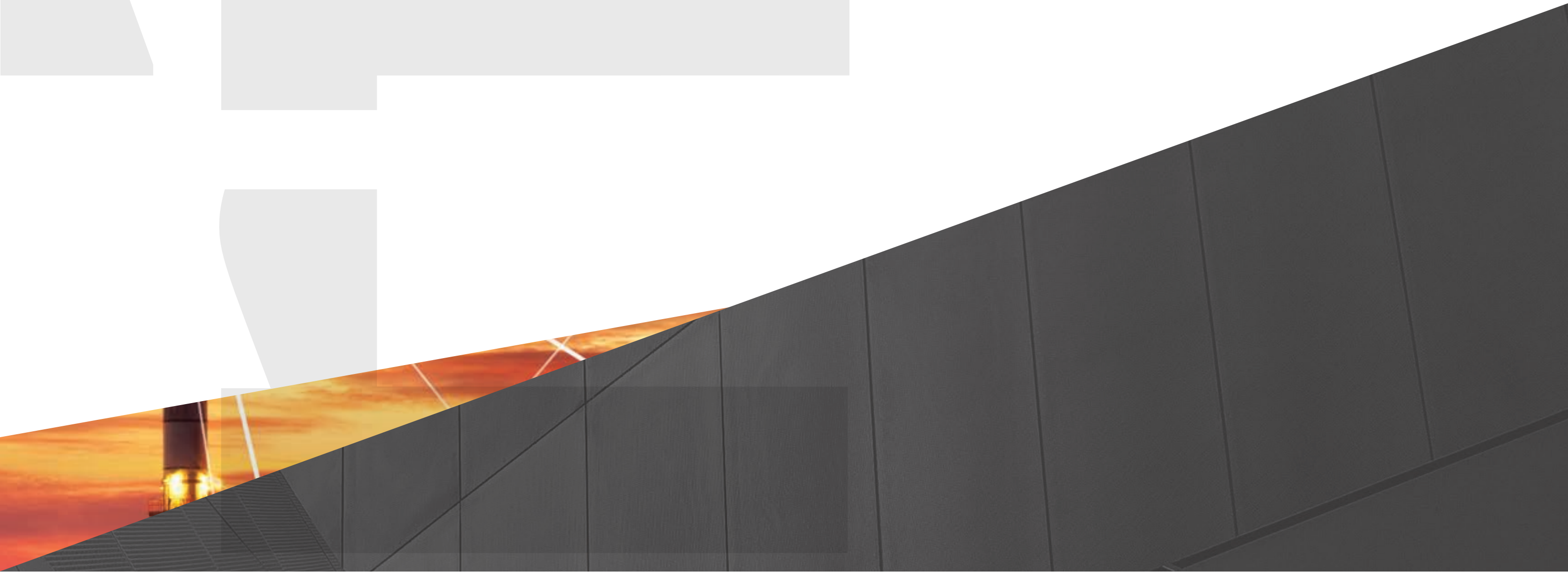
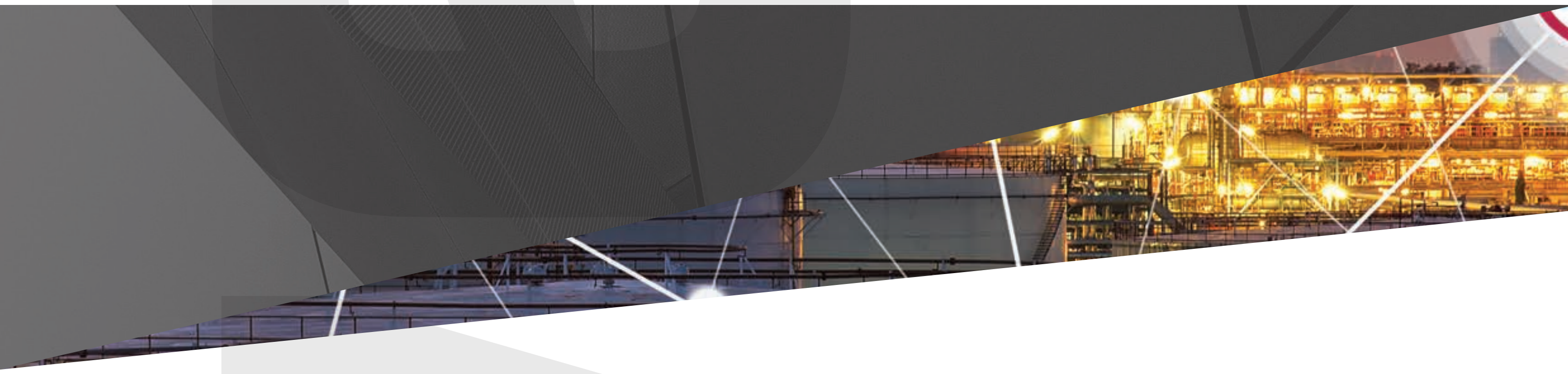
ANNUAL REPORT
2018

veris





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Corporate Directory

Veris Limited

ABN : 80 122 958 178
ASX Code : VRS

Address
Level 12, 3 Hasler Road,
Osborne Park, WA, 6017
P: +61 8 9317 0600
www.veris.com.au

Corporate Directory

Directors

Derek La Ferla
Non-Executive Chairman

Adam Lamond
Managing Director

Brian Elton
Executive Director

Tom Lawrence
Non-Executive Director

Karl Paganin
Non-Executive Director

Executive Team

Adam Lamond
Managing Director

Brian Mangano
Chief Financial Officer

Lisa Wynne
Company Secretary

Principal Registered Address

Veris
Level 12, 3 Hasler Road,
Osborne Park, WA, 6017
P: +61 8 9317 0600
E: veris@veris.com.au
www.veris.com.au

Auditor

KPMG
235 St George's Terrace,
Perth, WA, 6000
P: +61 8 9263 7171
F: +61 8 9263 7129

Solicitors

Steinepreis Paganin
Level 4,
The Read Buildings,
16 Milligan Street,
Perth, WA, 6000
P: +61 8 9321 4000
F: +61 8 9321 4333

Share Registry

Computershare
Level 11,
172 St Georges Terrace,
Perth WA 6000
P: +61 8 9323 2005
F: +61 8 9323 2033

Highlights 2018

References in this report to 'the year' or 'the reporting period' relate to the financial year, which is 1 July 2017 to 30 June 2018, unless otherwise stated. All figures are expressed in Australian currency.

This Annual Report is a summary of Veris Limited's operations, activities and financial position as at 30 June 2018

- EBITDA from continuing operations $11.2m, up 96%
- Surveying EBITDA up 27%
- Significant acquisition of Elton – foundation for Veris Professional and Advisory Pillar
- Elton Consulting contributed EBITDA of $1.1m at a run rate of 20% in its first quarter
- Net profit after tax before amortisation from continuing operations $1.8m
- Strong organic growth achieved
- Cash at bank $5.6m
- Integration of eight surveying businesses into one surveying entity completed
- Third consecutive fully franked dividend of 0.5 cents per share

Chairman's Report

With the conclusion of the financial year it is an appropriate time for us to reflect on our journey so far, in becoming Australia's premium professional services business. This particular journey commenced when the Veris Board first approved our strategy of creating a national surveying business in January 2014.

"It has been a busy and interesting journey for us over the past four years with this year being the culmination of the first stage of our journey in terms of integration and truly becoming one professional services company with offices across Australia."

Prior to this, in 2013 the group consisted of the Western Australian surveying business Whelans and the much larger OTOC Australia resources contracting business. Management had recognised the impending downturn in the WA resources sector and the potential growth in the Eastern Australian property and infrastructure markets. This foresight led to the development of our strategy to diversify away from a dependence on the one sector and state, to the creation of a professional services business with markets covering a broad range of sectors across the whole of Australia.

Since that time we have acquired eight surveying businesses, with a focus on Eastern Australia, and invested over $50 million. As the first mover in consolidating the surveying industry in Australia we were able to acquire the premier businesses in each state and ensure that they were not only aligned in terms of quality and culture but also shared our vision to create a truly national professional services business.

The first measures of success when acquiring businesses is the maintenance and growth of revenue after acquisition and the retention of staff that made that business successful in the first instance. In the early years of our strategy this organic growth was one of several focus points, the other being declining revenue in the resources contracting market in WA. As revenue was stabilised via winning non resources related work, we were also able to clearly demonstrate the organic growth that was being achieved by the surveying businesses that had been acquired.

With strong revenue growth and the acquired businesses operating well under our overall corporate structure, we embarked on the process of bringing the eight businesses together as the one entity with the one operating model. This very significant integration process was largely completed by 30 June 2018.

We enter a new and exciting phase of our corporate journey as a national professional services business. We are now the largest multidiscipline surveying business

in Australia, a market leader in infrastructure, property and resources. Helping to build the Australia of the future.

What we have achieved is not to be underestimated. This has been recognised in the form of an increased share price and the recent awards for Professional Service, Large Company and overall winner of the Business News Rising Star awards for 2018.

Now that the surveying business has reached critical mass with annualised revenues of circa $100 million, we have the resources and the reach to begin to realise the synergistic benefits from integration. We expect to see these benefits flow during the course of FY19. The other benefits from scale and integration include our proximity and ability to service our clients' needs across Australia with specialist staff across all sectors, the latest equipment and quality systems.

Our scale and stability also provide opportunity for our people to broaden their skill set, as well as attracting new and talented people to our company.

The second pillar to our strategy, being the establishment of a professional and advisory business, has grown substantially during the reporting period through the strategic acquisition of the Elton Consulting Group, one of the premier professional and advisory consulting firms in Australia, offering a range of services including strategy and policy, urban and regional planning, communications and engagement, social sustainability, bid preparation and design studio.

By way of this acquisition, we have gained greater exposure to the entire infrastructure project lifecycle - from conception to completion and beyond. This increased exposure enables earlier engagement with our growing client base, allowing for the cross selling of services across our group. Brian Elton, the founder of Elton Consulting has been appointed to our Board and, as an industry leader, has greatly added to our overall executive and strategic capability.

As we continue to grow our business, we recognise the need to refine the skills and diversity of our Board. We are mindful of the need for diversity and will continue to strive for the highest possible standards for Veris as we grow. On behalf of the Board, may I acknowledge the hard work and achievements of all of the Veris team, and thank them for this. I particularly thank all of our senior management team who have set Veris on the path to a successful future.

Derek La Ferla
CHAIRMAN

Managing Director's Report

The last financial year saw Veris embark on a purposeful and considered strategy to achieve three distinct objectives:

1. Complete the integration of our surveying group into one company and align shared services and systems
2. Ensure organic growth across the business
3. Continue to grow the Veris brand in our chosen markets

"Reflecting back over the year, it is clear that we not only achieved these outcomes but also completed secondary objectives that have further laid a solid foundation for Veris."

Reflecting back over the year, it is clear that we not only achieved these outcomes but also completed secondary objectives that have further laid a solid foundation for Veris.

The primary objective and most significant challenge we set for ourselves was the roll out of our National Operating Model and the integration of the separate business entities; each with their own balance sheets and way of operating, into one company – Veris Australia Pty Ltd.

This task involved transitioning each entity into Veris Australia and implementing the new systems and processes to all staff. The timescales were unrelenting, with one company transition every four weeks over eight consecutive months. The attitude and dedication of the teams who led this process have been outstanding, as has the level of engagement across Veris. I thank everyone for their focus and cooperation which enabled us to achieve such an ambitious objective.

We now have one common system and platform for Finance, HSEQ, Marketing, HR, Legal and ICT; helping to deliver a consistent reporting with which to make more informed decisions as a business.

Another key component of this process was the migration of 500 staff to a standard national employment agreement. This agreement provides our staff the opportunity to move more freely around Australia - to support our clients and experience this great country. This approach was critical, not only to ensure continuity but to ensure our business is future ready, as by 2020 50% of our workforce will be 'Millennials' who are very motivated to fulfil a work-life balance that includes experiencing new places and people.

Twelve months ago OTOC Australia was discontinued following the completion of existing projects. The revenue from this operation has been replaced by four key areas:

- Organic growth of 27% in surveying revenue on FY17 driven by infrastructure projects in Eastern Australia.
- The acquisition of LandData, a prominent surveying consultancy with operations in the Australian Capital Territory and New South Wales.

- Strong revenue growth from Aqura Technologies, an industry front-runner in the provision of communications technology solutions.
- The acquisition of Elton Consulting, a market leader in professional and advisory services for the property and built environment, transport, infrastructure, water, energy, housing and public policy sectors.

This structured approach now ensures that we are achieving comparative annual revenue of over $100 million from our professional services operations. This approach has led to an increase in our EBITDA from $5.7 million in FY17, to $11.2 million in FY18.

As of 30 June 2018, the rebranding of all our surveying entities to Veris was complete. The strength of the brand continues to grow, which was evidenced at the UDIA National Congress 2018 as Veris dominated coverage and reinforced its positon as market leaders in the field.

The strength of the Veris brand in our chosen markets has grown rapidly over the last two years, which has been further strengthened by the quality people who have joined our business - with over 150 new staff coming on board in FY18. The strength of what we have achieved, by bringing together so many quality people under the Veris brand, has also resulted in our ability to win works on some of the largest infrastructure projects on the East Coast, including Western Sydney Airport and Melbourne Metro to name a few.

Achieving this has now cemented Veris as Australia's largest surveying company with revenue this year approaching $100 million. Having established our first pillar of surveying, has enabled us to commence with the growth of our second pillar, professional and advisory.

The acquisition of Elton Consulting in April 2018 has provided the cornerstone of our professional advisory pillar and opened up the depth, quality of services and people we have

in our organisation. The cultural diversity Elton Consulting brings will only enhance our business into the future.

Brian Elton, the founder of Elton Consulting and renowned expert in his field, has joined our Board as an Executive Director. Brian has a clear focus of driving the synergistic benefits between the surveying, geospatial, professional and advisory pillars to deliver greater project outcomes to our clients, and ultimately satisfying work for our people and value to our shareholders.

This year saw the launch of the Aqura Technologies business. Beginning as a technology arm within OTOC Australia, Aqura pivoted to take advantage of its relationships with tier 1 clients and an existing revenue stream, whilst rebranding to define itself as an innovative technology business. With renewed contracts in place, across its existing client base, that include BHP and Bunnings, Aqura continues to position itself for future growth. Having successfully deployed several industry disruptive trials in the underground mining environment, Aqura have proven their ability to bring a fresh perspective and positive change to the mining sector. Aqura's investments and capabilities within the Industrial IoT space has sparked significant interest from industry leading, Global organisations. These partnerships and the industry's perspective have positioned Aqura as a front-runner to take advantage of this high growth market. With its innovative approach and extensive skill set, Aqura is set to widen its footprint across multiple market segments.

As a company we continue to create shared value through the Cycling Development Foundation Veris Racing cycling team who help to continue growing the Veris brand as they expand and compete nationally. One of the strongest draw cards to me is the amazing work the athletes do to give back to the community, as well as creating pathways and career guidance to many.
This year we launched our Women in Engineering Scholarship through University of NSW. I congratulate Kristi Plavsic, our first of hopefully many recipients of this scholarship.

None of this can be achieved without the dedication of our staff and the families who support them. I would like to thank everyone involved with our company, either directly or indirectly, for their part in our journey and achievements.
I look forward to another exciting year, building on the foundations of our achievements that will enable us to realise the benefits of our new look business.

Adam Lamond
MANAGING DIRECTOR

Creation of One Company

There were nine key parameters that the company set to deliver:

Through our work Veris leaves a lasting impression on our nation from our infrastructure and city skyline, to designing communities that support population growth and helping to improve the efficiency of increasingly important industries like agriculture and land development. Therefore in FY18 the company undertook an ambitious project to migrate the 8 companies under the Veris brand into one company. This was a rare opportunity for everyone involved, to not just ensure the sustainable performance for the business, but shape the industry in which Veris operates.

One Brand

To deliver a consistent quality in message and identity, to build a reputation as market leaders in Australia. Support the offering of new services to clients across geographic and industry boundaries and ensure consistency in behaviours through our values.

One ABN, Veris Australia Pty Ltd

Unifying work under a single structure to ensure back office efficiencies, transparency and simplification of processes.

All employees in Veris Australia

Alignment of terms, benefits and opportunities for professional development and training. Providing a national support structure behind every employee.

One HSEQ Platform

National HSEQ practices to ensure the wellbeing of everyone in Veris. Ensure environmental considerations in the communities we serve. The standardisation of quality and accreditations to reflect the consistent quality of delivery.

One Customer Management System

The creation of one source of truth to allow the company to understand our client better, identify opportunities to strengthen relationships, provide local expertise with a national overview and offer a broader range of services to clients.

One Information and Communication Technology Standard

Ensuring the better capture, movement and utilisation of data, increase the ease of communication and sharing of knowledge nationally and put in place best practice tools to enhance delivery and client experience.

One Financial System

A single system to ensure consistent reporting, accurate time management and leading indicators for improvements and efficiencies. All supported by a back office to provide consistent quality and enable employees to focus on clients.

Consistent Reporting across the company

A single source of truth to allow the alignment of priorities, orientation of resources to prospects and the streamlining of decision making.

All client projects managed in Veris Australia

Delivering a consistent experience for clients, unify operations and reporting, understand potential of services lines through their performance and support client growth needs nationally.

The successful delivery of this project within the timescales is a pivotal step in achieving the company mandate, to be an efficient national professional services company. Veris is now well placed to provide end-to-end solutions across a project's lifecycle, integrate and enhance services capabilities, develop new clients regionally and nationally and provide best practice operational control.

The completion of the integration work positions Veris to deliver operational efficiencies, enhanced margins, ensure consistency in delivery and build a culture that continues to attract and retain the best talent across Australia.

Elton Consulting

In March 2018, Veris completed the acquisition of Elton Consulting Group Pty Ltd.

elton consulting

Elton Consulting is a market leader in professional and advisory services for the property and built environment, transport, infrastructure, water, energy, housing and public policy sectors. Since 1989, Elton Consulting has worked in partnership with clients to make a difference to cities and regions, communities and organisations. Staff provide strategic advice and services to all levels of government, private and not-for-profit sectors.

The acquisition of Elton Consulting was an important strategic priority for Veris, significantly broadening and expanding our multi-disciplinary capabilities around Australia. Veris identified Elton Consulting as a sought after acquisition opportunity given its longstanding history and reputation, top calibre people, market presence, trusted relationships with government and private clients and strong financial returns based on a focused professional services business model.

Elton Consulting comprises approximately 110 staff, with offices in New South Wales, Victoria, Australian Capital Territory and Northern Territory and a presence in Queensland. Services will also be offered in Western Australia commencing early in FY19.

The organisation has a dedicated and experienced team of senior management and consultants across each of its service offerings. These include:

> **Communications and Engagement**
> **Community Relations**
> **Strategy and Policy**
> **Urban and Regional Planning**
> **Social Sustainability**
> **Bid Strategy and Preparation**
> **Design Studio**

These service offerings are enhanced through the Veris established surveying, planning, urban design and 3D spatial services. Together, Veris and Elton Consulting form one of the largest leading professional advisory and surveying companies in Australia. The acquisition has allowed Elton Consulting to broaden and expand its multi-disciplinary professional and advisory services to current and new clients nationally, as well as creating new opportunities for staff. Together, we now have over 600 people in over 20 locations across Australia.

Brian Elton, founder of Elton Consulting, has joined the Board of Veris as an Executive Director. Brian is spearheading Veris' strategy of developing the national business in professional and advisory services and promoting our combined service offerings across and into the national surveying business.

Veris in the Community

At Veris, our success hinges on the population at large – and, as such, we are all about people. For this and many other reasons, we are actively involved in the communities in which we operate and we are committed to making a difference by forging long-term, strategic and sustainable sponsorships. The major expressions of this commitment are outlined in further detail below.

Veris Racing

Veris is proud to be the title sponsor for the Veris Racing Men's, Women's and Youth teams. In conjunction with the Exercise Institute, the Veris Racing initiative ensures emerging young athletes receive the support required to compete at elite levels in the international arena.

The program provides athletes with direction, focus, wellbeing and the potential for progression; as well as mentoring, support, development and guidance beyond the sporting environment.

Scholarships

To encourage diversity in the industry, Veris has created the Women in Engineering Scholarship for the University of New South Wales. The aim of the scholarship is to encourage a female high school graduate to undertake a degree in Surveying and/or Geospatial Engineering. One student per year receives assistance for the 4 year term of their degree. Our inaugural recipient, Kristi Plavsic is currently in her first year, studying a Bachelor of Engineering (Hons) in Surveying Engineering.

Another student who Veris has been assisting financially, Elizabeth Evans, has completed work experience with our Canberra office before commencing her studies at University of Newcastle. Elizabeth was awarded the 2018 NSW Surveyor General Undergraduate Award. Our Canberra office will be happy to have Elizabeth as a long term employee after she graduates and will be offering her ongoing vacation work throughout her degree.

Charity Events

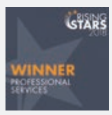
As a diverse collection of more than 600 professionals across over 20 locations Australia wide, our people seldom miss an opportunity to raise money through an event. Whether Australia's Biggest Morning Tea, or Jeans for Genes Day, Veris and Elton Consulting staff and management are eager contributors. The final such initiative of FY18 saw Veris and Elton Consulting offices around Australia dressed in their favourite sporting team colours to raise money for the National Aboriginal Sporting Chance Academy (NASCA). NASCA collaborate with young Aboriginal and Torres Strait Islanders to improve school performance, develop career pathways and work-ready skills, strengthen cultural identity, build life skills, personal development and long-term resilience.

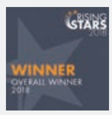
Our Managing Director, Adam Lamond participates in the Vinnies CEO Sleep Out each year; raising $5,558 in 2018; surpassing his stated goal of $5,000.

Veris Wins 2018 Business News Rising Stars Awards

In June 2018 Veris won the 2018 Business News Rising Stars award as well as the Large Company and Professional Services categories. Aqura Technologies were also runner up in the Start Up category.

Now in its 15th year, the Rising stars awards recognise the achievements of the fastest growing companies from Western Australia. Entrants are judged across a number of criteria including revenue, staff growth not-for-profit involvement and diversity. Organisations need to be able to demonstrate not only a strong foundation but present a solid and sustainable growth strategy.





Veris Racing

Our continued support has seen the Cycling Development Foundation (CDF) supporting riders and hosting events on behalf of Veris across Australia; as well as racing nationally and internationally at elite levels.

Athletes are able to access funding and grants in exchange for community pursuits and endeavours. Some of the highlights and successes of the past year are outlined below.

National Community Events

Community events around the country provide the opportunity for Veris' corporate network and community to engage with the riders, first hand. A community ride involving approximately 50 cyclists of all abilities was recently held in Brisbane; while in Melbourne a larger scale event was hosted, raising additional funds for a nominated charity.

Womens 'Liv' Ride

Veris Racing athletes manage and attend a monthly women-only ride that encourages women to cycle together, returning for coffee provided by the racing team itself. Around 30-50 women attend this complimentary ride each month.

Ride 2 Work Day

Every month, Veris Racing athletes attend this event hosted in the city for all commuters.

Coffee is provided by Veris for all attendees; encouraging the healthy alternative commuting practice of cycling to work.

Hope2day Charity Ride

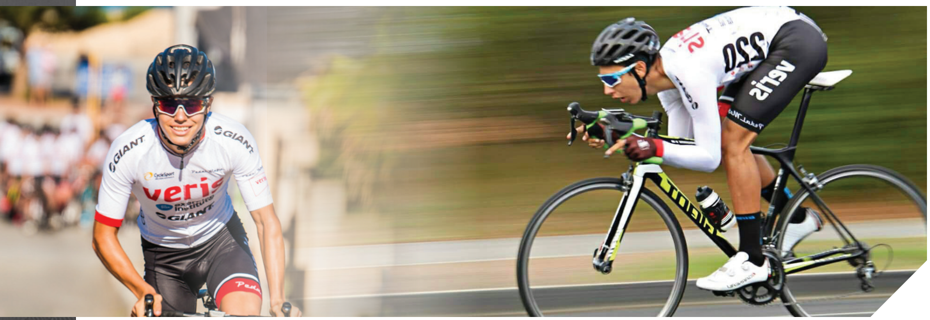
With the more than $4,000 raised through the Hope2Day Charity Ride, Veris Racing athletes helped fund a Youth Mentoring program in the Goldfields region – details below. SMEC partnered with the charity event, giving Veris and the Veris Racing team additional exposure and corporate reach. This event is now supported by the likes of Anglo Gold Ashanti, and Minara Resources.

Youth Mentoring Program

Held in Laverton, the program teaches young Aboriginal children how to build their own bike through a mentoring program by Veris athletes who assist the youths in bike maintenance and preparation, where they can then keep the bike for future use. This provides a degree of exercise, freedom, autonomy and transport to the attending youths.

Veris Athletes also implemented a youth exercise program teaching the children how to ride a bike and 'train' for health benefits within a finite period, similar to their own training practices. That is getting 45 minutes of exercise in 15 minutes through interval training.

Veris Racing Cont.



Ride Against Domestic Violence (radv)

Sabine Bird, a world-champion Veris Racing athlete, assisted in implementing the RADV alongside noticeable politicians and business community members. This event raised $10,000 for women's refuges in the south west and metropolitan area of Western Australia.

Red sky ride

Veris Racing athletes assisted in raising over $250,000 for Solaris Cancer Care through the Red Sky Ride in March 2018. This four day event consisted of approximately 600km of cycling through the south west of Western Australia. Veris Racing athletes attended the event and prior training sessions to assist the attendees in completing the event comfortably. Most attendees were completely new to cycling, with the Veris Racing athletes mentoring many through the rigours of training and event completion.

International events

Veris Racing athletes attended a month of racing in the Belgium-Nederland region of Europe. Elite Open male, Elite Open female, Junior male and Junior female teams were represented; claiming multiple top ten finishes and were among the top 10% in fitness measures in their races.

The international event instils racing confidence in young riders and is of immense benefit to their development. The opportunity is something to which few nationally registered cycling teams have access.

Veris Racing Women's team member, Sabine Bird, was crowned World 24hr Cycling Champion this year. Sabine qualifies for the Race Across America; which is widely known as 'the hardest cycling event in the world'. The Veris Racing team is one of just 10 teams in Australia which supports female riders.

National events

Oceania Championships

At the Oceania Championships this year, both the Junior male and Junior female teams finished within the top 10 in time trial discipline. Two elite female athletes finished in the top 10 of the road race event; earning them an international ranking (presently ranked within the top 500 professional cyclists in the world).

National Championships

At the National Championships in Victoria, the Junior male and female teams again finished in the top 10 – and two female team members were among just 40 women to finish the elite open event.

National Road Series (NRS)

Veris racing is the only team in Australia to foster both a female and male national registered team. Veris Racing also has one of the youngest racing teams in the competition, owing to its focus on developing youth, and female riders in particular.

Veris Racing attended 80% of the NRS events in 2017. Notable highlights of the series were Erin Nolan winning the Melbourne to Warrnambool event and Emily Mascaro finishing third in the junior rider classification at the Mersey Valley tour event. Sarah Duffield also managed to be ranked in the top 10 classification overall for a good part of the season.

Junior rider Matthew Connan won the prestigious Victorian Road Series, the highest ranking junior series nationally, by winning 3 of the 5 events outright. Matthew also finished 7th in the National Time Trial Championships and 9th in the National Road Race Championships.

Junior triathlete Daniel Kempson won a national triathlon round in Adelaide; finishing top 5 in most national rounds. Daniel was ranked 2nd in Australia for the 2017-18 season.

The combination of all results for the year means Veris Racing is the most podiumed team in Western Australia; including:

> Multiple state champions across criterion, road racing and time trial

> Junior cyclist Zak Jakobson winner of the U17 State MTB series

> Mathew Connan winning State Junior Time Trial Championships

Federal Safety Commission Accreditation

	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	12 Month
HOURS	76,493	83,275	78,822	84,128	82,643	78,026	85,637	91,296	94,505	84,505	101947	88,309	**1,209,930**
FAC	1	4	4	4	3	1	0	1	0	1	1	6	**26**
RWI	0	0	0	0	0	0	1	1	0	1	1	1	**6**
TRIFR	0	0	0	0	0	0	11.68	10.95	0.00	23.66	9.81	11.32	**5.83**
AIFR	13.36	36.46	51.92	47.39	36.44	13.58	11.58	21.91	0.00	35.5	19.62	79.27	**31.07**

Health, Safety, Environment and Quality

Veris Australia gained certification under the new accreditations standards ISO9001:2015 and ISO14001:2015 (Quality & Environment) and maintained AS/NZS4801:2001 (Safety). Veris also continued to meet Federal Safety Commission Accreditation requirements.

An alignment of systems has provided a stable foundation towards fulfilling the challenges of an ever-changing workplace. This has enabled Veris employees to safely provide an excellent level of service and delivery to clients, without harming the environment. The structured alignment of pillars, platforms and protocols has enabled all areas to concentrate a coordinated focus on safety, environment and quality processes to keep our people safe, the environment protected and the quality of our service delivery at a higher than industry leader standard.

The implementation of the onsite leadership strategy ensures that safety is in the forefront of the leaders minds, as they engage with the workforce regarding meaningful risk based conversations and provide visible and appropriate guidance in a proactive manner. The mobile portal has improved engagement around personal digital risk evaluation and provided a stable foundation for safety in the field whilst maintaining ongoing procedural ownership to ensure a proven high level of accuracy and performance that safeguards a focus on service and delivery to clients.

Health, Safety, Environment and Quality are essential components of the strategic platform as driven by the Veris Board and is highly visible with the leadership team rotating site inspection and engagement with the workforce on a personal level. The continuous improvement ethos ensures processes never remain static and continual evolution is supported by the Veris core value of sustainability which manifests in the culture of the company.

Outstanding HSE Performance

> 1 million hours completed FY18 Lost time injury free.

> FY18 TRIFR = 5.83

> FY18 AIFR = 31.07

Continuous Improvement Initiatives

> Mobile platform for risk mitigation and hazard reporting

> Leadership Frontline Inspection Protocol

> Focus on leading indicators as a measure of performance.

> Process Improvement Working Group

Certification

Accreditation to the following standards:

> SO 9001:2015

> ISO14001:2015

> AS/NZS 4801:2001

> Federal Safety Commission Accreditation

Environmental Management · ISO14001
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OHS Management · AS/NZS 4801
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Quality Management · ISO 9001
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Annual Financial Report 2018

Contents

Director's Report

Your Directors present their report together with the consolidated financial statements of Veris Limited ABN 80 122 958 178 ("the Company" or "Veris") and the entities it controlled (together referred to as ''the Group'') at the end of, or during, the year ended 30 June 2018.

Information on Directors

Directors of the Company during the whole of the financial year ended 30 June 2018 and up to the date of this report are as follows:

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

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

Derek La Ferla- Independent Non-Executive Chairman

Experience
Mr La Ferla is an experienced corporate lawyer and company director with more than 30 years' experience. He has held senior positions with some of Australia's leading law firms, and is currently a Partner with Western Australian firm, Lavan, in the firm's Corporate Services Group.

Mr La Ferla also serves as the chairman of Sandfire Resources Limited and Threat Protect Australia Limited and is a director of Goldfields Money Limited.

He is a fellow of the Australian Institute of Company Directors (AICD) and member of the AICD Western Australian Council.

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

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

Interests in Shares of Veris
584,501 fully paid ordinary shares

Information on Directors (continued)

Adam Lamond - Managing Director

Experience
Mr Lamond has over 20 years' commercial experience with particular expertise in construction and infrastructure activities across Australia.

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

Special Responsibilities
Member of the OHS Committee

Interests in Shares of Veris
45,841,815 fully paid ordinary shares

Tom Lawrence - Independent Non-Executive Director

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

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

Interests in Shares of Veris
3,222,598 fully paid ordinary shares

Karl Paganin - Independent Non-Executive Director

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

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

Other Listed Company Directorships in last 3 years
Southern Cross Electrical Engineering Ltd (June 2015 – current)

Interests in Shares of Veris
5,662,721 fully paid ordinary shares

Information on Directors (continued)

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

Interests in Shares of Veris
11,179,560 fully paid ordinary shares

Information on Company Secretary

Lisa Wynne - Company Secretary

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

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

Director	Board Meetings		Audit & Risk Committee		Remuneration & Nomination Committee		Occupational Health & Safety Committee	
	A	B	A	B	A	B	A	B
Derek La Ferla	13	13	2	2	3	3	*	*
Adam Lamond	13	13	*	*	*	*	2	2
Tom Lawrence	13	13	2	2	3	3	2	2
Karl Paganin	13	13	2	2	3	3	2	2
Brian Elton	4	4	*	*	*	*	*	*

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

Director's Report

Dividends

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

Declared and paid during the year 2017	Cents per share (cents)	Franked amount per share (cents)	Total Amount $'000 (1)	Record Date	Date of Payment
Final FY2017 ordinary	0.5	0.5	1,636	1 September 2017	15 September 2017

(1) The Dividend paid in cash to shareholders was $1,256,645 and 2,238,596 shares were issued under the Veris Dividend Reinvestment Plan.

After the balance sheet date the directors have approved to pay a dividend of 0.5 cent per share out of 2018 financial year profits.

Principal Activities

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

Veris Limited had three operating segments in the 2018 financial year namely surveying, professional & advisory and communications. The surveying business continues from prior year and is currently the largest segment in the group. Professional and Advisory was created from the Elton Consulting Group Pty Ltd acquisition in March 2018 (refer Note 4), and the Communications business has been extracted from the infrastructure operations that was discontinued in July 2017.

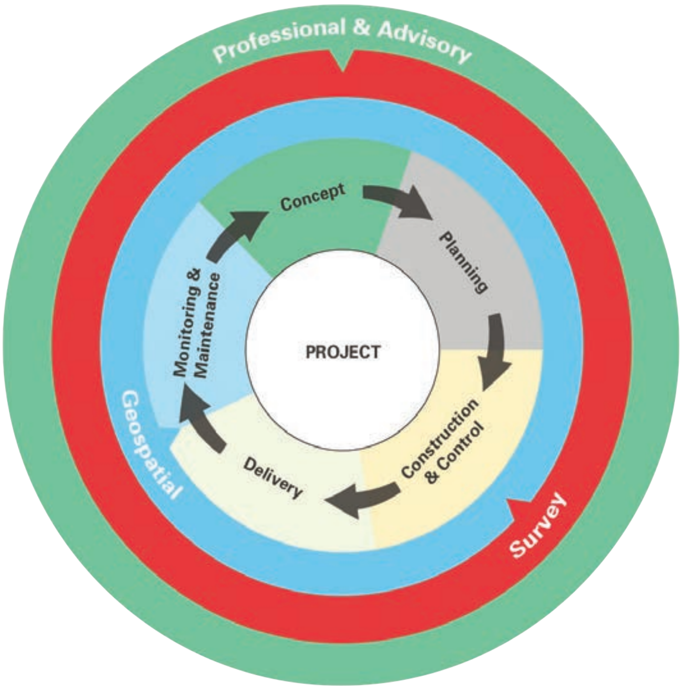
Surveying

Surveying is a profession that involves examining and recording the features of a piece of land or infrastructure in order to create maps, plans, detailed descriptions and to facilitate construction. Surveying services are provided across multiple markets including Land & Property, Resources, Infrastructure and Defence.

Principal Activities (continued)

Professional and Advisory

Elton was acquired on 29 March 2018. This entity forms the basis of the professional and advisory services pillar. It was a key acquisition which allows the Group to maximise its exposure at the front-end to the project development lifecycle (illustrated below), leading to greater market share and immediate revenue synergies.



Professional and Advisory Services include the provision of expert advice to businesses, governments and not-for-profit organisations to support them to make considered and informed decisions on policy, strategy, city-making and service delivery.

Communications

Veris also owns AQURA Technologies Pty Ltd (formerly OTOC Australia Pty Ltd). The construction operations of OTOC Australia were discontinued in July 2017 at which time the company changed its name to AQURA Technologies to represent its focus on communications technologies. AQURA complements the accomplished existing spatial solution capabilities of the survey segment with highly specialised ICT and Communications services, offering industry- leading technology solutions.

Significant Changes

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

- Payment of the Group's second dividend of $0.005 per share in September 2018.
- Commonwealth Bank of Australia continued supporting the business with the approval of increased banking facilities for the Group, namely additional asset refinancing facility agreed for $6.0m.
- The acquisition of LANDdata a Canberra based surveying business, which was settled in July 2017.
- The integration of 9 surveying business.
- The increase in scale of the surveying business from $66,775,000 revenue in FY17 to $89,402,000 in FY18.

Director's Report

Principal Activities (continued)

- Securing work on long term East Coast projects such as Sydney Metro, Sydney Light Rail, Western Sydney Airport, Melbourne Metro, North Connex, Canberra Light Rail, Newcastle Light Rail, NBN Eden to Brisbane.
- The acquisition of Elton's national Consulting Business in Professional and Advisory Services in March 2018

Operating and Financial Review

Veris is a professional service business delivering surveying, professional and advisory, and geospatial services to the infrastructure; property; energy, mining & resource; and defence, agribusiness, tourism, leisure and government sectors throughout Australia.

For the year ended 30 June 2018 the Group reported EBITDA of $11,189,000 (Earnings before Interest, Tax, Depreciation and Amortisation) up from $5,704,000 in 2017. This growth was the result of the Group's strategy of developing a premier national professional business in surveying, professional and advisory services with exposure to infrastructure, property & resources markets.

In 2018 Veris Group continued to implement its national professional services strategy with the acquisition of LandData in ACT and NSW, and Elton Consulting's National Professional and Advisory Services Company. Elton is engaged to provide expert advice to businesses, governments and not-for-profit organisations. They support them to make considered and informed decisions on policy, strategy, city-making and service delivery. Their services include communications and engagement, community relations, urban and regional planning, social sustainability, strategy and policy, bid strategy and preparation and design studio capabilities.

During the 2018 financial year the Group completed the integration of nine companies in the professional services surveying business. It now operates under one brand, one ABN, one employment company, one customer relationship management system, one HSEQ platform, one Information & Communication Technology Standard and one financial system.

Integration was pivotal in achieving the vision to be an efficient national Professional Services Group. It gives the Group the ability to provide end-to-end solutions across a project lifecycle, to enhance our service capabilities, and develop new clients regionally and nationally. Internally it assists our culture to continue to attract and retain talent, with the ability to service larger projects, which is a key differentiator to smaller/regional peers, whilst maintaining operation control, quality and best practice.

The business has established shared service support functions and a new operating model which focuses on inclusion, consolidation and efficiencies. 2019 will focus on EBITDA delivery by enhancing margins, and driving cost synergies whilst maintaining quality and consistency. It will also focus on improving working capital and its conversion into cash, which saw a lower conversion rate in 2018 mainly due to the 34% growth in the surveying business revenue from $66,775,000 in 2017 to $89,402,000 in 2018. We expect to continue our progress on acquiring businesses that enhance the service offering and/or geographic market position of our business including further expansion into professional and advisory Services and geospatial segments.

2018 saw the launch of the AQURA business - AQURA complements the accomplished existing spatial solution capabilities of the survey segment with highly specialised ICT and communications services, offering industry- leading technology solutions.

Operating and Financial Review (continued)

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

Key Item	FY2018 $000	FY2017 $000	Comments
Revenue	106,834	73,516	Revenue from continuing operations was up 45% mainly due to the increase in the surveying segment as a result of organic growth and in professional and advisory segment due to the acquisition of Elton Consulting
EBITDA*	11,189	5,704	EBITDA from continuing operations increased year on year primarily as a result of the increase in the surveying segment EBTIDA of $2,586,000, $819,000 from Communications and a contribution from newly acquired Elton Consulting of $1,033,000
Acquisition costs	1,628	1,192	Increase was mainly due to work activity to secure Elton which was one of the largest revenue acquisitions to date
Net Assets	68,203	66,937	Net assets were in line with prior year
Working Capital**	12,426	18,769	Working capital reduced in FY18 due to an increase in Trade and other receivables, Work in progress offset by an increase in employee benefits, loans & borrowings and creditors; and a decrease in cash mainly due to the expansion of the surveying business and the acquisitions of LandDATA and Elton Consulting.

* EBITDA is defined as earnings before depreciation, amortisation, interest, tax, impairment, restructuring, share-based payments and acquisition costs and is an unaudited non-IFRS measure.
** Working capital is defined as current assets less current liabilities.

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

	FY2018 $000	FY2017 $000
Statutory profit/(loss) after tax	(1,304)	48
Add back:		
Tax benefit	(871)	(3,792)
Net finance expense	1,006	618
Restructuring costs	1,770	914
Acquisition costs	1,628	1,192
Share-based payment	1,031	298
EBIT profit	3,260	(722)
Depreciation and amortisation	7,681	7,905
Discontinued operations	248	(1,479)
EBITDA	**11,189**	**5,704**

Director's Report

Risks

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

Project Delivery Risk

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

Legal and Contractual Risk

Errors, omissions or incorrect rates and quantities mean the Group may not achieve full benefits of project deliverables and may lead to a negative impact on financial performance. Additionally, failure to understand the contract terms can lead to disputes with third parties and litigation over contractual terms. The Company seeks to mitigate these risks by following a tendering process and estimation programme and using the knowledge and experience of staff to conduct pricing appropriately and contract review and screening.

Political Risk

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

Integration Risk

In the last 3 years Veris has integrated 8 companies as part of its strategy to create a national professional services surveying business. A key focus is embedding a "one business" culture and approach, including systems and processed, and integrating the acquired businesses so that synergies and economies of scale can continue to be achieved and to offer a better service to our growing national customer base. This will mitigate against companies operating in silos with increased costs and risks to the Group.

Goodwill

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

Growth risk

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

Director's Report

Significant Changes in State of Affairs

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

Events Subsequent to Reporting Date

Subsequent to the 30 June, Veris Limited has declared that it will pay a fully franked dividend for 2018 of 0.5 cents per share in September 2018.

Likely Developments

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

Remuneration Report – Audited

The directors are pleased to present your Company's 2018 Remuneration Report which sets out the remuneration information for Veris Limited's Non-Executive Directors, Executive Directors and other Key Management Personnel. The information provided in this Remuneration Report has been audited as required by section 308(3C) of the Corporations Act 2001. This Remuneration Report forms part of the Directors' Report. For the purposes of this report 'Key Management Personnel' (KMP) of the Company are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company, directly or indirectly.

The report contains the following sections:

a) Directors and Executive Disclosures
b) Remuneration Policy
c) Remuneration Advice
d) Performance linked compensation
e) Details of share-based compensation and bonuses
f) Voting and comments made at the Company's 2017 Annual General Meeting
g) Contractual Arrangements
h) Details of remuneration
i) Analysis of bonuses included in remuneration
j) Equity Instrument Disclosure Relating to Key Management Personnel
k) Other Transactions with Key Management Personnel

a) Director and Executive Disclosures

The details of directors and key management personnel disclosed in this report are outlined below.

Non-Executive Directors		
Derek La Ferla	Chairman	(Independent)
Tom Lawrence	Non-Executive Director	(Independent)
Karl Paganin	Non-Executive Director	(Independent)
Executive KMP		
Adam Lamond	Managing Director	
Brian Elton	Executive Director	Appointed 29 March 2018
Brian Mangano	Chief Financial Officer	
Lisa Wynne	Company Secretary	

b) Remuneration policy

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

Remuneration & Nomination Committee

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

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

Remuneration Report – Audited (continued)

Non-executive director remuneration policy
The Constitution and the ASX Listing Rules specify that the aggregate remuneration of Non-Executive Directors shall be determined from time-to-time by a general meeting. The Constitution was amended by special resolution of the members on 23 November 2016 with the aggregate remuneration increasing from $250,000 to $500,000 per annum, which is to be apportioned amongst Non-Executive Directors.

The Company has entered into service agreements with its current Non-Executive Directors; refer details of the contractual arrangements on page 19 of this remuneration report. Retirement payments, if any, are agreed to be determined in accordance with the rules set out in the Corporations Act 2001 at the time of the Directors retirement or termination. Non-Executive Directors' remuneration may include an incentive portion consisting of bonuses and/or options, as considered appropriate by the Board, which may be subject to shareholder approval in accordance with the ASX Listing Rules.

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

The overall executive remuneration framework has three components and is presented in the diagram below:
- Base pay and superannuation (TFR)
- Short-term incentives (STI)
- Long-term incentives (LTI) through participation in Company's Performance Rights Plan

Remuneration Report – Audited (continued)

Remuneration Framework

EXECUTIVE REMUNERATION FRAMEWORK

FIXED REMUNERATION

Comprises base salary and superannuation

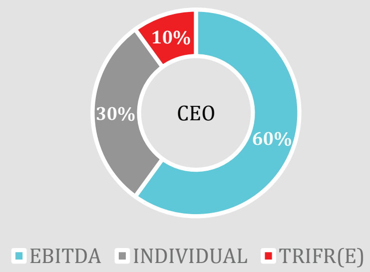
VARIABLE REMUNERATION

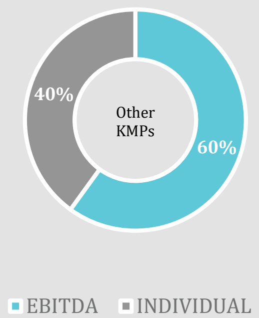
At Risk Components (STI/LTI)

STI PLAN

Annual reward in the form of a cash bonus of 30% of Total Fixed Remuneration determined by performance against annual financial, safety and personal Key Performance Indicators

Performance Measures (Annual)





STI at Risk

30% of TFR

LTI PLAN

Annual grant of performance rights with a three year vesting period subject to the achievement of Total Shareholder Return (TSR) and Earnings Per Share (EPS) hurdles (equally weighted).

FY18 Plan

No Performance Rights were issued in FY2018

Prior Year Plan Performance Measures (3 Years)

FY17 Plan

50%	50%
Absolute Veris TSR[(A)]	Absolute Veris EPS target – 3 year pool[(B)]

Pre FY17 Plans

50%	50%
rTSR[(C)] compared to the ASX All Ordinaries Index	EPSCAGR[(D)]

LTI at Risk

32-46% of TFR

(A) TSR means the Total Shareholder Return of VRS

(B) Absolute EPS target means a normalised Earnings Per Share pooled over 3 years, i.e. setting an aggregate value of dollars of EPS that must be achieved over the three years (i.e. a pool consisting of year 1 EPS plus year 2 EPS plus year 3 EPS). EPS is normalised for extra-ordinary items such as acquisitions costs (including amortisation of acquisitions), restructuring costs and other significant or non-recurring items.

(C) rTSR means Relative total Shareholder Return

(D) EPSCAGR means Earnings Per Share Compounded Annual Growth

(E) TRIFR means Total Recordable Injury Frequency Rate

Remuneration Report – Audited (continued)

The table below represents the target remuneration mix for the KMP's in the current year. The short-term incentive and the long-term incentive amount is provided based on target levels and not the value granted during the year.

		At Risk	
	Fixed Remuneration	Short-term Incentive	Long-Term Incentive
MD	77%	23%	-
Executive Director	100%	-	-
CFO	57%	17%	26%
Company Secretary	59%	22%	19%

Total Fixed Remuneration

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

Short-term incentives

Executives have the opportunity to earn an annual short-term incentive (STI) if predefined targets are achieved (KPIs). The Group's STIs are paid in the form of cash and are calculated as a percentage of Total Fixed Remuneration, based on achievement of set financial, safety and personal KPIs that provide a measured return to the organisation set by the Remuneration and Nomination Committee. The behaviours of our employees against the values of the Company are also assessed through a performance evaluation process. STIs play a key role in aligning superior operational outcomes for shareholders with the remuneration outcomes for management.

For the financial year ended 30 June 2018 the KMP's had target STIs of between $60,000 and $124,385, which represents 30% of the KMP's individual Total Fixed Remuneration linked to EBITDA, safety and personal performance hurdles within their individual roles.

The KPI's cover financial, non-financial, company and individual objectives, chosen as they represent the key drivers for the short-term success of the business and provide a framework for delivering long-term value. The KPI's for the KMP's are as follow:

Measure	Weighting	KPI	Rationale
Safety	0%-10%	TRIFR	Safety is paramount and the inclusion of safety in the incentive plan reflects the Company's commitment to provide an incident-free work environment
Financial	60%	Achievement of Budgeted EBITDA	Key profitably driver
Individual	30%-40%	Based on individual objectives set annually which align with the Company's strategy and assist with the Company meeting its overall performance targets – for FY18 these were directly linked to Integration activities	Drives focus on key performance elements that align to overall company performance targets and strategy

Remuneration Report – Audited (continued)

The Remuneration and Nomination Committee is responsible for determining the STI payable based on an assessment of whether the KPIs are met. The performance evaluation in respect of the year ended 30 June 2018 has taken place and STIs payable to the KMP's have been accrued and presented in the table outlined in part (h) of this report.

Long-term Incentives

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

In 2014 the Group adopted a Performance Rights Plan ("Plan") as an essential part of retaining senior executives in an increasingly competitive market. The Plan provides the long term incentive component of the remuneration for executives and KMP's to be identified by the Board. The purpose of the Plan is to issue a performance based bonus in the form of Performance Rights based on KPI's and performance hurdles to encourage alignment of personal and shareholder interest and:

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

LTI Performance measures and hurdles (including tenure provisions) are determined by the Board and linked to financial measures and share price.

Remuneration Review and proposed changes for FY19
During the period, no Rights were issued under the current Veris LTI program as the Board is undertaking a full review of the current remuneration structure to apply to the next and future financial years. The Board sought advice as it considered the existing remuneration structure may not be driving performance and is considering a structure that is more suitable and aligned with the company's current business cycle and long term strategy. The Board is considering a revised remuneration structure to link reward more directly to the strategy and drivers of Veris, and its shareholders, over a longer timeframe creating long term shareholder value.

c) Remuneration Advice

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

Remuneration Report – Audited (continued)

d) Performance Linked Compensation

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

	Financial Year Ended 30 June	2018	2017	2016	2015	2014
LTI	Closing Share Price ($)	0.24	0.15	0.23	0.07	0.14
	EPS (cents)	(0.39)	0.02	7.4	(3.6)	2.8
STI	Profit/(Loss) from Continuing Operations ($'000)	(1,056)	48	19,698	(8,786)	5,496
	EBITDA	11,189	5,704	16,176	4,681	12,883
	Average % of Maximum STI awarded to Executives [i] (%)	29%	25%	92%	34%	59%
	Dividends paid ($'000)	1,636	1,368	-	-	-

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

e) Details of share-based compensation and bonuses

(i) Options

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

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

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

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

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

Key Management Personnel	Number of Shares	Amount paid $/share
Adam Lamond	-	-
Brian Elton	-	-
Brian Mangano	1,041,577	-
Lisa Wynne	287,163	-

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

Key Management Personnel	Instrument	#	Grant date	% vested in year	# vested in year [B]	% forfeited/lapsed in year	# forfeited /lapsed in year	Financial years in which grant vests	Face value of vested rights [A]
Brian Mangano	Performance Rights	1,950,229	20 Jan 2016	100	1,950,229	-	-	2018	$477,806
		828,848	5 June 2017	-	-	-	-	2019	-
		2,779,077							
Lisa Wynne	Performance Rights	661,765	20 Jan 2016	100	661,765	-	-	2018	$162,132
		328,500	5 June 2017	-	-	-	-	2019	-
		990,265							

Remuneration Report – Audited (continued)

(A) The face value of the vested rights is based on the share price as at 30 June 2018 of 24.5 cents multiplied by the number of rights vested.

(B) Performance Rights that have satisfied the vesting criteria during the measurement period, however Performance Rights do not convert to ordinary shares until the Board notifies the employee and provides a vesting notification advising them that the Performance Rights have vested. The vesting notice is provided post 30 June 2018.

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

FY2017 LTI Plan Performance Outcomes

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

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

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

** Performance of management measured against absolute shareholder return target

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

The Board believes a Total Shareholder Return ("TSR") performance hurdle alongside the use of an Earnings per Share ("EPS") hurdle provides an appropriate balance. These performance measures are mutually exclusive, meaning, that if one measure is not met, there is still the ability to earn an LTI under the other measure. No rights under this plan vested during the year as the measurement period is 1 July 2016 to 30 June 2019.

Absolute TSR

Veris' justification for the use an absolute TSR target as opposed to a comparison against a selected comparator group is companies such as Veris that are in a diversification and growth phase and small to mid-capitalised are unique in their operations and appropriate and relevant comparator groups are difficult to identify.

EPS Pool

Veris' believes that pooling the EPS over three years focuses on long term EPS performance, incorporating all performance periods into the final outcome.

Subject to the terms and conditions of a grant of a Performance Right, the Board has discretion determine that all or a portion of the unvested Performance Rights automatically vest and automatically exercise on the occurrence of a Change of Control.

Remuneration Report – Audited (continued)

FY2016 LTI Plan Performance Outcomes

As the Company had been lacking a long term incentive plan until the introduction of the Plan in 2014, in the prior periods, the Board has adopted a transitional vesting approach for the grant of rights to long standing KMP's (CEO, CFO and Company Secretary) and therefore 75% of the LTI performance rights issued to KMP's in January 2016 were subject to the Group achieving the EPSCAGR and rTSR growth rates set out in the table below over the three year period 1 July 2015 to 30 June 2018. 25% of the LTI performance rights issued vested in the prior period.

The table below outlines the hurdles linked to vesting of the FY2016 Performance Rights and the performance of the Group against these hurdles.

50% rTSR			**50% EPS CAGR**		
Hurdle		**Performance 30/06/18**	**Hurdle**		**Performance 30/06/18**
< 50% percentile	Nil	95th Percentile	<5%	Nil	33%
>50th percentile, <75th percentile	50%, plus 2% for every one percentile increase above 50th percentile		>5%- <25%	pro rata vesting between 25%- 100%	
75th percentile or more	100%		25%>	100%	

The achievement of the above hurdles was assessed in August 2018 against the base FY2015 Normalised EPS of 0.9 cents and base share price of Veris at 30 June 2015 of 7 cents.

Total Shareholder Return

Veris' TSR was 259% during the performance period 1 July 2015 to 30 June 2018 ranking Veris in the 95th percentile against the ASX All Ordinaries Index, resulting in the following outcomes for the vesting of the FY2016 Performance Rights:

- 1,305,997 Performance Rights ***vested*** to KMP's
- 3,000,000 Performance Rights ***vested*** to other employees

Normalised Earnings Per Share

Veris' normalised EPS has increased by 33% since the beginning of the performance period of 1 July 2015 to 30 June 2018, hence achievement of the EPS growth target by 100%, resulting in the following outcomes for the vesting of the FY2016 Performance Rights:

- 1,305,998 Performance Rights ***vested*** to KMP's
- 3,000,000 Performance Rights ***vested*** to other employees

Remuneration Report – Audited (continued)

f) Voting and comments made at the Company's 2017 Annual General Meeting

The adoption of the Remuneration Report for the financial year ended 30 June 2017 was put to the shareholders of the Company at the Annual General Meeting held 22 November 2017. The Company received more than 97% of votes, of those shareholders who exercised their right to vote, in favour of the remuneration report for the 2017 financial year. The resolution was passed without amendment on a show of hands.

g) Contractual Arrangements

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

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

Name	Term of agreement	Base Salary including superannuation	Termination
Derek La Ferla	Mr La Ferla will hold office until the next annual general meeting of the Company where he may be subject to retirement by rotation under the company's constitution.	$125,744	In accordance with the company's constitution and the Corporations Act 2001 (Cth).
Adam Lamond (A) (B) (C)	Until validly terminated in accordance with the terms of the Agreement.	$414,616	Termination by Company with reason – 1 months' notice Termination by Company without reason – 3 months' notice (or payment of the equivalent of 5 months' salary to dispense of the notice period)
Tom Lawrence	Mr Lawrence will hold office until the next annual general meeting of the Company where he may be subject to retirement by rotation under the company's constitution.	$77,305	In accordance with the company's constitution and the Corporations Act 2001 (Cth).
Karl Paganin	Mr Paganin will hold office until the next annual general meeting of the Company where he may be subject to retirement by rotation under the company's constitution.	$77,305	In accordance with the company's constitution and the Corporations Act 2001 (Cth).
Brian Elton	24 Months or until validly terminated in accordance with the terms of the Agreement.	$350,000	Termination by Company with reason – 1 months' notice Termination by Company without reason – Following the 24 months, 3 months' notice (or payment of the equivalent of 5 months' salary to dispense of the notice period)
Brian Mangano (A) (B) & (C)	Until validly terminated in accordance with the terms of the Agreement.	$331,538	Termination by Company with reason – 1 months' notice Termination by Company without reason – 3 months' notice (or payment of the equivalent of 3 months' salary to dispense of the notice period)
Lisa Wynne (A) (B) & (C)	Until validly terminated in accordance with the terms of the Agreement.	$200,000	Termination by Company with reason – 1 months' notice Termination by Company without reason – 3 months' notice (or payment of the equivalent of 5 months' salary to dispense of the notice period)

Remuneration Report – Audited (continued)

(A) Key management personnel are also entitled to receive on termination of employment their statutory entitlements of accrued annual and long service leave, together with any superannuation benefits.
(B) Key management personnel's contracts allow for participation in the Company's Long-Term Incentive Plan (subject to Board and Shareholder approval, if applicable).
(C) These contracts provide for the provision of short-term incentives by way of a cash bonus subject to key performance indicators to be determined by the Remuneration & Nomination Committee annually.

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

		Short-term employee benefits			Post-employ-ment benefits	Termination Benefits		Share-based Payments		
		Salary & fees $(B)	STI Cash bonus $(A)	Non-monetary $	Super-annuation $	Cash $	Perfor-mance Rights $ (E)	Perfor-mance Rights $ (E)	Total $	Proportion of remuneration performance related
Directors										
Non-Executive Directors										
Derek La Ferla (Chairperson)	**2018**	**130,580**	**-**	**-**	**-**	**-**	**-**	**-**	**130,580**	**-**
	2017	115,983	-	-	7,343	-	-	-	123,326	-
Tom Lawrence	**2018**	**77,305**	**-**	**-**	**-**	**-**	**-**	**-**	**77,305**	**-**
	2017	77,305	-	-	-	-	-	-	77,305	-
Karl Paganin	**2018**	**77,305**	**-**	**-**	**-**	**-**	**-**	**-**	**77,305**	**-**
	2017	77,305	-	-	-	-	-	-	77,305	-
Executive Directors										
Adam Lamond (Managing Director) (C)	**2018**	**399,136**	**49,754**		**20,049**	**-**	**-**	**-**	**468,939**	**11%**
	2017	178,804	-	-	9,891	-		-	188,695	-
Brian Elton Exec Director(D)	**2018**	**94,138**	**-**	**-**	**8,943**	**-**	**-**	**-**	**103,081**	**-**
	2017	-	-	-	-	-	-	-	-	-
Total Directors' Remuneration	**2018**	**778,465**	**49,754**	**-**	**28,992**	**-**		**-**	**902,515**	**7%**
	2017	449,397	-	-	17,234	-	-	-	466,631	-

Remuneration Report – Audited (continued)

		Short-term employee benefits			Post-employment benefits	Termination Benefits		Share-based Payments		
		Salary & fees $ [(A)]	STI Cash bonus $ [(B)]	Non-monetary $	Super-annuation $	Cash $	Performance Rigts $ [(F)]	Performance Rights $ [(F)]	Total $	Proportion of remuneration performance related
Other Executives										
Brian Mangano (CFO)	**2018**	**308,598**	**31,828**		**29,317**		**-**	**155,010**	**523,576**	**6%**
	2017	295,788	67,454	-	28,100	-		229,818	621,160	48%
Lisa Wynne (Company Secretary) [(E)]	**2018**	**150,000**	**19,200**		**15,243**		**-**	**54,135**	**238,112**	**8%**
	2017	145,000	26,735	-	14,623	-		73,165	259,523	38%
Simon Thomas (CEO, resigned 29 March 2017)	**2018**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	2017	330,891	-	-	24,520	251,981	239,324	116,645	484,712	24%
Total Executives' Remuneration	**2018**	**458,598**	**51,028**	**-**	**44,560**	**-**	**-**	**207,503**	**761,688**	**34%**
	2017	771,679	94,189	-	67,242	251,981	239,324	419,627	1,365,395	38%
Total Directors' and Executives' Remuneration	**2018**	**1,237,062**	**100,782**	**-**	**118,856**	**-**	**-**	**207,503**	**1,664,202**	**17%**
	2017	1,221,076	94,189	-	84,477	251,981	239,324	419,627	1,832,026	28%

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

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

(B) Short-term incentive bonus is for the achievement of KPIs within their individual roles for the financial year ended 30 June 2018. The performance evaluation in respect of the year ended 30 June 2018 has taken place and the short-term incentive bonuses have been accrued but not paid during the period.

(C) Adam Lamond served as an Executive Director from January 2014 to March 2017, when he was appointed Managing Director.

(D) Brian Elton was appointed on 29 March 2018.

(E) Pro-rata based on annual salary of $200,000.

(F) The value of the Performance Rights granted in the year is the fair value of the rights calculated at grant date. This amount is allocated to remuneration over the vesting periods (in years 1 July 2015 to 30 June 2019). The fair value of the Performance Rights has been measured using Monte Carlo simulation model.

Remuneration Report – Audited (continued)

i) Analysis of bonuses included in remuneration – audited

Details of the vesting profile of the short-term incentive cash bonuses awarded as remuneration to key management personnel during the period are detailed below.

		Short-term incentive bonus		
Key Management Personnel	Maximum Potential Value of STI Payment $	Included in remuneration $(A)	% of Maximum Potential STI Payment Awarded	% Maximum Potential STI Payment Forfeited
Adam Lamond	124,385	49,754	40%	60%
Brian Elton	-	-	-	-
Brian Mangano	99,461	31,828	32%	68%(B)
Lisa Wynne	60,000	19,200	32%	68%(B)

(A) Amounts included in remuneration for the financial year is for the achievement of between 80% - 100% of Safety KPIs and personal KPIs and performance within their individual roles for the financial year ended 30 June 2018. The performance evaluation in respect of the year ended 30 June 2018 has taken place and the short-term incentive bonuses have been accrued but not paid during the period.

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

j) Equity Instrument Disclosure Relating to Key Management Personnel

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

KMP	# Held 1 July 2017	Granted in year	Grant Value	Grant Face Value	Number Vested in year	Number forfeited / lapsed in year	Number held at 30 June 2018
Adam Lamond	-	-	-	-	-	-	-
Brian Elgon	-	-	-	-	-	-	-
Brian Mangano	2,779,078	-	-	-	(1,950,230)	-	828,848
Lisa Wynne	990,265	-	-	-	(661,765)	-	328,500

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

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

	Balance at 30/06/2017	Movement	Balance at 30/06/2018
Directors			
Derek La Ferla	567,704	16,797	584,501
Adam Lamond	45,841,815	-	45,841,815
Tom Lawrence(A)	3,662,596	(439,998)	3,222,598
Karl Paganin	5,550,000	162,721	5,662,721
Brian Elton	-	11,179,560	11,179,560
KMP's			
Simon Thomas (B)	2,527,344	(2,527,344)	-
Brian Mangano (C)	1,836,202	1,083,032	2,919,234
Lisa Wynne (C)	75,205	297,884	373,089
Total	**60,010,866**	**9,772,652**	**69,783,518**

Remuneration Report – Audited (continued)

(A) Includes the transfer of 439,998 shares to employees on vesting of performance rights held by OTC ESP Pty Ltd as trustee of the Veris Employee Share Plan of which Tom Lawrence is a Director but in which shares Tom Lawrence has no beneficial interest.
(B) KMP shareholding at cessation of employment.
(C) KMP shareholdings do not include the Performance Rights which have vested during the period as Performance Rights do not convert to ordinary shares until the Board notifies the employee and provides a vesting notification advising them that the Performance Rights have vested. The vesting notice is provided post 30 June 2018.

d) Other Transactions with Key Management Personnel

The Company rents office space from Elton Property, a company controlled by director, Brian Elton. Amounts paid during the year of $83,201 are based on market rates and normal commercial terms. This amount has not been included as remuneration in the tables above.

THIS CONCLUDES THE AUDITED REMUNERATION REPORT

Director's Report

Shares Under Option

As at 30 June 2018 there are no shares under option.

Indemnification and Insurance of Officers

During the financial year the Group paid insurance premiums of $54,950 (2017: $31,000) to insure the directors, secretaries and executive officers of the Group and its subsidiary companies. The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the directors and officers in their capacity as directors and officers of Veris Limited and its subsidiary companies, and any other payments arising from liabilities incurred by the officers in connection with such proceedings, other than where such liabilities arise out of conduct involving wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else to cause detriment to the Group. The directors have not included details of the nature of the liabilities covered or the amount of the premium paid in respect of the directors' and officers' liability and legal expenses insurance contracts, as such disclosure is prohibited under the terms of the contract.

Non-Audit Services

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

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

	Consolidated	
	2018 $000	**2017 $000**
Audit services:		
Audit and review of the financial reports	254	222
Services other than audit services:		
Other services (Due Diligence)	51	142
Other services (Integration)	551	405
	856	769

Environmental Regulations and Performance

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

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

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

Director's Report

Proceedings on Behalf of the Group

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

Lead auditor's independence declaration

The lead auditor's independence declaration is set out on page 77 and forms part of the directors' report for the year ended 30 June 2018.

Rounding off

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

Corporate Governance Statement

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

Signed in accordance with a resolution of the directors:

Derek La Ferla
Chairman
Dated at Perth 30 August 2018

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 30 June 2018

	Note	2018 $000	2017 $000
Revenue	3	106,834	73,516
Operating expenses		(95,645)	(67,812)
		11,189	**5,704**
Depreciation	14	(3,585)	(3,737)
Amortisation	15	(4,096)	(4,168)
Acquisition related	4	(1,628)	(1,192)
Restructuring costs		(1,770)	(914)
Share-based payment		(1,031)	(298)
Results from operating activities		(921)	(4,605)
Financial income		18	42
Finance costs		(1,024)	(660)
Net finance costs		(1,006)	(618)
Profit / (loss) before income tax		**(1,927)**	**(5,223)**
Income tax benefit	16	871	3,792
Profit / (loss) from continuing operations		**(1,056)**	**(1,431)**
Profit / (loss) from discontinued operations, net of tax	2	**(248)**	**1,479**
Profit / (loss) for the period		**(1,304)**	**48**
Total comprehensive income/ (loss) for the year		**(1,304)**	**48**
Earnings/ loss per share			
Basic earnings cents per share	5	(0.39)	0.02
Diluted earnings cents per share	5	(0.39)	0.02
Earnings/ loss per share – Continuing operations			
Basic earnings cents per share		(0.32)	(0.46)
Diluted earnings cents per share		(0.32)	(0.46)

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

Consolidated Statement of Financial Position

As at 30 June 2018

	Note	30 Jun 2018 $000	30 Jun 2017 $000
Assets			
Current assets			
Cash and cash equivalents	18	5,588	14,574
Trade and other receivables	11	30,932	15,983
Work in progress		10,538	4,616
Other current assets		1,705	1,118
Total current assets		48,763	36,291
Non-current assets			
Plant and equipment	14	15,242	11,049
Intangible assets	15	58,598	40,525
Deferred tax asset	17	6,275	7,636
Total non-current assets		80,115	59,210
Total assets		128,878	95,501
Liabilities			
Current Liabilities			
Trade and other payables	12	17,532	7,291
Deferred vendor payments	8	2,386	1,544
Loans and borrowings	20	6,381	2,593
Employee benefits	13	9,505	5,481
Current tax liability		533	613
Total current liabilities		36,337	17,522
Non-current liabilities			
Loans and borrowings	20	19,647	8,935
Deferred vendor payments	8	3,625	1,200
Employee benefits	13	1,066	907
Total non-current liabilities		24,338	11,042
Total liabilities		60,675	28,564
Net assets		**68,203**	**66,937**
Equity			
Share capital	21	40,887	37,283
Share based payment reserve	21	2,349	1,747
Retained earnings		24,967	27,907
Total equity		**68,203**	**66,937**

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

Consolidated Statement of Changes in Equity

For the Year Ended 30 June 2018

	Note	Share Capital $000	Share Based Payment Reserve $000	Retained Earnings $000	Total Equity $000
Balance at 1 July 2017		37,283	1,747	27,907	66,937
Total comprehensive income for the year					
Loss for the year		-	-	(1,304)	(1,304)
Total comprehensive loss for the year		-	-	(1,304)	(1,304)
Transactions with owners of the Company, recognised directly in equity					
Issue of ordinary shares (net of costs)	*21*	3,604	-	-	3,604
Dividends paid	*22*	-	-	(1,636)	(1,636)
Share-based payment transactions		-	602	-	602
Total transactions with owners of the Company		3,604	602	(1,636)	2,570
Balance at 30 June 2018		**40,887**	**2,349**	**24,967**	**68,203**

	Note	Share Capital $000	Share Based Payment Reserve $000	Retained Earnings $000	Total Equity $000
Balance at 1 July 2016		22,622	1,449	29,227	53,298
Total comprehensive income for the year					
Profit for the year		-	-	48	48
Total comprehensive profit for the year		-	-	48	48
Transactions with owners of the Company, recognised directly in equity					
Issue of ordinary shares (net of costs)	*21*	14,661	-	-	14,661
Dividends paid	*22*	-	-	(1,368)	(1,368)
Share-based payment transactions		-	298	-	298
Total transactions with owners of the Company		14,661	298	(1,368)	13,591
Balance at 30 June 2017		**37,283**	**1,747**	**27,907**	**66,937**

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

Consolidated Statement of Cash Flow

For the Year Ended 30 June 2018

	Note	2018 $000	2017 $000
Cash flows from operating activities			
Receipts from customers		101,980	121,709
Payments to suppliers and employees		(101,021)	(114,737)
Cash generated from operations		959	6,969
Tax received		14	272
Interest paid		(1,133)	(901)
Interest received		22	55
Net cash from operating activities	*19*	(138)	6,395
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		3,828	395
Purchase of property, plant and equipment		(1,844)	(822)
Deferred vendor payment		(1,928)	(2,545)
Acquisition of subsidiaries net of cash acquired		(14,071)	(7,500)
Net cash (used in) investing activities		(14,015)	(10,472)
Cash flows from financing activities			
Dividends paid		(1,258)	(1,060)
Repayment of borrowings and lease liabilities		(4,575)	(5,578)
Proceeds from loans		11,000	-
Proceeds from share issues (net of costs)		-	12,321
Net cash (used in) from financing activities		5,167	5,683
Net increase in cash and cash equivalents		(8,986)	1,606
Cash and cash equivalents at 1 July		14,574	12,968
Cash and cash equivalents at 30 June	*18*	**5,588**	**14,574**

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

Notes to the Consolidated Financial Statements

BASIS OF PREPARATION

REPORTING ENTITY

Veris Limited (the "Company" or "Veris") is a for-profit company domiciled in Australia. The Company's registered office is at Level 12, 3 Hasler Road, Osborne Park WA 6017. The consolidated financial statements of the Company as at and for the year ended 30 June 2018 comprises the Company and its subsidiaries (together referred to as the "Group"). The Group is a diversified infrastructure and survey solutions company.

STATEMENT OF COMPLIANCE

The consolidated financial statements are general purpose financial statements prepared in accordance with Australian Accounting Standards (AASBs) adopted by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. The consolidated financial statements comply with International Financial Reporting Standards (IFRSs) adopted by the International Accounting Standards Board (IASB). This consolidated annual report was approved by the board of directors on 30 August 2018.

NOTE INDEX

GROUP PERFORMANCE

1. OPERATING SEGMENTS

The Group has three reportable segments that are being managed separately by the service provided. In 2018 the segments include surveying, communications and professional and advisory.

In 2017 the reportable segments were surveying and infrastructure construction. The latter is not applicable for 2018 as the business was discontinued in July 2017. This segment was operated out of OTOC Australia. In July 2017 OTOC Australia was renamed to Aqura Technologies and the new segment of communications was launched.

In March 2018 Veris LTD purchased Elton Consulting who operate in the professional and advisory space, therefore leading to Veris increasing their reportable segments to 3. The Group also acquired LANDdata Survey during the year which is included in the Surveying segment.

The 2018 reportable segments and the services they provide are :

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

Information regarding the results of each reporting segment is detailed below for the year ended 30 June 2018.

	Surveying		Communications		Professional & Advisory		Total	
	2018 $000	**2017 $000**	**2018 $000**	**2017 $000**	**2018 $000**	**2017 $000**	**2018 $000**	**2017 $000**
Revenues	94,214	68,831	12,430	6,741	5,142	-	111,786	75,572
Inter-segment revenues	(4,812)	(2,056)	(140)	-	-	-	(4,952)	(2,056)
External revenues	89,402	66,775	12,290	6,741	5,142	-	106,834	73,516
Costs	(82,191)	(59,394)	(11,530)	(6,660)	(4,110)	-	(97,831)	(66,054)
Inter-segment costs	4,812	2,056	140	-	-	-	4,952	2,056
External costs	(77,379)	(57,338)	(11,390)	(6,660)	(4,110)	-	(92,878)	(63,998)
EBITDA*	**12,023**	**9,437**	**900**	**81**	**1,032**	**-**	**13,956**	**9,518**
Depreciation	(3,440)	(3,531)	(38)	(72)	(26)	-	(3,503)	(3,603)
Amortisation	(3,848)	(4,168)	-	-	(248)	-	(4,096)	(4,168)
EBIT** for reportable segments	4,735	1,738	862	9	759	-	6,357	1,747
	2018 $000	**2017 $000**	**2018 $000**	**2017 $000**	**2018 $000**	**2017 $000**	**2018 $000**	**2017 $000**
Segment assets	92,012	69,301	6,378	5,074	22,891	-	121,281	74,375
Segment liabilities	(29,558)	(15,018)	(5,149)	(1,628)	(3,010)	-	(37,716)	(16,646)

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

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

During the year there were no major customers of the Group, individually representing more than 10% of total Group revenue. (2017: Canstruct represented more than 10% total Group revenue; $24.7 million which is now presented as a discontinued operation).

Notes to the Consolidated Financial Statements

1. OPERATING SEGMENTS (CONTINUED)

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

	2018 $000	2017 $000
Revenues		
Total revenue for reportable segments	111,786	75,572
Elimination of inter-segment revenue	(4,952)	(2,056)
Consolidated revenue	106,834	73,516
Expenses		
Total expenses for reportable segments	97,831	66,054
Elimination of inter-segment costs	(4,952)	(2,056)
Corporate overheads	2,766	3,814
Consolidated operating expenses	95,645	67,812
Profit (loss)		
EBIT for reportable segments	6,357	1,747
Unallocated amounts (including corporate overheads)	(3,880)	(4,246)
Acquisition related cost/income	(1,628)	(1,192)
Restructuring costs	(1,770)	(914)
Net finance expense	(1,006)	(618)
Consolidated profit (loss) before income taxes	(1,927)	(5,223)

Assets	2018 $000	2017 $000
Total assets for reportable segments	121,281	74,375
Other unallocated amounts	7,597	21,126
Consolidated total assets	128,878	95,501
Liabilities		
Total liabilities for reportable segments	37,716	16,646
Other unallocated amounts	22,959	11,918
Consolidated total liabilities	60,675	28,564

2. DISCONTINUED OPERATIONS

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

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

2. DISCONTINUED OPERATIONS (CONTINUED)

Results of Discontinued Operations

	2018 $000	2017 $000
Revenue	2,449	34,360
Expenses	(2,405)	(30,249)
	44	4,111
Depreciation	(217)	(350)
Restructuring	-	(395)
Net finance costs	(112)	(230)
Profit (loss) from discontinued operations for the period before tax	(285)	3,136
Income tax (expense)/ benefit	37	(1,658)
Profit (loss) from discontinued operations for the period, net of tax	**(248)**	**1,479**

Earnings per share

Basic earnings cents per share	(0.07)	0.48
Diluted earnings cents per share	(0.07)	0.47

Cash flows from (used in) discontinued operations

	2018 $000	2017 $000
Net cash flows from (used in) operating activities	(769)	14,806
Net cash flows from (used in) investing activities	3,826	302
Net cash flows from (used in) financing activities	(395)	(2,019)
Results from discontinued operating activities	2,662	13,089

3. REVENUE

	2018 $000	2017 $000
Surveying	89,402	66,775
Communications	12,290	6,741
Professional & Advisory	5,142	-
	106,834	73,516

4. ACQUISITIONS

During the year, as part of its national strategic plan, the Company made the following acquisitions as detailed below:

Acquisition of business – LANDdata Surveys Pty Ltd

On 31 July 2017, the Group entered into an agreement to acquire the business and certain assets of LANDdata Survey PTY LTD, a Canberra and Sydney-based surveying consultancy. The purchase price comprises $3,450,000 in cash plus an adjustment of up to $350,000. A net adjustment of $129,000 was paid upon completion of the acquisition. A further $1,000,000 in cash will be paid if LANDdata achieves performance milestones. An instalment of $232,000 was paid during the year ended 30 June 2018. In addition an incentive bonus will be paid if the Gross Margin over a two year period is greater than certain amounts. For the eleven months ended 30 June 2018, LANDdata contributed revenue of $5,600,000 and EBITDA of $1,156,000. If the acquisition had occurred on 1 July 2017, the Company estimates that contributed revenue would have been $6,100,000 and contributed EBITDA would have been $1,230,000.

The acquisition of LANDdata enhances the Group's surveying businesses in New South Wales, and provides an entry into the ACT market, adding scale and capability to the Group's existing surveying businesses.

Consideration transferred

The following table summarises the acquisition-date fair value of each major class of consideration transferred.

	30 June 2017 Disclosure $000	At Settlement $000
Cash	3,450	3,450
Adjustment settlement	-	129
Deferred vendor payment	1,960	1,179
	5,410	4,758

Deferred vendor payment

As part of the purchase price the Company has agreed to pay LANDdata an earn out of up to $1.0 million cash over 2 years subject to meeting certain Revenue and Gross Margin hurdles and an Incentive Bonus if Gross Margin is greater than $4,400,000. Please see Deferred Vendor Payment note under Note 8 Financial Instruments for further detail.

4. ACQUISITIONS (CONTINUED)

Identifiable assets acquired and liabilities assumed

The following summarises the recognised fair value amounts of assets acquired and liabilities assumed at settlement date.

	30 June 2017 Disclosure $000	At Settlement $000
Customer Relationships	3,360	3,360
Other current assets	44	32
Property, plant and equipment	322	328
Deferred Tax Asset	-	71
Employee benefits	(238)	(238)
Deferred tax liability	(1,008)	(1,008)
	2,480	2,546

Goodwill

Goodwill arising from the acquisition has been recognised as follows:

	30 June 2017 Disclosure $000	At Settlement $000
Total consideration transferred	5,410	4,758
Fair value of identifiable assets and liabilities	(2,480)	(2,546)
Goodwill	2,930	2,212

The goodwill is attributable mainly to the skills and technical talent of LANDdata Group's workforce, and the synergies expected to be achieved from integrating the company into the Group's existing surveying business.

Acquisition Costs

The Group incurred acquisition costs of $118,000 in relation to the acquisition of LANDdata.

4. ACQUISITIONS (CONTINUED)

Acquisition of business – Elton Consulting Group Pty Ltd

On 29 March 2018, the Group entered into an agreement to acquire Elton Consulting Group Pty Ltd, a national professional and advisory business. The purchase price comprises $9 million in cash and $3 million in shares. A settlement adjustment of $1.9 million was paid following completion of the acquisition. A further $2 million will be paid if Elton achieves performance milestones over 2 years (payable 50% in cash and 50% in shares) and $2 million in Deferred payments two years after completion (payable 50% cash and 50% shares). For the three months ended 30 June 2018, Elton contributed revenue of $5.1 million and EBITDA of $1.0 million. If the acquisition had occurred on 1 July 2017, the Company estimates that contributed revenue would have been $17.9 million and contributed EBITDA would have been $2.9 million.

Consideration transferred

The following table summarises the acquisition-date fair value of each major class of consideration transferred.

	30 June 2018 $000
Cash	9,000
Equity instruments (15.6 million ordinary shares)	3,125
Adjustment settlement	1,904
Deferred vendor payment	3,864
	17,893

Deferred vendor payment

As part of the purchase price the Company has agreed to pay the vendors of Elton an earn out of up to $2.0 million (50% cash, 50% shares) over 2 years subject to meeting certain EBITDA hurdles of at least $2.6 million in a performance period. It has also agreed to pay a deferred payment two years after completion (Payable 50% cash and 50% shares). Please see Deferred Vendor Payment note under Note 8 Financial Instruments for further detail.

4. ACQUISITIONS (CONTINUED)

Identifiable assets acquired and liabilities assumed

The following summarises the recognised fair value amounts of assets acquired and liabilities assumed as at 30 June 20018.

	30 June 2018 $000
Cash	336
Trade and other receivables	2,896
Work in progress	1,772
Other current assets	84
Property, plant and equipment	554
Customer relationships	3,496
Brand	293
Trade and other payables	(1,255)
Loans and borrowings	(230)
Employee benefits	(1,122)
Deferred tax liability	(1,182)
	5,642

Goodwill

Goodwill arising from the acquisition has been recognised as follows:

	30 June 2018 $000
Total consideration transferred	17,893
Fair value of identifiable assets and liabilities	(5,642)
Goodwill	12,251

The provisional goodwill is attributable mainly to the skills and technical talent of Elton Consulting Group's workforce, and the synergies expected to be achieved from integrating the company into the Group's existing business.

Acquisition Costs

The Group incurred acquisition costs of $692,000 to acquire Elton Consulting Pty Ltd.

4. ACQUISITIONS (CONTINUED)

Prior Year Acquisitions

The following entities were acquired during the year ended 30 June 2017 and the original disclosures made in the 2017 Annual Report were on a provisional basis.

	2018 Goodwill $000	2017 Goodwill $000
Lawrence Group Pty Ltd (i)	3,968	3,833
WKC Spatial	671	671
Goodwin Midson	324	324
Lester Franks Survey & Geographic Pty Ltd (ii)	1,798	1,365

i) $135,000 adjustment made in relation to pre-acquisition Trade Receivables written off

ii) $74,000 adjustment made in relation to pre-acquisition Trade Receivables written off and $359,000 adjustment made in relation to detailed fixed asset review carried out during the year.

Other acquisition costs of $818,000 have been incurred in relation to previous and potential acquisitions.

5. EARNINGS PER SHARE

	2018	2017
Earnings/ (losses) used to calculate basic EPS ($000)	(1,304)	48
Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS (number of shares)	331,684,479	309,734,798
Basic earnings per share (cents per share)	(0.39)	0.02

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

6. SUBSEQUENT EVENTS

Veris Limited has declared after the balance sheet date that it will pay a fully franked dividend for 2018 of 0.5 cents per share in September 2018.

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

RISK MANAGEMENT

7. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

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

Contract revenue and work in progress

Revenue from contracts is recognised using the percentage of completion method. Judgement is exercised in determining the stage of completion of the contract and in reliably estimating the total contract revenue and contract costs to completion. The stage of contract completion is generally measured by reference to physical completion. An assessment of total labour hours and other costs incurred to date as a percentage of estimated total costs for each contract is used if it is an appropriate proxy for physical completion. Task lists and milestones are also used to calculate or confirm the percentage of completion if appropriate.

The key judgement in determining revenue from contracts is estimating the unapproved variations and claims to be included in project forecast revenue and work in progress. The Company uses its best estimate and its expertise to determine the value included supported by qualified external experts where necessary. The outcome of the events which are the subject of these judgements are by nature uncertain such that final positions resolved with clients can differ materially from original estimates which may impact the recoverability of work in progress.

Deferred vendor payments

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

8. FINANCIAL INSTRUMENTS

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. The Board has established an Audit & Risk Committee, which is responsible for overseeing how management monitors risk and reviewing the adequacy of the risk management framework in relation to the risks faced by the Group. The Committee reports regularly to the Board of Directors on its activities.

Risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through their training and management standards and procedures, aim to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

8. FINANCIAL INSTRUMENTS (CONTINUED)

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

	2018		2017	
	Carrying Amount $000	Fair Values $000	Carrying Amount $000	Fair Values $000
Hire purchase liabilities	(12,403)	(12,403)	(8,153)	(8,153)
Cash advance facility	(13,625)	(13,625)	(3,375)	(3,375)

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

Measurement at fair values

i. Valuation techniques and significant unobservable inputs
The following table shows the valuation technique used in measuring Level 3 fair values at 30 June 2018, as well as the significant unobservable inputs used.

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

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

8. FINANCIAL INSTRUMENTS (CONTINUED)

Movements in the value of Deferred Vendor Payments

	Opening Balance	Acquired in the year	Paid in the year	Adjusted in the year	Closing Balance
	$000	$000	$000	$000	$000
Goodwin	70	-	(80)	10	-
Linker	300	-	(300)	-	-
Lawrence	1,000	-	(500)	-	500
Lester Franks	1,374	-	(687)	13	700
LANDdata	-	1,179	(361)	129	947
Elton Consulting	-	3,864	-	-	3,864
	2,744	5,043	(1,928)	152	6,011

Lawrence
Deferred Vendor Payment Provision at 30 June 2018 is based on Earnout Period 2 which runs from 30 July 2017 to 29 July 2018. The earnout value has been guaranteed subject to a number of conditions as part of the integration of Lawrence into Veris Australia. $500,000 is the value assigned to Earnout period 2.

Lester Franks
Deferred Vendor Payment Provision at 30 June 2018 is based on Earnout Period 2 which runs from 1 December 2017 to 30 November 2018. The earnout value has been guaranteed subject to a number of conditions as part of the integration of Lester Franks into Veris Australia. $700,000 is the value assigned to Earnout period 2.

Landdata
Deferred Vendor Payment Provision at 30 June 2018 is based on Earnout Period 1 which runs from 31 July 2017 to 30 July 2018 and Earnout Period 2 which runs from 31 July 2018 to 30 July 2019. Earn-out is conditional on a percentage Gross Margin being achieved and of minimum revenues and maximum revenue of $3,937,500 and $4,312,500 respectively in year 1 for Earnout in Period 1, and of minimum revenues of $8,625,000 in Earnout Period 2 for years 1 and 2. An incentive bonus of 25% is payable at the end of Earnout Period 2 if Gross margin is greater than $4,400,000. The incentive bonus calculation has been re-calculated subsequent to the 30 June 2017 Disclosure to incorporate 11 months of actual results to 30 June 2018 and budgeted results to 31 July 2019. As a results the amount has been revised to $1,308,000 as at 30 June 2018 from $1,960,000 at 30 June 2017.

Elton
Deferred Vendor Payment Provision at 30 June 2018 will be up to $2,000,000 payable 50% in cash and 50% in shares and will be based on performance criteria over two years. Earn-out Period 1 for $1,000,000 runs from 30 March 2018 to 29 March 2019, and Earn-out Period 2 for $1,000,000 runs from 30 March 2019 to 29 March 2020. Earn-out in both periods required EBITDA to be over $2,600,000 and is capped at $3,100,000. There is an additional deferred payment of $2,000,000 payable 50% in cash and 50% in shares and will be paid 2 years after completion of the acquisition.

8. FINANCIAL INSTRUMENTS (CONTINUED)

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

Credit risks
Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers.
As detailed in Note 1, the Company has successfully implemented its diversification strategy, through the acquisition surveying businesses, and thus mitigated the risk of dependence on key customers.
Credit risk is kept continually under review and managed to reduce the incidence of material losses being incurred by the non-receipt of monies due.
Credit risk is managed through monitoring and follow-up of accounts receivable on a regular basis, and follow up on overdue customer balances.
Bad debts are written off in the year in which they are identified. Specific provisions are made against identified doubtful debts.
There has been no change in the above policy since the prior year.

The Group's maximum exposure to credit risk is:

	2018 $000	2017 $000
Cash and cash equivalents	5,588	14,574
Trade and other receivables	30,932	15,983
	36,520	30,557

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

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

	2018 $000	2017 $000
0 – 30 days not past due	14,996	9,921
Past due 1 – 30 days	10,534	3,499
Past due 31 – 60 days	2,672	1,139
Past due 61 – 90 days	1,045	985
Past due 90 days	1,892	700
Provision for impairment	(207)	(261)
Total	30,932	15,983

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

The Group's maximum exposure to credit risk for trade and other receivables at the reporting date by geographic region was $30,932,000 (2017: $15,983,000) for Australia. The allowance for impairment for 2018 amounted to ($207,000) (2017: $261,000). Based on historic default rates, the Group believes that no impairment allowance is necessary in respect of trade receivables not past due or past due by up to 30 days.

8. FINANCIAL INSTRUMENTS (CONTINUED)

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

	2018 $000	2017 $000
Balance 1 July	261	152
Impairment loss reversed	(247)	(143)
Impairment loss provided	193	252
Total	207	261

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

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

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

2018

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

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

2017

Non-derivative financial liabilities	Carrying Amount $000	Contractual Cash Flows $000	6 Months or less $000	6 – 12 Months $000	1 – 2 Years $000	2 – 5 Years $000	>5 Years $000
Hire purchase liabilities	8,153	8,541	1,098	931	1,154	5,358	-
Trade and other payables	7,291	7,291	7,291	-	-	-	-
Deferred vendor Payments	2,744	2,744	1,244	300	1,200	-	-
Cash advance facility	3,375	5,021	583	576	1,135	2,727	-
	21,563	23,597	10,216	1,807	3,489	8,085	-

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

8. FINANCIAL INSTRUMENTS (CONTINUED)

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

Interest rate risk
Interest rate risk is the risk that the fair values and cash-flows of the Group's financial instruments will be affected by changes in the market interest rates.
The Group's cash and cash equivalents, and loans and borrowings are exposed to interest rate risks. The average nominal interest rate is 4.70% for loans and borrowings (2017: 4.59%) detailed in note 20. Interest sensitivity is calculated for a 1% change below:

	2018		2017	
	+1%	-1%	+1%	-1%
	$000	$000	$000	$000
Consolidated Group				
Cash and cash equivalents	56	(56)	146	(146)
Loans and borrowings	(260)	260	(115)	115
	204	(204)	31	(31)

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

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

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

9. COMMITMENTS

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

	2018	2017
	$000	$000
Not later than one year	3,244	2,412
Later than one year but not later than five years	3,668	3,624
Later than five years	-	-
Total commitments not recognised in financial statements	6,912	6,036

The non-cancellable operating leases are predominately for the lease of office and staff accommodation. The leases are generally for a term of between 1 to 5 years.

10. CONTINGENT LIABILITIES
There were no contingent liabilities as at the date of this report.

Notes to the Consolidated Financial Statements

WORKING CAPITAL

11. TRADE AND OTHER RECEIVABLES

	2018 $000	2017 $000
Trade receivables	30,829	15,772
Other receivables	103	211
	30,932	15,983

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

12. TRADE AND OTHER PAYABLES

	2018 $000	2017 $000
Trade and other payables	17,532	7,291
	17,532	7,291

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

CAPITAL EMPLOYED

13. EMPLOYEE BENEFITS

	2018 $000	2017 $000
Current		
Annual leave	4,081	2,554
Long service leave	3,502	2,107
Superannuation	1,558	491
Other employee provisions	181	329
Shares	183	-
	9,505	5,481
Non-current		
Long service leave	920	907
Shares	146	-
	1,066	907

14. PLANT AND EQUIPMENT

	2018 $000	2017 $000
Leasehold Improvements at cost	1,300	425
Less: accumulated depreciation	(368)	(72)
	932	353
Plant and equipment at cost	20,838	21,453
Less: accumulated depreciation	(10,702)	(13,554)
	10,136	7,899
Motor vehicles at cost	7,941	7,703
Less: accumulated depreciation	(3,767)	(4,906)
	4,174	2,797
Total written down value	15,242	11,049

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

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

2017	Leasehold Improvements $000	Plant & Equipment $000	Motor Vehicles $000	Total $000
Carrying amount at 1 July 2016	56	5,571	2,421	8,048
Acquired through business acquisitions	77	2,972	489	3,538
Additions at cost	284	2,488	1,154	3,926
Disposals at carrying value	-	(197)	(179)	(376)
Depreciation	(64)	(2,935)	(1,088)	(4,087)
Carrying amount at 30 June 2017	353	7,899	2,797	11,049

The carrying value of finance leased assets at 30 June 2018 is $8.7 million (2017: $5.0 million).

Impairment Loss

The Group assesses whether there are indicators that assets, or groups of assets, may be impaired at each reporting date. There were no indicators present in 2018 however goodwill is assessed annually regardless of indicators, refer Note 15. In this regard a formal estimate of the recoverable amount is made. Veris has made an assessment of the recoverable amount of its assets as at 30 June 2018. No impairment loss was recognised in the year ended 30 June 2018 (2017: $nil).

15. INTANGIBLE ASSETS

	Goodwill $000	Customer Relationships $000	Brands $000	Total $000
Carrying amount at 1 July 2016	25,468	6,376	-	31,844
Additions	6,193	6,656	-	12,849
Amortisation	-	(4,168)	-	(4,168)
Impairment	-	-	-	-
Carrying value 1 July 2017	31,661	8,864	-	40,525
Additions	14,465	6,856	292	21,613
Amortisation	-	(4,076)	(20)	(4,096)
Adjustments	556	-	-	556
Carrying amount at 30 June 2018	46,682	11,644	272	58,598

Goodwill has arisen on businesses purchased and an impairment review is carried out annually. At present there are no indicators of impairment and no impairment recognised.

Impairment Review

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

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

For the purpose of impairment testing, goodwill has been allocated to CGU's as follows:

	2018 $000	2017 $000
Surveying	34,430	31,661
Professional & Advisory	12,252	-
Carrying value of consolidated goodwill	46,682	31,661

The CGU's have changed from 2017. In 2017 the CGU's were individual surveying entities. In 2018 all the surveying entities were integrated into Veris Australia, as these businesses are now operating as one it was appropriate to update the CGU's into Surveying.

15. INTANGIBLE ASSETS (CONTINUED)

The recoverable amount of the surveying CGU has been determined using a value in use discontinued cash flow model.

Recoverable amount testing – Key assumptions
In determining value in use, it is necessary to make a series of assumptions to estimate future cash flows. The key assumptions requiring judgement include projected cash flows, growth rate estimates, discount rates, working capital and capital expenditure. The key assumptions utilised in the "value in use" calculations across all CGUs are budgeted EBITDA, long term growth rate (2.0%) (2017: 2.9%) and discount rate (9.3%) (2017: 8.2% - 9.5%).

(i) Projected cash flows
The Group determines the recoverable amount based on a "value in use" calculation, using five years cash flow projections. The projections are based on the approved budget for the year ending 30 June 2019 and the management forecast for the subsequent financial years ending 30 June 2023.
Budgeted EBITDA has been based on past experience and the Group's assessment of economic and regulatory factors affecting the industry within which the Group operates.
(ii) Long term growth rate
The future annual growth rates for FY 2023 onwards to perpetuity are based on a growth rate of 2.0% (2017: 2.9%)
(ii) Discount rate (9.3%) (2017: 8.2% - 9.5%)
Post tax nominal discount rate of 9.3% (2017: 8.2% - 9.5%) reflect the Group's estimate of the time value of money and risks specific to each CGU.

Sensitivities
The directors and management have performed an assessment of reasonably possible changes in the key assumptions and have not identified any instances which could cause the carrying amount of the Group's CGU to exceed its recoverable amount. Following impairment testing for the current reporting period, no impairment of intangible assets has been recognised as the recoverable amount of the Group's CGU which all of its assets are assigned exceeds the carrying amount of the CGU.

16. INCOME TAX BENEFIT

	2018 $000	2017 $000
Current tax - Australia	-	-
Deferred tax	(60)	(3,346)
Adjustment for prior periods	(697)	(111)
Adjustment - other	(114)	(335)
Income tax benefit reported in income statement	(871)	(3,792)

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

Reconciliation of effective tax rate

	2018 $000	2017 $000
(Loss)/ Profit before income tax – continuing operations	(1,927)	(5,223)
Income tax at 30% (2016: 30%)	(578)	(1,567)
Add (less) tax effect of:		
Other non-allowable/ assessable items	518	(1,561)
Research and development offset	-	(218)
Adjustment for prior periods	(697)	(111)
Adjustment - other	(114)	(335)
Income tax expense/ (benefit) – continuing operations	(871)	(3,792)
(Loss)/ Profit before income tax – discontinued operations	(285)	3,136
Income tax at 30% (2016: 30%)	(86)	941
Foreign Jurisdiction tax at 10%	-	717
Add (less) tax effect of:		
Other non-allowable/ assessable items	(3)	-
Adjustment for prior periods	126	-
Income tax expense/ (benefit) – discontinued operations	37	1,658

17. DEFERRED TAX ASSETS/ LIABILITIES

Deferred tax liability	**Assets**		**Liabilities**		**Net**	
	2018 $000	**2017 $000**	**2018 $000**	**2017 $000**	**2018 $000**	**2017 $000**
Work in progress	-	-	(2,654)	(1,349)	(2,654)	(1,349)
Plant & Equipment	-	307	(30)	(30)	(30)	277
Employee Benefits	3,046	1,838	-	-	3,046	1,838
Provisions	579	226	-	-	579	226
Intangibles	-	-	(3,594)	(3,477)	(3,594)	(3,477)
Carried forward R&D offset available	8,453	7,875	-	-	8,453	7,875
Carried forward tax losses available	262	1,924	-	-	262	1,924
Other	245	330	(31)	(8)	214	322
Tax assets/ (liabilities)	12,585	12,500	(6,309)	(4,864)	6,276	7,636

Movement in deferred tax balances	**2018 $000**	**2017 $000**
Opening balance	7,636	6,716
Deferred tax liability on intangibles – Business Combinations	(2,145)	(2,193)
Subsidiaries acquired opening balances	10	401
Prior year adjustments	628	306
Charge to profit or loss – continuing operations	61	2,405
Charge to profit or loss – discontinued operations	86	-
Closing deferred tax asset	6,276	7,636

During the prior year the Company provided construction and installation services external to Australia through a permanent establishment in another country. The earnings from this permanent establishment are subject to the taxation regime within that country and are considered exempt from Australian income tax. There is $nil impact of this tax treatment in the current financial year (2017: $0.7 million income tax credit recognised in the statement of comprehensive income and a deferred tax asset of $0.7 million reflected in the balance sheet as at 30 June 2017).

Notes to the Consolidated Financial Statements

NET DEBT

18. CASH AND CASH EQUIVALENTS

	2018 $000	2017 $000
Cash at bank and in hand	5,588	14,574
Cash and cash equivalents in the statement of cash flows	5,588	14,574

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

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

	2018 $000	2017 $000
Cash flows from operating activities		
Profit/(loss) after income tax	(1,304)	48
Non-cash flows in profit:		
Depreciation (Note 14)	3,585	4,087
Amortisation of intangible assets (Note 15)	4,096	4,168
Profit on sale of fixed assets	(2,254)	(181)
Other	265	(76)
Share based payment	1,031	298
Income tax expense/ (benefit) from all operations	(908)	(2,134)
	4,511	6,210
Change in trade and other debtors	(11,512)	598
Change in other assets	(1,939)	804
Change in work in progress	(4,222)	2,759
Change in trade creditors	10,507	(4,313)
Change in provisions and employee benefits	2,517	337
Net cash provided by operating activities	(138)	6,395

Significant non-cash investing and financing transactions
Property, plant and equipment of $7.3 million (2017: $3.0 million) was acquired under finance leases.

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

Movements in borrowings

	$000
Opening balance 1 July 2017	11,528
Movements:	
Proceeds from borrowings[1]	19,075
Repayments of borrowings and lease liabilities	(4,575)
	14,500
Closing balance 30 June 2018	26,028

20. LOANS AND BORROWINGS

	2018 $000	2017 $000
Current liabilities		
Hire purchase liabilities (HP)	3,431	1,843
Cash advance facility	2,950	750
	6,381	2,593
Non-current liabilities		
Hire purchase liabilities	8,972	6,310
Cash advance facility	10,675	2,625
	19,647	8,935

TERMS AND DEBT REPAYMENT SCHEDULE

Terms and conditions of outstanding loans were as follows:

	Nominal interest rate%	Year of maturity	2018 $000 Carrying Amount	2017 $000 Carrying Amount
Hire purchase liabilities (HP)	4.0 – 9.5	2017 – 2023	12,403	8,153
Cash advance facility	4.5 – 4.8	2018 – 2022	13,625	3,375
			26,028	**11,528**

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

[1] Proceeds from borrowings include cash inflows to the bank from CBA borrowings of $11,000,000 and $8,075,000 of Hire Purchase borrowings which were paid directly to the supplier of the asset.

20. LOANS AND BORROWINGS (CONTINUED)

	Facility Available 2018 $000	Used 2018 $000	Unused 2018 $000	Facility Available 2017 $000	Used 2017 $000	Unused 2017 $000
Cash advance facility (a)	25,000	(13,625)	11,375	25,000	(3,375)	21,625
Insurance Bonds	5,000	(812)	4,188	15,000	(1,753)	13,247
Other (b)	10,300	(432)	9,868	10,300	(1,345)	8,955
Total financing facilities	40,300	(14,869)	25,431	50,300	(6,473)	43,827

a) The Group drew down on the Cash advance facility during 2018 to facilitate the cash settlement of the Elton acquisition. The carrying amount of this facility was $13.6 million as at 30 June 2018 (2017: $3.4 million). The funds are available for business acquisitions. The facility is repayable in tranches over the next three years. The loan contains covenants stating that at the end of each quarter the Group is to maintain the Group's Leverage Ratio (defined as the Group's Total Debt plus 50% of drawn Bank Guarantees and Insurance Bonds) at less than 2.5 times EBITDA and the Group will maintain EBITDA greater than Debt Commitments (i.e. Debt Service Cover Ratio DSCR of greater than 1.6). The Group is in compliance with the covenants at 30 June 2018.

b) Other facilities include a $5 million bank overdraft, $5 million multi option facility and bank guarantees and $300,000 credit card facility.

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

Hire Purchase Liabilities

Hire purchase liabilities of the Group are payable as follows:

	Future minimum HP payments 2018 $000	Interest 2018 $000	Present value of minimum HP payments 2018 $000	Future minimum HP payments 2017 $000	Interest 2017 $000	Present value of minimum HP payments 2017 $000
Less than 1 year	3,814	(383)	3,431	2,029	(186)	1,843
Between 1 & 5 years	9,340	(368)	8,972	6,512	(202)	6,310
	13,154	(751)	12,403	8,541	(388)	8,153

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

EQUITY

21. CAPITAL AND RESERVES

Share capital

	2018 $000	2017 $000	2018 No. of Shares	2017 No. of Shares
Balance at the beginning of the year	37,283	22,622	325,705,364	266,470,630
Issued via Dividend Reinvestment Plan	379	12,626	2,238,596	49,000,865
Conversion of Performance Rights	-	-	1,289,426	3,431,522
Issued as consideration for business combinations	3,225	2,035	16,125,000	6,802,347
Balance at the end of the year	40,887	37,283	345,358,386	325,705,364

Issues of ordinary shares

- On 31 August 2017, 1,289,426 ordinary shares were issued for $nil consideration on vesting of Performance Rights to a key executive under the Veris FY15 & FY16 Employee Incentive Scheme.
- On 19 September 2017, 2,238,596 shares were issued at a price of $0.169 in accordance with the DRP.
- On 29 March 2018, 15,625,000 ordinary shares were issued as part of the consideration for the acquisition of Elton Consulting Group. The shares were issued for nil cash consideration with a fair value of $0.192 per share.
- On 4 May 2018, 500,000 ordinary shares were issued as an incentive for continued employment to key personnel following the acquisition of Linker Surveying in May 2016. The shares were issued for nil cash consideration with a fair value of $0.20 per share.

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

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

Reserves

	2018 $000 Share Based Payments	2017 $000 Share Based Payments	2018 $000 Retained Earnings	2017 $000 Retained Earnings
Balance at the beginning of the year	1,747	1,449	27,907	29,227
Profit/ (loss) for the year	-	-	(1,304)	48
Dividends paid	-	-	(1,636)	(1,368)
Share based payment transactions	602	298	-	-
Balance at the end of the year	2,349	1,747	24,967	27,907

The retained earnings reserve represents profits of entities within the Group. Such profits are available to enable payment of franked dividends in future years. Dividends amounting to $1.6 million were distributed during the year (2017: $1.4 million).

22. DIVIDENDS

On 15 September 2017 the Company declared a fully franked dividend for 2017 of 0.5 cents per share, totalling $1,636,000 (2017: $1,368,000). The Dividend paid in cash to shareholders was $1,256,646 and 2,238,596 shares issued under the Dividend Reinvestment Plan (DRP) on the same date at 16.9 cents per share raising $378,329. The 16.9 cents price per share was based on 5% discount to the VWAP on each day during the Price Determination Period which was 5 days.

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

	2018 $	**2017** $
Franking account balance as at the end of financial year at 30% (2017:30%)	6,295,357	5,191,567

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

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

23. SHARE-BASED PAYMENTS

(a) Share – Based Payment Arrangements

As at 30 June 2018, the Group had the following share-based payment arrangements.

(i) 2016 Performance Rights Plan

On 20 January 2016, the Group granted Performance Rights to eligible employees under the Group's Long Term Incentive Plan in respect of the three financial years ended 30 June 2016 to 30 June 2018. Subject to continued employment and achievement of financial performance hurdles (relative total shareholder return and compounded earnings per share growth), the Performance Rights will vest as follows:

Number of Performance Rights granted	Vesting Date (A)	Lapsed (B)	Vested (C)
2,239,415	30 June 2017	684,375	1,555,039
15,698,638	30 June 2018	7,086,642	8,611,997
17,938,053		**7,771,017**	**10,167,036**

Vesting Hurdles			
50% rTSR		50% EPS CAGR	
<50th percentile	Nil	5%	Nil
>50th percentile , <75th percentile	50%, plus 2% for every one percentile increase above 50th percentile	>5%-<25%	pro rata vesting between 25%-100%
75th percentile or more	100%	25%>	100%

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

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

(B) During the period, 313,725 Performance Rights lapsed due to cessation of employment and during the prior period, 7,457,292 Performance Rights lapsed due to cessation of employment

(C) During the period 8,611,997 Performance Rights vested due to the achievement of 100% of the rTSR financial performance hurdle and the EPSCAGR hurdle (rTSR = 95th percentile; EPSCAGR =25%)
During the prior period, 1,555,039 Performance Rights vested due to the following:

- 684,374 on cessation of employment under the good leaver provisions of the Plan; and
- 870,665 due to the achievement of 100% of the rTSR financial performance hurdle and the EPSCAGR hurdle (rTSR = 92nd percentile; EPSCAGR =33%)

23. SHARE-BASED PAYMENTS (CONTINUED)

(ii) 2017 Performance Rights Plan

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

Number of Performance Rights granted	Vesting Date (A)	Lapsed (B)	Vested during the Period
3,002,848	30 June 2019	93,000	-
3,002,848		**93,000**	**-**

Vesting Hurdles			
50% TSR (C)		50% 3 Year Absolute EPS Pooling (D)	
<100%	Nil	< 6 c	Nil
100% < 180%	Pro-rata vesting between 25% and 100%	>6- <6.5 c	pro rata vesting between 25%-100%
180%	100%	6.5 c >	100%

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

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

(B) During the period, 93,000 Performance Rights lapsed due to cessation of employment
(C) Performance of management measured against an absolute shareholder return target of VRS
(D) Performance management measured against a normalised EPS pooled approach setting an aggregate value of dollars of EPS that must be achieved over the three years (i.e. a pool consisting of year 1 EPS plus year 2 EPS plus year 3 EPS

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

During the period, no Performance Rights were issued (2017: 3,002,848).

(c) Unvested Unlisted Performance Rights

2,909,848 Performance Rights issued during 2017 remain unvested at 30 June 2018 (2017: 3,002,848 Performance Rights issued 2017 and 8,925,722 Performance Rights issued 2016).

Notes to the Consolidated Financial Statements

OTHER INFORMATION

24. RELATED PARTIES

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

	2018 $	2017 $
Short-term employee benefits	1,337,843	1,315,265
Post-employment benefits	118,856	84,477
Share-based payment	207,503	419,627
Termination benefit - Cash	-	251,981
Termination benefit – Share-based	-	(239,324)
	1,664,202	1,832,026

During the year, the Company did not have or repay any loans from related parties (2017: $nil).

Individual directors and executives compensation disclosures
Information regarding individual directors and executive's compensation and some equity instruments disclosures as required by Corporations Regulations 2M.3.03 is provided in the remuneration report section of the directors' report on pages 11 to 23.

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

	Transaction values for the year ended 30 June		Balance outstanding as at 30 June	
Transaction	**2018 $**	**2017 $**	**2018 $**	**2017 $**
Rent (a)	83,201	-	-	-
	83,201	-	-	-

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

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

25. AUDITOR'S REMUNERATION

Audit and review services

KPMG	2018 $	2017 $
Audit and review of financial reports	254,000	222,320
Due Diligence	51,413	141,861
Integration	551,031	405,029
	856,444	769,210

GROUP STRUCTURE

26. SUBSIDIARIES

The following entities are consolidated:

Name of Entity	Country of Incorporation	Ownership Interest 2018 %	2017 %
Parent Entity			
Veris Limited	Australia		
Controlled Entity			
Veris Australia Pty Ltd	Australia	100	100
Elton Consulting Group Pty Ltd	Australia	100	-
Aqura Technologies Pty Ltd (previously named OTOC Australia Pty Ltd)	Australia	100	100
Emerson Stewart Pty Ltd	Australia	100	100
Whelans Australia Pty Ltd	Australia	100	100
Whelans International Pty Ltd	Australia	100	100
Bosco Jonson Pty Ltd	Australia	100	100
Geo-metric Surveying Pty Ltd	Australia	100	100
Linker Surveying Pty Ltd	Australia	100	100
Queensland Surveying Pty Ltd	Australia	100	100
Southern Hemisphere Investments Pty Ltd	Australia	100	100
A Perfect Day Elise Pty Ltd	Australia	100	100
TBBK Pty Ltd	Australia	100	100
Lawrence Group Pty Ltd	Australia	100	100
Lester Franks Survey & Geographic Pty Ltd	Australia	100	100

27. DEED OF CROSS GUARANTEE

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

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

The consolidated statement of comprehensive income and consolidated statement of financial position, comprising the Company and controlled entities which are a party to the Deed as at 30 June 2018, after eliminating all transactions between parties to the Deed of Cross Guarantee, as of and for the year ended 30 June 2018 is the same as the consolidated statement of comprehensive income and consolidated statement of financial position of the Group as of and for the year ended 30 June 2018.

Notes to the Consolidated Financial Statements

28. PARENT ENTITY DISCLOSURES

As at, and throughout, the financial year ended 30 June 2018 the parent company of the Group was Veris Limited.

Results for the Year	**2018 $000**	**2017 $000**
Profit/(loss) for the year	2,758	2,629
Other comprehensive income	-	-
Total comprehensive profit/ (loss) for the year	2,758	2,629

Financial position of parent entity at year end	**2018 $000**	**2017 $000**
Current assets	14,462	19,027
Total assets	84,732	69,756
Current liabilities	(6,772)	(1,490)
Total liabilities	(29,910)	(20,885)
Total equity of the parent entity comprising of:		
Share capital	40,887	37,283
Reserves	41,041	39,844
Accumulated loss	(27,106)	(28,256)
Total equity	54,822	48,871

29. BASIS OF PREPARATION

(a) Presentation Currency

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

(b) Basis of measurement

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

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

30. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of consolidation

(i) Business combinations

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

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

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

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

(ii) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

(iii) Transactions eliminated on consolidation

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

(b) Financial instruments

(i) Non-derivative financial assets

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

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

30. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

Loans and receivables comprise trade and other receivables.

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

(ii) Non-derivative financial liabilities

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

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

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

(iii) Share capital

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

(c) Property, plant and equipment

(i) Recognition and measurement

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

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

30. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

(ii) Subsequent costs

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

(iii) Depreciation

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

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

- Plant and equipment 25%
- Motor vehicles 20%
- Leasehold Improvements 20%

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

(d) Intangible assets and goodwill

(i) Goodwill

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

(ii) Other intangible assets

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

(iii) Subsequent expenditure

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

30. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(iv) Amortisation

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

- Customer relationships and Brands 3-5 years

(e) Impairment

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

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

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

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

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

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

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

(ii) Non-financial assets

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

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units that are expected to benefit from the synergies of the combination.

30. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

(f) Employee benefits

(i) Other long-term employee benefits

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

(ii) Short-term benefits

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

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

(iii) Share-based payment transactions

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

(g) Provisions

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

30. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Revenue

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

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

(i) Work in progress

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

(j) Leased assets

(i) Lease payments

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

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

(ii) Lease classification

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

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

(k) Finance income and expense

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

30. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Income tax

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

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

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

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

(i) Tax consolidation

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

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

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

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

30. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(iii) Goods and services tax

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

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

(m) Earnings per share

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

(n) Segment reporting

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

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

(o) Prior year comparatives

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

(p) Changes in accounting policies

Veris has adopted all of the new and revised Accounting Standards and Interpretations issued by the AASB that are relevant to the operations of Veris and effective for reporting periods beginning on or after 1 July 2017.

Notes to the Consolidated Financial Statements

31. NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

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

AASB15 Revenue from Contracts with Customers
AASB 15 Revenue from Contracts with Customers (AASB 15) is effective for the Group from 1 July 2018. AASB 15 establishes a comprehensive framework for determining the timing and quantum of revenue recognised. It replaces existing guidance, including AASB 118 Revenue and AASB 111 Construction Contracts. The core principle of AASB 15 is that an entity shall recognise revenue when control of a good or service transfers to a customer. This standard will become mandatory for reporting periods beginning on or after 1 January 2018. The standard permits either a full retrospective or a modified retrospective approach for the adoption.

Significant judgments and estimates are used in determining the impact, such as the assessment of the probability of customer approval of variations and acceptance of claims, estimation of project completion date and assumed levels of project execution productivity. In making this assessment we have considered, for applicable contracts, the individual status of legal proceedings, including arbitration and litigation. The implementation project is ongoing and therefore all impacts are current estimates which are subject to finalisation prior to final implementation.

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

Whilst the Group's analysis is still on going, based on the current assessment no material impact will result from the implementation of this standard. The Group plans to adopt AASB 15 from 1 July 2018.

AASB16 Leases
AASB 16 Leases specifies how to recognise, measure and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognise right-of-use assets and lease liabilities for almost all leases but will have the option not to recognise 'short-term' leases and leases of 'low-value' assets. Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases. AASB 16 applies to annual reporting periods beginning on or after 1 January 2019 and replaces AASB 117 Leases and the related interpretations as at the reporting date, the Group has non-cancellable operating lease commitments of $6,912,000, refer to Note 9.

The Group manages its owned and leased assets to ensure there is an appropriate level of equipment to meet its current obligations and to tender for new work. The decision as to whether to lease or purchase an asset is dependent on a broad range of considerations at the time including financing, risk management and operational strategies following the anticipated completion of a project. The Group has not finalised its quantification of the effect of the new standard, however the following impacts are expected:

- the total assets and liabilities on the balance sheet will increase with a decrease in total net assets, due to the reduction of the capitalised asset being on a straight line basis whilst the liability reduces by the principal amount of repayments. Net current assets will show a decrease due to an element of the liability being disclosed as a current liability;
- the straight-line operating lease expense will be replaced with a depreciation charge for the right-of-use assets and interest expense on lease liabilities;
- interest expenses will increase due to the unwinding of the effective interest rate implicit in the lease. Interest expense will be greater earlier in a leases life due to the higher principal value causing profit

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

variability over the course of a lease life. This effect may be partially mitigated due to a number of leases held in the Group at different stages of their terms; and
- repayment of the principal portion of all lease liabilities will be classified as financing activities.

AASB9 Financial Instruments
AASB 9 Financial Instruments is effective for the Group from 1 July 2018. AASB 9 includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculation of impairment on financial assets, and new general hedge accounting requirements. During the year ended 30 June 2018 Veris made provisions for bad debts on a case by case basis and in FY19 the Group will adopt AASB9 and record provisions based on historical evidence. The impact of AASB 9 is not expected to have a material impact on the group.

32. DETERMINATION OF FAIR VALUES

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

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

(ii) Intangible assets

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

(iii) Trade and other receivables

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

(iv) Share-based payment transactions

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

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

(v) Deferred Vendor Payments

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

Director's Declaration

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

   (a) the consolidated financial statements and notes set out on pages 26 to 70 and the Remuneration report on pages 11 to 23 in the Directors' report, are in accordance with the Corporations Act 2001 including:

      (i) giving a true and fair view of the Group's financial position as at 30 June 2018 and of its performance for the financial year ended on that date; and
      (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001; and

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

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

3. The directors have been given the declarations required by Section 295A of the Corporations Act 2001 from the chief executive officer and the chief financial officer for the financial year ended 30 June 2018.

4. The directors draw attention to page 30 to the consolidated financial statements, which includes a statement of compliance with International Financial Reporting Standards.

Signed in accordance with a resolution of the directors:

Derek La Ferla
Chairman

Dated at Perth 30 August 2018

Independent Auditor's Report

KPMG

To the shareholders of Veris Limited

Report on the audit of the Financial Report

Opinion

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

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

- giving a true and fair view of the ***Group***'s financial position as at 30 June 2018 and of its financial performance for the year ended on that date; and
- complying with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The ***Financial Report*** comprises:

- Consolidated Statement of Financial Position as at 30 June 2018
- Consolidated Statement of Profit or Loss and Other Comprehensive Income, Consolidated Statement of Changes in Equity, and Consolidated Statement of Cash Flow for the year then ended
- Notes including a summary of significant accounting policies
- Directors' Declaration.

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

Basis for opinion

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

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

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

Key Audit Matters

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

- Goodwill and intangible assets value
- Acquisitions (including deferred vendor payments)

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.

Independent Auditor's Report

KPMG

Goodwill and intangible assets value ($58.6m)	
Refer to Note 15 to the Financial Report	
The key audit matter	How the matter was addressed in our audit
The Group's annual testing of goodwill and intangible assets was a key audit matter, given the size of the balance (being 45.5% of total assets). We focused on the significant forward looking assumptions the Group applied in their value in use model for the surveying Cash Generating Unit (CGU), including: • Forecast cash flows –The estimation by the Group of industry conditions and operating costs, including labour lead to greater audit effort to gather evidence about forecast market activity and cost assumptions. • Forecast growth rates and terminal growth rates – the Group's model is sensitive to small changes in these assumptions. This drives additional audit effort specific to their feasibility and consistency of application to the Group's strategy. • Discount rate – it is complicated in nature and varies according to the conditions and environment the specific CGU is subject to from time to time. The Group has a number of operating businesses and has completed an integration strategy following acquisitions in recent years. This has necessitated our consideration of the Group's determination of CGUs, based on the status of the integration and the smallest group of assets to generate largely independent cash flows. In the current year, the Group has determined it has three reportable segments; surveying, communications and professional advisory which have been assessed as the Group's CGUs also. This results from the restructure in business operations and integration of survey business from legal entity to national operation by the Group. In assessing this key audit matter, we involved senior audit team members, including valuation specialists, who understand the Group's business, industry and environments it operates in.	Our procedures included: • We assessed the Group's determination of the three CGUs (surveying, communications and professional advisory) against the requirements of accounting standards, our understanding of the Group's business and the completion of the integration of the acquired businesses. We analysed the Group's internal reporting to assess how earnings are monitored and reported, the independency of cash flow generation and the implications to CGU identification. • We considered the Group's determination of their CGUs based on our understanding of the operations of the Group's business, impact of business acquisitions, and how independent cash inflows were generated, against the requirements of the accounting standards. • We considered the appropriateness of the value in use model applied by the Group to perform the annual test of goodwill for impairment against the requirements of the accounting standards. • We assessed the accuracy of previous forecast cash flows by comparing to actuals to challenge the ability of the Group to estimate future cash flows. • Working with our valuation specialists, we used our knowledge of the Group and their industry, to challenge the value in use model and key assumptions, including: – Comparing forecast cash flows to the Group's board approved budget and challenging these by analysing the forecast pipeline of work and industry drivers of this growth. – Comparing the Group's growth assumptions to historical averages and relevant external data of industry trends. – Analysing the discount rate against publicly available data of a group of comparable companies. – We assessed the Group's underlying methodology and documentation for the allocation of corporate costs, to the forecast cash flows contained in the value in use model. We assessed for consistency with our understanding of the business and the criteria in the accounting standards.

Independent Auditor's Report

KPMG

	• We considered the sensitivity of the model by varying key assumptions such as forecast growth rates, terminal growth rate and discount rate, within a reasonably possible range, to identify those assumptions at higher risk of bias or inconsistency in application and to focus our further procedures.

Acquisitions (including deferred vendor payments $23.3m)

Refer to Note 4 and Note 8 to the Financial Report

The key audit matter	How the matter was addressed in our audit
Acquisitions are a Key Audit Matter due to: • The size of the acquisitions: the Group made two acquisitions during the year, being Landdata Surveys Pty Ltd and Elton Consulting Group Pty Ltd • The level of judgement required by us in evaluating the Group's purchase price allocation including identifiable intangible assets acquired, and • The level of judgement required by us in evaluating the Group's determination of the liability in relation to potential deferred vendor payments for earn-out arrangements. The significant judgements we focused on included; • Estimation by the Group of the fair value of the customer relationships intangible asset. This involves judgements of future revenues, gross margins, customer retention rates and the discount rate. Given the Group have no history with the acquired businesses, there is judgement involved in evaluating the accuracy of forecast information, thereby increasing audit risk • Determination by the Group of the liability for potential deferred vendor payments in earn-out arrangements: the earn-out arrangements vary in each contract and are dependent on future revenue and operating results of the acquired businesses. As described above, the risk surrounding the Group's forecasts means there are a wider range of possible outcomes, and therefore a focus of our audit.	For each acquisition, our procedures included: • Reading the sale and purchase agreement to understand the nature and fair value of consideration, the identification of assets and liabilities acquired and the key terms and conditions. • Critically evaluating the model developed by the Group to determine the fair value of the customer relationship intangible asset. This included: – Comparing the forecast future revenue, gross margins and customer retention rates to pre-acquisition documentation available regarding the prior performance of the acquired business. – Comparing forecast gross margins and customer retention rates to the estimates made for other acquisitions made by the Group, adjusted for our knowledge of the acquired customer base and Group's strategy. – Assessing the discount rate applied, using our knowledge of the Group and its industry, as well as comparing it against the discount rate used for intangible asset impairment testing purposes. • For each business acquired remaining in the earn-out period at year end, our procedures for assessing the liability for earn out arrangements included: – Comparing forecast measures of financial performance as required in the relevant sale and purchase agreement to recent results. We also compared to our understanding of the Group's initial strategy on acquisition to challenge the Group's assessment of the likelihood of a future deferred vendor payment.

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	– Re-calculated the liability recognised and assessed the components of the liability recognised for earn out arrangements against the criteria contained in the contract for consistency.

Other Information

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

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

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

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

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

Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

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

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- to issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Financial Report.

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

Independent Auditor's Report

KPMG

Report on the Remuneration Report

Opinion

In our opinion, the Remuneration Report of Veris Limited for the year ended 30 June 2018, complies with *Section 300A* of the *Corporations Act 2001*.

Directors' responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with *Section 300A* of the *Corporations Act 2001*.

Our responsibilities

We have audited the Remuneration Report included in pages 11 to 23 of the Directors' report for the year ended 30 June 2018.

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

KPMG.

KPMG

R Gambitta
Partner

Perth

30 August 2018

Lead Auditor's Independence Declaration

KPMG

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

To the Directors of Veris Limited

I declare that, to the best of my knowledge and belief, in relation to the audit of Veris Limited for the financial year ended 30 June 2018 there have been:

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

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

KPMG.

KPMG

R Gambitta
Partner

Perth

30 August 2018

Additional Information

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

Corporate Governance Statement
The Group's Corporate Governance Statement can be found at:
http://www.veris.com.au/media/1228/veris_corporate_governance_statement.pdf

Shareholder Information as at 22 August 2018

Top 20 Shareholders of Quoted Securities

Rank	Name	Shares	% of Issued Capital
1	OCEAN TO OUTBACK ELECTRICAL PTY LTD <AP & TL LAMOND FAMILY A/C>	45,159,315	12.91
2	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	44,235,948	12.65
3	NATIONAL NOMINEES LIMITED	37,714,723	10.78
4	CITICORP NOMINEES PTY LIMITED	24,982,080	7.14
5	J P MORGAN NOMINEES AUSTRALIA LIMITED	23,869,718	6.83
6	CONCEPT WEST COMMUNICATIONS PTY LTD <T YOUNG FAMILY A/C>	11,508,540	3.29
7	MR BRIAN ELTON	10,312,500	2.95
8	BERTOLI CONTRACTING PTY LTD <THE BERTOLI FAMILY A/C>	6,303,597	1.80
9	INSIDE-OUT CARPENTRY SERVICES PTY LTD <THE MCNEILL FAMILY A/C>	5,320,000	1.52
10	REINDEER INVESTMENTS PTY LIMITED <BRUEGGEMANN FAMILY A/C>	5,296,670	1.51
11	BNP PARIBAS NOMINEES PTY LTD <AGENCY LENDING DRP A/C>	4,523,632	1.29
12	SILCHESTER INVESTMENTS PTY LTD	4,186,936	1.20
13	MR BRIAN FRANCIS MANGANO	3,894,349	1.11
14	BNP PARIBAS NOMS PTY LTD <DRP>	3,701,991	1.06
15	MRS JASMINE KRKLJES	3,470,000	0.99
16	MR CRAIG GRAEME CHAPMAN <NAMPAC DISCRETIONARY A/C>	2,500,000	0.71
16	TELDAR CORPORATION PTY LIMITED <TELDAR INVESTMENT A/C>	2,500,000	0.71
18	S & C LAWRENCE PTY LTD <THE S&C LAWTENCE FAMILY A/C>	2,475,248	0.71
19	MR THOMAS BRIAN LAWRENCE + MS FRANCINE MAREE HUGHES <LAWRENCE FAMILY SUPER A/C>	2,220,940	0.64
20	ICON HOLDINGS PTY LTD <THE K & A PAGANIN S/F A/C>	2,059,171	0.59
	Total	**246,235,358**	**70.41**

Additional Information

ADDITIONAL INFORMATION

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

Shareholder	Number	Shares	Voting Power
OCEAN TO OUTBACK ELECTRICAL <AP & TL LAMOND FM>	45,841,815	45,841,815	13.11%
PARADICE INVESTMENT MGT	21,281,655	21,281,655	6.56%
IOOF Holdings Limited	33,709,912	33,709,912	9.76%

Distribution of Shareholders

Spread of Holdings	Ordinary Shares	Performance Rights
1 – 1,000	39	-
1,001 – 5,000	133	-
5,001 – 10,000	121	-
10,001 – 100,000	521	13
100,001 –	221	15
Total on Register	**1,035**	**28**

Non-Marketable Parcels
Number of shareholders holding less than a marketable parcel is 59.

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

Performance Rights
There are no voting rights attached to Performance Rights

Restricted Securities

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

Unquoted Equity Securities
There are 7,215,846 unquoted Performance Rights on issue with 28 holders.

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

Corporate Information

Corporate Information

The registered office of the company is:

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

Company Secretary:

Lisa Wynne

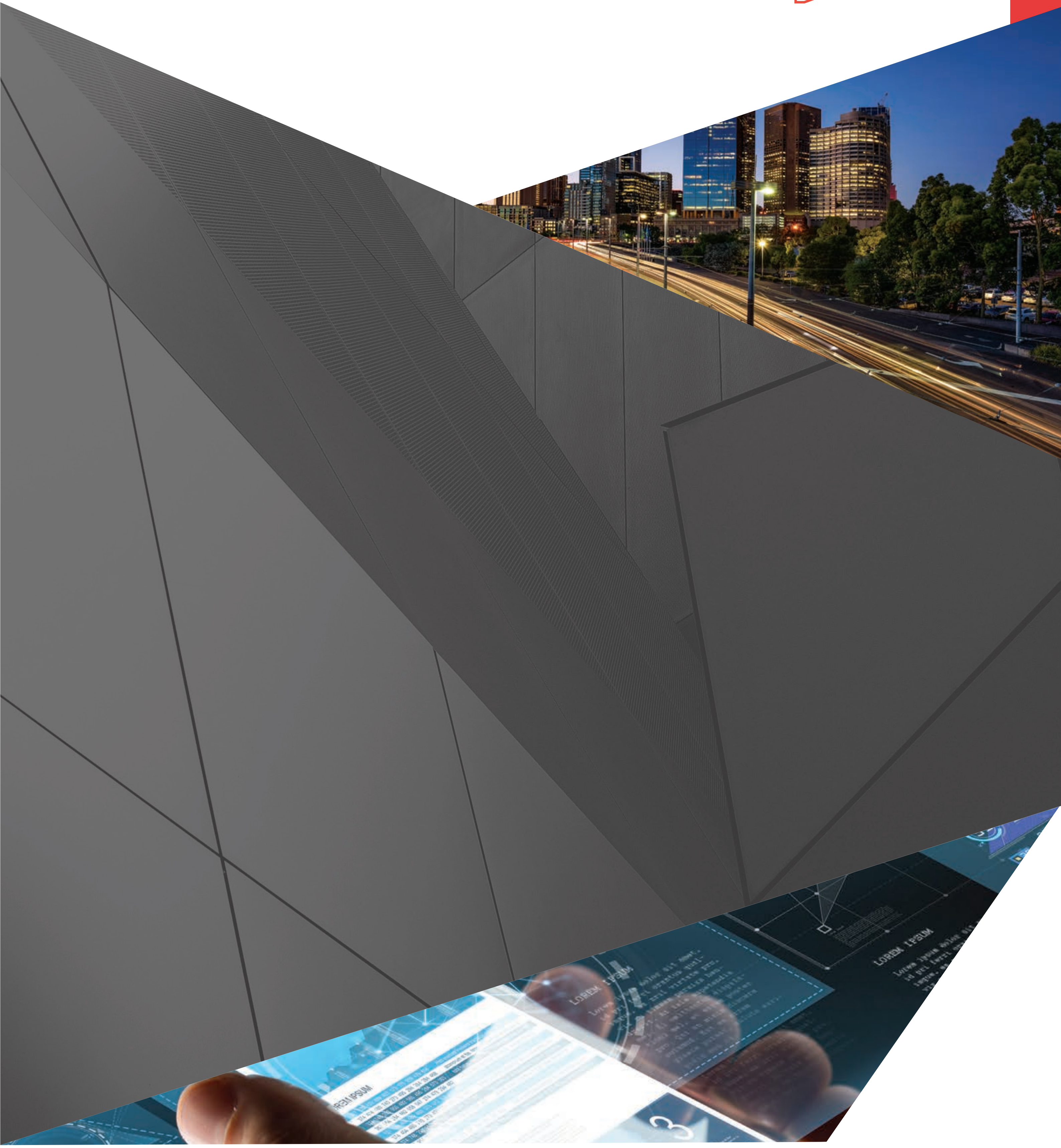
The principal place of business is:

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

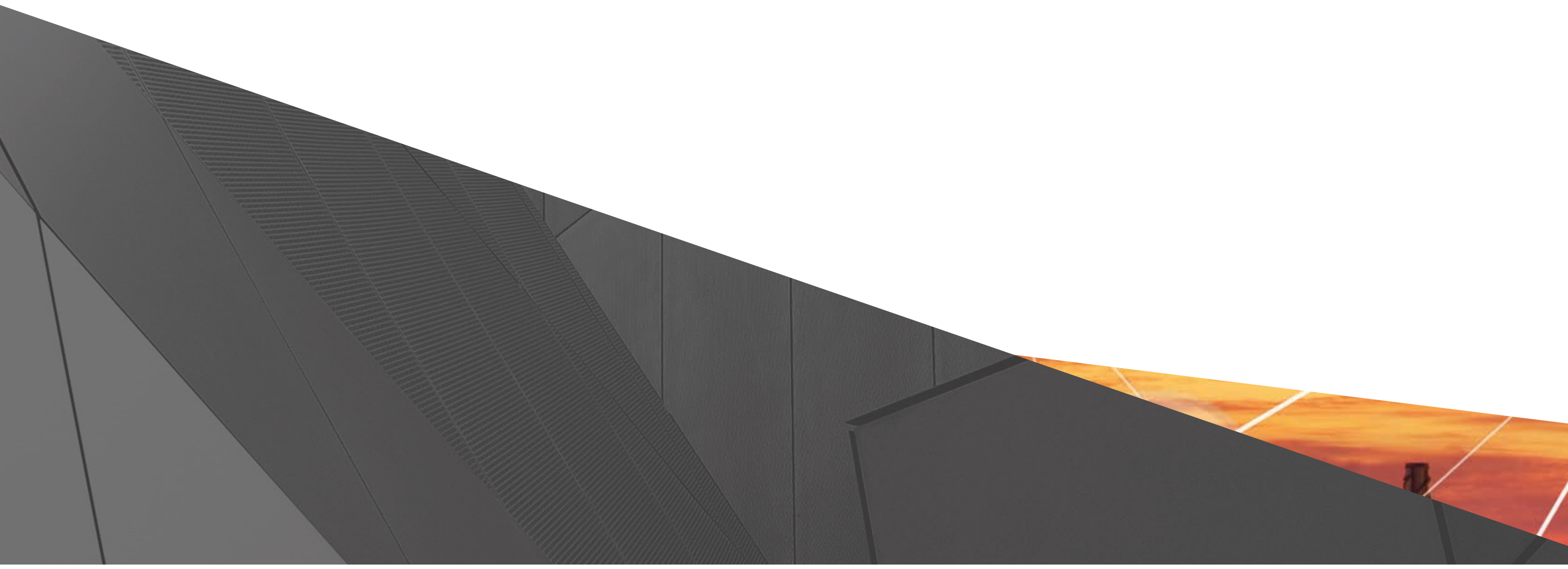
Share Registry:

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

veris



VERIS LIMITED ANNUAL FINANCIAL REPORT 2018



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