group may, from time to time, in its absolute discretion, make an offer to any Eligible Participant to apply for Performance Rights or Options, upon the terms set out in the Performance Rights and Options Plan and upon such additional terms and conditions as the Board determined.

In exercising that discretion, the Board may have regard to the following (without limitation):

- The Eligible Participant's length of service with the Group;
- The contribution made by the Eligible Participant to the Group;
- (iii) The potential contribution of the Eligible Participant to the Group; or
- (iv) Any other matter the Board considers relevant.

The share-based payment reserve comprises the cumulative share-based payment expense recognised in the Statement of Profit or Loss and Other Comprehensive Income in relation to equity-settled options and share rights issued but not yet exercised.

The fair value of share rights subject to a market condition is determined at grant date using a trinomial valuation model. The values calculated do not take into account the probability of rights being forfeited prior to vesting, as VEEM Ltd revises its estimate of the number of share rights expected to be eligible to vest at each reporting date.

NOTE 19: RESERVES (CONTINUED)

FY 2022 Performance Rights

Grant date	Vesting date	Expiry date	Beneficiary	Balance at 1 July 2023	Granted during period	Exercised during period	Forfeited / lapsed during period	Balance 30 June 2024
6 Jul 2021	6 Jul 2022	14 Aug 2024	D Rich	50,000	-	(50,000)	-	-
6 Jul 2021	6 Jul 2023	14 Aug 2024	D Rich	50,000	-	-	-	50,000
6 Jul 2021	6 Jul 2024	14 Aug 2024	D Rich	50,000	-	-	-	50,000
\$2.50 for tran	hts will vest on or ches 1-3 respect a change of cont	ively provided th	e beneficiary is	s still employed	0		, ,	

Valuation assumptions	Tranche 1	Tranche 2	Tranche 3
Valuation Date	6-Jul-21	6-Jul-21	6-Jul-21
Spot Price (\$)	\$1.34	\$1.34	\$1.34
Exercise Price (\$)	nil	nil	nil
Expected future volatility (%)	50.14%	50.14%	50.14%
Risk free rate (%)	0.19%	0.19%	0.19%
Dividend yield (%)	1%	1%	1%
Fair value per right	\$0.632	\$0.49	\$0.382

Grant date	Vesting date*	Expiry date	Holder	1 Jul 2023	Granted during period	Exercised during period	Forfeited / lapsed during period	30 June 2024
11 Dec 2023	11 Jan 2027	11 Jan 2027	D Rich	-	108,135	-	-	108,135
11 Dec 2023	11 Jan 2027	11 Jan 2027	D Rich	-	108,135	-	-	108,135
11 Dec 2023	11 Jan 2027	11 Jan 2027	D Rich	-	108,168	-	-	108,168
11 Dec 2023	11 Jan 2027	11 Jan 2027	T Raman	-	102,554	-	-	102,554
11 Dec 2023	11 Jan 2027	11 Jan 2027	T Raman	-	102,554	-	-	102,554
11 Dec 2023	11 Jan 2027	11 Jan 2027	T Raman	-	102,584	-	-	102,584
*Latest vesting dat	e – refer below for de	etails.						

- Tranche 1: 12 months after date of issue and the 5-day volume weighted average share price (VWAP) of the Company has reached \$1.07. This can occur at any point to expiry.
- Tranche 2: 24 months after date of issue and the 5-day VWAP of the Company has reached a price which is 25% higher than the higher of (i) the 5-day VWAP up to and including the date that is 12 months from the date of issue; or (ii) \$1.07. This can occur at any point to expiry.
 - Tranche 3: 36 months after date of issue and the 5-day VWAP of the Company has reached a price which is 25% higher than the higher of (i) the 5-day VWAP up to and including the date that is 24 months from the date of issue; or (ii) \$1.07. This can occur at any point to expiry.

Valuation assumptions	Tranche 1	Tranche 2	Tranche 3
Valuation Date	11- Dec-23	11- Dec-23	11- Dec-23
Spot Price (\$)	\$0.89	\$0.89	\$0.89
Exercise Price (\$)	nil	nil	nil
Expected future volatility (%)	63.2%	63.2%	63.2%
Risk free rate (%)	3.95%	3.95%	3.95%
Fair value per right	\$0.580	\$0.519	\$0.519

During the period a share-based payment expense of \$70,813 was recorded (2023: \$44,100).

NOTE 19: RESERVES (CONTINUED)

Cash flow hedge reserve

This reserve records the portion of the gain or loss on hedging instruments in cash flow hedges that are determined to be effective hedges.

Foreign currency translation reserve

This reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries.

NOTE 20: FINANCIAL INSTRUMENTS

Capital risk management

The Group manages its capital to ensure it will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The capital structure of the Group consists of debt, cash and cash equivalents and equity attributable to equity holders of the Group, comprising issued capital and retained earnings.

The Group is not subject to externally imposed capital requirements.

Operating cash flows are used to maintain and expand operations, as well as to make routine expenditures such as tax, dividends and general administrative outgoings.

Gearing levels are reviewed by the Board on a regular basis in line with budgets and forecasts, the cost of capital and the risks associated with each class of capital.

Categories of financial instruments

	2024 (\$)	2023 (\$)
Financial assets		
Cash and cash equivalents	170,558	2,421,112
Trade and other receivables	13,204,501	10,112,724
Financial liabilities		
Trade and other payables	8,001,919	6,399,378
Floating rate loan facility	-	1,200,000
Trade loan facility	767,795	1,692,141
Loan facility – Daily Rate	5,000,000	5,000,000
Hire purchase liability	6,770,349	7,248,418
Lease liability	9,440,958	11,031,184
Derivative liability	77,638	169,521

Financial risk management objectives

The Group is exposed to market risks (including foreign currency risk, fair value risk and interest rate risk), credit risk and liquidity risk.

Foreign currency risk management

The Group undertakes certain transactions denominated in foreign currencies, hence exposures to exchange rate fluctuations arise. The Group's main exposures are to US Dollar (USD), Euro (EUR) and Great British Pound (GBP) currency fluctuations impacting cash on hand, debtors and creditors. VEEM has a global supply program and a large portion of the USD and GBP exposures are reduced by the Group's operations having a natural hedge with materials purchased and sold in the same currency, with the major exposure being to the US Dollar exchange rate.

Propeller sales are denominated 42% in USD (2023: 37%), 11% in GBP (2023: 11%) and 12% in EUR (2023: 10%) hence increases in propeller sales will increase exposure to exchange rate movements. As all gyrostabiliser sales are in USD, and only part of the costs provides a natural hedge, the exposure to USD will increase in line with gyrostabiliser revenue increases.

NOTE 20: FINANCIAL INSTRUMENTS (CONTINUED)

The Board has adopted a policy of hedging net foreign currency exposures using forward contracts. As at 30 June 2024 there were forward exchange contracts in place for USD2,174,825; EUR150,000 and GBP460,000 (30 June 2023: USD 3,732,250, EUR 400,000 and GBP 230,000). For fair value hedges, any gain or loss from ineffective hedging instruments at fair value is adjusted against the carrying amount of the hedged item and recognised in profit or loss. There is a derivative liability of \$77,638 (30 June 2023: \$169,521) recorded in relation to these forward exchange contracts recorded at fair value, the fair value is a Level 2 input in the fair value hierarchy.

-		Cash (\$)	Receivables (\$)	Payable (\$)	Total Asset /(Liability) (\$)
USD		333,742	1,326,636	(133,156)	1,527,222
•	Impact of a 5% increase to profit or loss				(76,361)
一	Impact of a 5% decrease to profit or loss				76,361
EUR		47,999	289,700	(69,912)	267,787
15.	Impact of a 5% increase to profit or loss				(13,389)
<i>)</i>	Impact of a 5% decrease to profit or loss				13,389
GBP		1,200	519,488	(492,355)	28,333
•	Impact of a 5% increase to profit or loss				1,416
•	Impact of a 5% decrease to profit or loss				(1,416)

The Group also manages market risk generally by keeping abreast of factors affecting its market on a continual basis. Business improvement practices continually evolve.

Interest rate risk management

The Group is exposed to interest rate risk as it borrows funds at both fixed and floating interest rates. The risk is managed by the Group by maintaining an appropriate mix between fixed and floating rate borrowings.

The Group's exposures to interest rate risk on financial assets and financial liabilities are detailed in the interest rate risk sensitivity analysis section of this note.

Interest rate risk sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for non-derivative instruments at the balance date and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period. A 100 basis point (2023: 100 basis points) increase or decrease has been used to assess the sensitivity to interest rate risk as this represents management's assessment of the potential change in interest rates.

If interest rates had been 100 basis points higher or lower throughout the year, and all other variables were held constant, the Group's net profit would increase by \$57,678 and decrease by \$57,678 (2023: \$78,921) respectively. This is attributable to the Group's exposure to interest rates on its variable rate borrowings.

The Group's sensitivity to interest rates on its variable rate debt instruments has reduced as the level of variable rate debt has reduced since 30 June 2023. Interest rates on Hire Purchase agreements are fixed for the term of the agreement. New Hire Purchase agreements entered into during the year were at higher interest rates that the prior year reflecting the increase in interest rate over the year.

Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties, and obtaining sufficient collateral or credit insurance where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group conducts due diligence on all counterparties before extending them credit including utilising information supplied by independent rating agencies where readily available and, if not available, the Group uses publicly available financial information.

The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties where appropriate. Credit exposure is controlled by counterparty limits that are reviewed and approved by management annually.

The Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies.

Where commercially sensible and available, VEEM Ltd takes out credit insurance against its overseas receivables and selected Australian receivables.

The carrying amount of financial assets recorded in the financial statements, net of any allowance for losses, represents the Group's maximum exposure to credit risk without taking account of the value of any collateral obtained.

NOTE 20: FINANCIAL INSTRUMENTS (CONTINUED)

Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Board of Directors, who have built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Included in note 15 is a listing of additional undrawn facilities that the Group has at its disposal as part of its management of liquidity risk.

The following table details the Group's expected contractual maturity for its non-derivative financial liabilities. These have been drawn up based on undiscounted contractual maturities of the financial liabilities based on the earliest date the Group can be required to repay. The tables include both interest and principal cash flows.

	1 year or less	1–5 years	5+ years
%	\$	\$	\$
	8,001,920	-	-
6.73	2,390,383	5,198,635	-
3.45	2,030,424	8,246,055	-
6.00	-	5,000,000	-
6.53	767,795	-	-
5.64	-	-	-
6.93	368,766		
	13,559,288	18,444,690	-
	6.73 3.45 6.00 6.53 5.64	% \$ 8,001,920 6.73 2,390,383 3.45 2,030,424 6.00 - 6.53 767,795 5.64 - 6.93 368,766	% \$ 8,001,920 - 6.73 2,390,383 5,198,635 3.45 2,030,424 8,246,055 6.00 - 5,000,000 6.53 767,795 - 5.64 - - 6.93 368,766

		\$	\$	
Non-interest bearing – Trade and other payables		8,001,920	-	-
Fixed interest rate – Hire purchase liabilities	6.73	2,390,383	5,198,635	-
Fixed interest rate – Lease liabilities	3.45	2,030,424	8,246,055	-
Loan facility - Daily Rate	6.00	-	5,000,000	-
Trade Loan Facility	6.53	767,795	-	-
Floating rate loan facility	5.64	-	-	-
Bank overdraft	6.93	368,766		
		13,559,288	18,444,690	-
		1 year or less	1–5 years	5+ years
30 June 2023	%	\$	\$	\$
30 June 2023 Non-interest bearing – Trade and other payables	%	\$ 6,399,378	\$	\$ -
	6.22	*	\$ - 5,508,404	\$ - -
Non-interest bearing – Trade and other payables		6,399,378	-	- - -
Non-interest bearing – Trade and other payables Fixed interest rate – Hire purchase liabilities	6.22	6,399,378 1,740,014	5,508,404	- - -
Non-interest bearing – Trade and other payables Fixed interest rate – Hire purchase liabilities Fixed interest rate – Lease liabilities	6.22 3.45	6,399,378 1,740,014	5,508,404 9,380,242	\$ - - -
Non-interest bearing – Trade and other payables Fixed interest rate – Hire purchase liabilities Fixed interest rate – Lease liabilities Loan facility – Daily Rate	6.22 3.45 5.84	6,399,378 1,740,014 1,650,942	5,508,404 9,380,242	\$ - - - -

Fair value measurement

NOTE 20: FINANCIAL INSTRUMENTS (CONTINUED)

Future minimum payments under hire purchase contracts together with the present value of the net minimum contract payments are as follows:

	2024 (\$)	2023 (\$)
Hire purchase commitments payable		
- within one year	2,390,382	2,114,353
- after one year but not more than five years	5,198,635	6,081,057
Minimum hire purchase payments	7,589,017	8,195,410
Less: Unexpired charges	(818,668)	(946,992)
Present value of net minimum lease payments	6,770,349	7,248,418
Represented by:		
Current	2,017,441	1,740,014
Non-current	4,752,908	5,508,404
	6,770,349	7,248,418

Capital commitments

At 30 June 2024 the Group had \$260,947 of capital commitments (2023: \$786,453).

NOTE 21: RELATED PARTY DISCLOSURE

The Group's related parties include key management personnel and their related entities as described below. The aggregate compensation for Directors and other key management personnel of the Group are set out below:

	2024 (\$)	2023 (\$)
Short-term employee benefits	1,986,295	1,516,890
Long term benefits	97,989	127,798
Share based payments	70,813	44,100
	2,155,097	1,688,788

Key management personnel transactions

The Group has two lease agreements with Voyka Pty Ltd, an entity controlled by an entity related to Mr Mark Miocevich and Mr Brad Miocevich. The Group pays Voyka Pty Ltd current monthly rent of \$169,419 monthly excluding GST which is exclusive of any outgoings including rates, taxes, insurance premiums and maintenance costs. The leases end in 2029 and are on commercial terms.

During the year Mr Mark Miocevich purchased goods and services worth \$7,399 (2023: \$57,016). An entity related to Mr Brad Miocevich provided services of \$19,276 (2023: \$2,898) and purchased goods and services worth \$1,242 (2023: \$1,964). All these orders were on normal commercial terms.

Lumos Marketing, which is owned by a related party of Mr Mark Miocevich, provided \$92,170 (2023: \$77,969) of marketing services to the Group on normal commercial terms.

Qback Pty Ltd, which is part owned by a related party of Mr Mark Miocevich, provided \$13,200 (2023: \$nil) of corporate services to the Group on normal commercial terms.

NOTE 22: SUBSIDIARIES AND JOINT VENTURES

Name of subsidiary / joint venture	Principal activity	Place of incorporation and operation	Proportion of ownership voting power held by the	
			2024	2023
Microtherm Pty Ltd	Research and development into the treating of liver cancer with multiple heat sources.	Australia	50%	50%
VEEM Marine (Europe) B.V.	Marketing, sales and after-sales service of marine propulsion and stabilisation products and systems	Netherlands and Europe	100%	100%

Microtherm Pty Ltd did not have any transactions during the financial year or balances at 30 June 2024 and has not been consolidated. Work on the project was previously conducted within the parent entity. \$0.5 million pre-tax and \$0.4 million post-tax) has been amortised in FY24 in relation to this project and there are no balances carried forward.

NOTE 23: AUDITOR'S REMUNERATION

The auditor of VEEM Limited is HLB Mann Judd.

T	2024 (\$)	2023 (\$)
Audit or review of the financial statements	102,640	100,356
Tax compliance services	16,095	19,850
Other services	8,000	-
	126,735	120,206
Other services provided by network firms of the auditor		
HLB Den Hartog	13,068	4,549

NOTE 24: SUBSEQUENT EVENTS

No matters or circumstances have arisen since the end of the financial year which have significantly affected or may significantly affect the operating of the Group, the results of those operations, or state of affairs of the Group in future financial years apart from those listed below:

1. On 20 August 2024 the Company declared an unfranked ordinary dividend of \$1,045,425 representing \$0.0077 per share.

NOTE 25: CONTINGENCIES

The Group has no material contingent liabilities or assets as at 30 June 2024 (2023: \$Nil).

NOTE 26: PARENT ENTITY INFORMATION

Information relating to VEEM Limited, the parent entity, is detailed below:

	2024 (\$)	2023 (\$
ASSETS		
Current	39,235,547	35,078,875
Non-current Non-current	54,727,200	56,558,594
Total assets	93,962,747	91,637,469
LIABILITIES		
Current	16,559,205	16,821,777
Non-current	25,190,767	27,963,843
Total liabilities	41,749,972	44,785,620
Net assets	52,212,775	46,851,849
EQUITY		
Issued capital	11,541,213	11,509,613
Reserves	139,126	(40,974
Retained earnings	40,532,436	35,383,210
Total equity	52,212,775	46,851,849
INCOME		
Net profit after tax	6,921,055	4,143,413
Total comprehensive income	7,060,181	4,036,059
CONTINGENT LIABILITIES AND COMMITMENTS		
Commitments and contingent liabilities identified are as per the	nose detailed within Notes 20 and 25.	

CONTINGENT LIABILITIES AND COMMITMENTS

GUARANTEES ENTERED INTO BY THE PARENT ENTITY

The parent has not entered into any guarantees in relation to debts of its subsidiaries in the year ended 30 June 2024 (2023: nil).

CONSOLIDATED ENTITY DISCLOSURE STATEMENT AS AT 30 JUNE 2024

Basis of preparation

The consolidated entity disclosure statement has been prepared in accordance with the s295(3A)(a) of the Corporations Act 2001 and includes the required information for VEEM Limited and the entities it controls in accordance with AASB 10 Consolidated Financial Statements.

Tax Residency

\$295(3A)(vi) of the Corporations Act 2001 defines tax residency as having the meaning in the Income Tax Assessment Act 1997. The determination of tax residency may involve judgement as there are different interpretation that could be adopted and which could give rise to different conclusions regarding residency.

In determining tax residency, the Group has applied the following interpretations:

Australian Tax Residency

Current legislation and judicial precent has been applied, including having regard to the Tax Commissioner's public guidance.

Foreign tax residency

Where appropriate, independent tax advisers have been engaged to assist in the determination of tax residence to ensure applicable foreign tax legislation has been complied with.

Name of Entity	Туре	Participation in JV	Country of incorporation	Ownership	Residency	Foreign jurisdiction
VEEM Ltd	Body Corporate	n/a	Australia	n/a	Australian	n/a
VEEM Marine (Europe) B.V.	Body Corporate	n/a	Netherlands	100%	Foreign	Netherlands
Microtherm Pty Ltd	Body Corporate	Participant in JV	Australia	50%	Australian	n/a

DIRECTORS' DECLARATION

- 1. In the opinion of the Directors of VEEM Limited (the 'Company'):
 - a. the accompanying financial statements and notes are in accordance with the Corporations Act 2001 including:
 - giving a true and fair view of the Group's financial position as at 30 June 2024 and of its performance for the year then ended; and
 - ii. complying with Australian Accounting Standards, the Corporations Regulations 2001, professional reporting requirements and other mandatory requirements.
 - b. the consolidated entity disclosure statement is true and correct.
 - c. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
 - the financial statements and notes thereto are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board.

This declaration has been made after receiving the declarations required to be made to the Directors in accordance with Section 295A of the Corporations Act 2001 for the financial year ended 30 June 2024.

This declaration is signed in accordance with a resolution of the board of Directors.

Mark David Miocevich

Managing Director

Dated this 21st Day of August 2024



INDEPENDENT AUDITOR'S REPORT

To the Members of VEEM Ltd

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of VEEM Ltd ("the Company") and its controlled entities ("the Group"), which comprises the consolidated statement of financial position as at 30 June 2024, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes to the financial statements, including material accounting policy information, the consolidated entity disclosure statement and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the Corporations Act 2001, including:

- (a) giving a true and fair view of the Group's financial position as at 30 June 2024 and of its financial performance for the year then ended; and
- (b) complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Group in accordance with the 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 financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



Key Audit Matter

How our audit addressed the key audit matter

Carrying amount of the intangible asset (product development expenditure)

Note 12 of the financial report

The Group has an intangible asset in relation to capitalised expenditure on the development of gyroscopic stabilizers ("gyrostabilizer").

The development expenditure of \$21.7 million is considered to be a key audit matter, given the size of the balance, as well as the specific criteria that have to be met for capitalisation.

Additionally, determining whether there is any indication of impairment requires management judgement and assumptions which are affected by future market or economic developments.

Our procedures included but were not limited to the following:

- We assessed the recognition criteria for this intangible asset by challenging the key assumptions used and estimates made in development costs, capitalising including management's assessment of the stage of the project in the development phase and the accuracy of costs included;
- We substantively tested a sample of additions to ensure the recognition criteria was met;
- We considered management's assessment of whether any indicators of impairment were present by understanding the business rationale for projects and performing reviews for indicators of impairment;
- We ensured management applied appropriate amortisation method amortisation period to this finite life intangible;
- We assessed the adequacy of the Group's disclosures in the financial report.

Revenue Recognition

Note 2 of the financial report

The Group has two distinct categories of revenue being revenue with performance obligations recognised at a point in time and revenue with performance obligations recognised over time.

We focused on this area as a key audit matter due to the number and type of estimation events that may occur over the course of a contract life, leading to complex and judgemental revenue recognition and the direct impact on profit.

Our procedures included but were not limited to the following:

- We examined and tested the Group's key controls over revenue and related work-inprogress:
- We assessed a sample of the Group's key contracts to determine if we concurred with management's assessment of performance obligations, the transaction price and any contract liabilities that may arise, the allocation of the transaction price, and when to recognise revenue, either at a point in time, or over time;
- For a sample of contracts designated for over time recognition, we assessed the methodology and accuracy of recognising profit at the stage of completion at balance date;
- We substantiated revenue transactions on a sample basis by agreeing the transaction to the customer's contract, purchase order, sales invoice, delivery docket, customer certification report, and bank receipt, where relevant;
- We tested the appropriateness of progress claims on a sample basis; and
- We assessed the adequacy of the Group's disclosures in the financial report.



Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2024, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report, or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of:

- the financial report (other than the consolidated entity disclosure statement) that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001; and
- the consolidated entity disclosure statement that is true and correct in accordance with the Corporations Act 2001, and

for such internal control as the directors determine is necessary to enable the preparation of:

- the financial report (other than the consolidated entity disclosure statement) that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and
- the consolidated entity disclosure statement that is true and correct and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.



As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that
 are appropriate in the circumstances, but not for the purpose of expressing an opinion on the
 effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON THE REMUNERATION REPORT

Opinion on the Remuneration Report

We have audited the Remuneration Report included within the Directors' Report for the year ended 30 June 2024.

In our opinion, the Remuneration Report of VEEM Ltd for the year ended 30 June 2024 complies with Section 300A of the *Corporations Act 2001*.



Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with Section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

HLB Mann Judd Chartered Accountants

HLB Mann Tudel

Perth, Western Australia 21 August 2024 D B Healy Partner

SHAREHOLDERS INFORMATION

Additional information required by the Australian Securities Exchange Ltd Listing Rules and not disclosed elsewhere in this report. This information is current as at 9 September 2024.

Twenty Largest Shareholders

Rank	Name	Units	% Units
1	VEEM CORPORATION PTY LTD <miocevich a="" c="" family=""></miocevich>	68,135,593	50.18
2	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	23,574,138	17.36
3	CITICORP NOMINEES PTY LIMITED	7,308,092	5.38
4	UBS NOMINEES PTY LTD	5,184,790	3.82
5	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	2,404,907	1.77
6	HGL INVESTMENTS PTY LTD	1,250,000	0.92
7	BNP PARIBAS NOMINEES PTY LTD <agency a="" c="" lending=""></agency>	1,072,381	0.79
8	H&G HIGH CONVICTION LIMITED	925,000	0.68
9	MERRILL LYNCH (AUSTRALIA) NOMINEES PTY LIMITED	836,204	0.62
10	BNP PARIBAS NOMINEES PTY LTD <ib au="" noms="" retailclient=""></ib>	835,180	0.62
₹ 1	H&G HIGH CONVICTION LIMITED	825,000	0.61
12	H&G INVESTMENT MANAGEMENT LTD <h&g a="" c="" fund="" lane="" vail=""></h&g>	800,000	0.59
13	MRS STACEY-LEE SEGAL	540,000	0.40
14	BOND STREET CUSTODIANS LIMITED <rsalte -="" a="" c="" v39117=""></rsalte>	520,000	0.38
15	VELKOV FUNDS MANAGEMENT PTY LTD <victor a="" c="" fund="" value=""></victor>	510,000	0.38
16	WEEWAC PTY LTD <warrior a="" c="" fund="" super=""></warrior>	479,000	0.35
17	BOND STREET CUSTODIANS LIMITED <rsalte -="" a="" c="" v37466=""></rsalte>	350,000	0.26
18	ACRES HOLDINGS PTY LTD <noel a="" c="" edward="" family="" kagi=""></noel>	335,000	0.25
19	AVIATO INVESTMENTS PTY LTD	325,000	0.24
20	REDBROOK NOMINEES PTY LTD	325,000	0.24
Totals	Top 20 holders of ORDINARY FULLY PAID SHARES (Total)	116,535,285	85.83
Total F	Remaining Holders Balance	19,234,167	14.17

Marketable Parcels

Number of shareholders holding less than a marketable parcel of ordinary shares is 96.

Voting Rights

Every ordinary shareholder present in person or by proxy at meetings of shareholders shall have one vote for every share held. Option holders and Rights holders have no voting rights until the options or rights are exercised.

Substantial shareholders

The following shareholders are considered substantial shareholders:

VEEM Corporation Pty Ltd ATF The Miocevich Family Trust
 50.1

50.18% of the issued ordinary shares

Perennial Value Management Limited

13.74% of the issued ordinary shares

Restricted securities

There are no restricted securities.

Options and performance Rights

There are no options on issue. Performance rights on issues are as disclosed in note 19 of the financial report.

Share buy backs

There is no current on-market share buyback.

Corporate Governance Statement

The Company's 2024 Corporate Governance Statement is available on the Company's website at www.veem.com.au.

Distribution of of equity security holders

Range	Total holders	Units	% Units
1 - 1,000	386	222,332	0.16
1,001 - 5,000	552	1,545,907	1.14
5,001 - 10,000	266	2,036,810	1.50
10,001 - 100,000	344	10,293,385	7.58
100,001 Over	52	121,671,018	89.62
Total	1,600	135,769,452	100.00







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