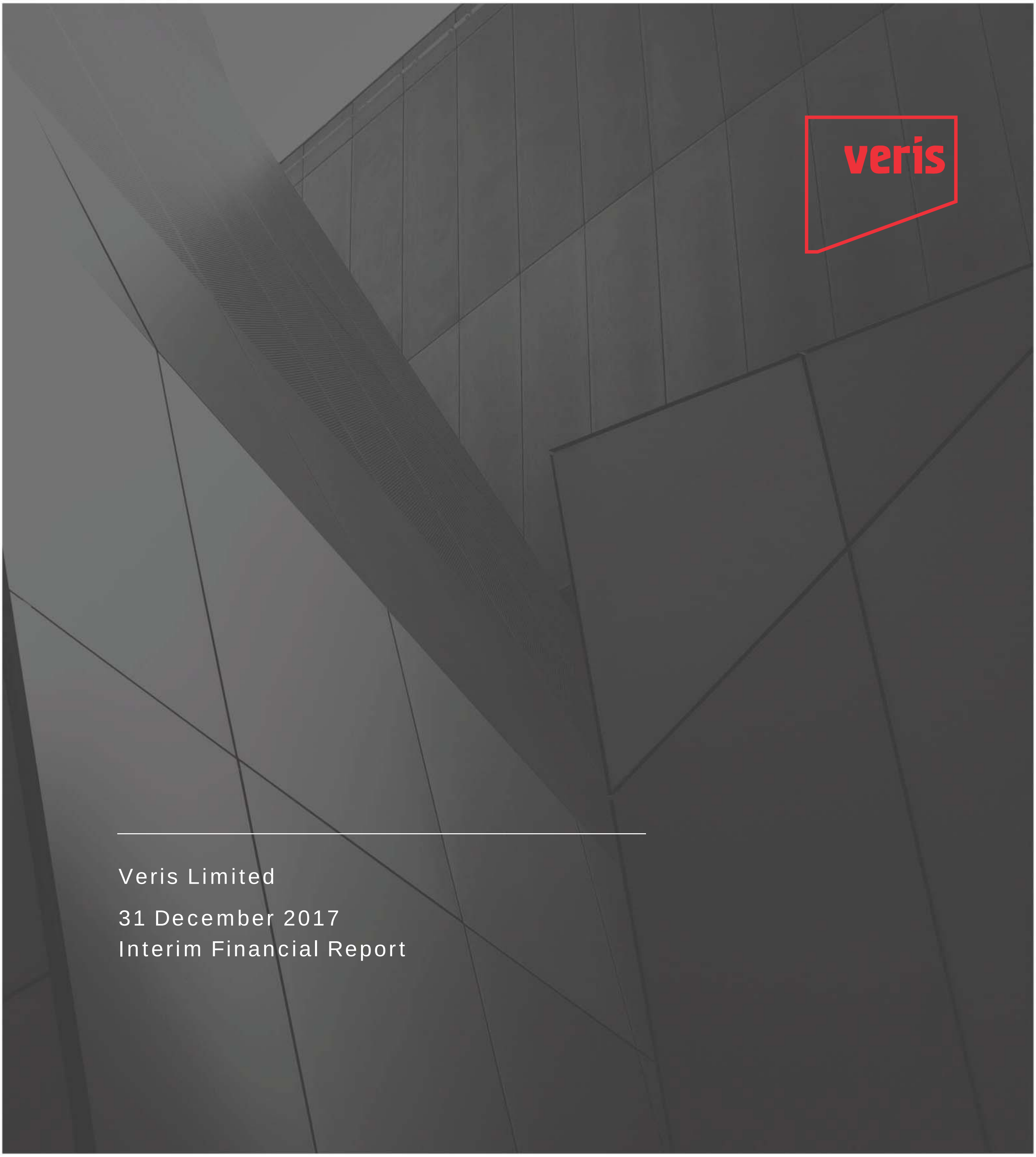

Veris Limited

31 December 2017
Interim Financial Report

DEVELOP
WITH
CONFIDENCE ™

Contents

DIRECTORS' REPORT

The directors of Veris Limited (the "Company" or "Veris") present their report together with the consolidated financial statements of the group comprising Veris Limited and its controlled entities (together referred to as "the Group"), for the six months ended 31 December 2017 and the independent review report thereon.

DIRECTORS

The directors of the Company at any time during or since the end of the interim period are:

Name	Role	Period of Directorship
Non-executive		
Derek La Ferla	Non-Executive Chairman	Appointed 28 October 2011
Tom Lawrence	Non-Executive Director	Appointed 13 October 2011
Karl Paganin	Non-Executive Director	Appointed 19 October 2015
Executive		
Adam Lamond	Executive Director	Appointed 13 October 2011

Derek La Ferla | Non-Executive Chairman

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 Legal, 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

Mr La Ferla is a member of the Nomination and Remuneration Committee and the Audit and Risk Committee.

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

584,501 fully paid ordinary shares

DIRECTORS' REPORT (continued)

Tom Lawrence | Non-Executive Director

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

Mr Lawrence is the Chairman of the Audit and Risk Committee and a member of the Nomination and Remuneration Committee and OHS Committee.

Directorships in last 3 years

None

Interests in Shares

3,222,598 fully paid ordinary shares

Karl Paganin | Non-Executive Director

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 and Vice Chairman of the not for profit charity, Autism West Support Inc.

Special Responsibilities

Mr Paganin is the Chairman of the Nomination and Remuneration Committee and a member of the Audit and Risk Committee and OHS Committee.

Directorships in last 3 years

Southern Cross Electrical Engineering Ltd (June 2015 – current)

Interests in Shares

5,662,721 fully paid ordinary shares

Adam Lamond | Executive Director

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 Veris 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 has led the Company into its new strategic direction evolving Veris into a national professional service business delivering town planning, urban design, survey and spatial solutions to the infrastructure, property and resource markets throughout Australia.

Directorships in last 3 years

None

Interests in Shares

45,841,815 fully paid ordinary shares

DIRECTORS' REPORT (continued)

PRINCIPAL ACTIVITIES

Veris is a national professional service business delivery planning, urban design, survey and geospatial solutions to the infrastructure, property and resource markets throughout Australia. Veris Limited is the Group's holding company that is listed on the ASX under the code VRS.

Veris Limited has two operating segments in the 2018 financial year namely Survey Professional Services and Communications. The latter is a new segment and its business has been extracted from the Infrastructure Construction Segment operations that existed in the 2017 financial year.

Surveying Professional Services

As a market leading town planning, urban design, survey and spatial solutions business Veris delivers quality service to clients across a range of industry sectors. The three most significant sectors being:

- Infrastructure
- Property
- Resources

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 existing spatial solution capabilities of the survey segment with specialised ICT and Communications services, offering industry-leading technology solutions.

REVIEW OF OPERATIONS

Veris' revenue from continued operations during the period ended 31 December 2017 was $46,266,000; up from $31,560,000 in the prior corresponding period. The increase was primarily driven by the surveying segment revenue increasing from $29,451,000 to $41,298,000. This growth was the result of the Group's strategy of developing a premier national surveying business with desirable exposure to property and civil infrastructure markets, particularly focused in New South Wales, Victoria and Queensland, which has offset declining revenues from Western Australia.

Veris surveying EBITDA *(EBITDA is defined as earnings before depreciation, amortisation, interest, tax, impairment, restructuring, share-based payments, discontinued operations and acquisition costs and is an unaudited non-IFRS measure)* was $5,594,000 (1H FY17: $3,577,000) being a 56% increase on the prior corresponding half. Veris expects survey division EBITDA to be stronger in 2H FY2018 given an upward trend in month-on-month results in the first half, indications of continued growth in the East Coast infrastructure markets and full period earnings from the LANDdata acquisition. This expected progression validates the Company's strategic commitment, to move away from its traditional construction focus in WA and deliver premium Professional Services across Australia.

The recently launched AQURA Technologies brand achieved revenue for the half of $4,968,000 with an EBITDA contribution of $120,000. AQURA is expected to contribute higher revenue and earnings in the second half as several projects are delivered.

The OTOC Australia construction business was discontinued at the commencement of the half year. As a result of the sale of redundant equipment, the discontinued operation contributed a $280,000 to the group EBITDA during 1H FY18 and a loss after tax of $46,000.

The Company has a strong balance sheet to maintain organic growth and fund further acquisitions which includes Cash $8,108,000 and approximately $22,000,000 in undrawn acquisition lending facilities.

DIRECTORS' REPORT (continued)

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:

For the six months ended:	31 Dec 2017 $000	31 Dec 2016 $000
Total comprehensive income/(loss) for the period	(1,666)	181
Add back:		
Tax (benefit)/expense	(82)	(803)
Net finance expense	433	313
Restructuring costs	1,059	180
Acquisition costs	610	849
Share-based payment	354	396
EBIT profit	708	1,116
Depreciation	1,365	1,477
Amortisation	2,116	1,954
Discontinued Operations	46	(2,815)
EBITDA	**4,235**	**1,732**

LEAD AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration is set out on page 22 and forms part of the directors' report for the six months ended 31 December 2017.

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.

Signed in accordance with a resolution of the directors:

Derek La Ferla

Chairman

Dated at Perth this 27 day of February 2018

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	31 Dec 2017 $000	30 Jun 2017 $000
Assets			
Current assets			
Cash and cash equivalents		8,108	14,574
Trade and other receivables		17,767	15,983
Work in progress		5,765	4,616
Other current assets		1,565	1,118
Total current assets		33,205	36,291
Non-current assets			
Plant and equipment		12,879	11,049
Intangible assets		44,210	40,525
Deferred tax asset		6,680	7,636
Total non-current assets		63,769	59,210
Total assets		96,974	95,501
Liabilities			
Current Liabilities			
Trade and other payables		8,174	7,291
Deferred vendor payments		2,008	1,544
Loans and borrowings		3,200	2,593
Employee benefits		6,059	5,481
Current tax liability		535	613
Total current liabilities		19,976	17,522
Non-current liabilities			
Loans and borrowings		10,524	8,935
Deferred vendor payments		1,110	1,200
Employee benefits		996	907
Total non-current liabilities		12,630	11,042
Total liabilities		32,606	28,564
Net assets		**64,368**	**66,937**
Equity			
Share capital		37,662	37,283
Share based payment reserve	*5*	2,101	1,747
Retained earnings		24,605	27,907
Total equity		**64,368**	**66,937**

The condensed notes on pages 12 to 18 are an integral part of these consolidated interim financial statements.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND COMPREHENSIVE INCOME

For the six months ended 31 December 2017

	Note	2017 $000	2016* $000
Revenue		46,266	31,560
Expenses		(42,031)	(29,828)
		4,235	**1,732**
Depreciation		(1,365)	(1,477)
Amortisation		(2,116)	(1,954)
Acquisition related cost		(610)	(849)
Restructuring costs		(1,059)	(180)
Share-based payment		(354)	(396)
Results from operating activities		(1,269)	(3,124)
Finance income		7	23
Finance costs		(440)	(336)
Net finance costs		(433)	(313)
Profit (loss) before income tax		**(1,702)**	**(3,437)**
Income tax benefit (expense)	*6*	82	803
Profit (loss) from continuing operations		**(1,620)**	**(2,634)**
Profit (loss) from discontinued operations, net of tax	*7*	(46)	2,815
Profit (loss) for the period		**(1,666)**	**181**
Total comprehensive income (loss) for the period		**(1,666)**	**181**

**Prior year amounts have been re-presented to exclude discontinued operations. Refer note 7*

Earnings per share

Basic earnings cents per share	(0.50)	0.06
Diluted earnings cents per share	(0.50)	0.06

Earnings per share from continuing operations

Basic earnings cents per share	(0.50)	(0.89)
Diluted earnings cents per share	(0.50)	(0.89)

The condensed notes on pages 12 to 18 are an integral part of these consolidated interim financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 December 2017

	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 period					
Loss for the period		-	-	(1,666)	(1,666)
Total comprehensive profit for the period		-	-	(1,666)	(1,666)
Transactions with owners of the Company, recognised directly in equity					
Issue of ordinary shares (net of costs)		379	-	-	379
Dividends paid		-	-	(1,636)	(1,636)
Share-based payment transactions	5	-	354	-	354
Total transactions with owners of the Company		379	354	(1,636)	(903)
Balance at 31 December 2017		**37,662**	**2,101**	**24,605**	**64,368**

During the period the company issued 2.2 million shares valued at $379,000 as a result of the Dividend Reinvestment Plan.

For the six months ended 31 December 2016

	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 period					
Profit for the period		-	-	181	181
Total comprehensive profit for the period		-	-	181	181
Transactions with owners of the Company, recognised directly in equity					
Issue of ordinary shares (net of costs)		14,664	-	-	14,664
Dividends paid			-	(1,368)	(1,368)
Share-based payment transactions	5	-	396	-	396
Total transactions with owners of the Company		-	396	(1,368)	13,692
Balance at 31 December 2016		**37,286**	**1,845**	**28,040**	**67,171**

The condensed notes on pages 12 to 18 are an integral part of these consolidated interim financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 31 December 2017

	Note	2017 $000	2016 $000
Cash flows from operating activities			
Receipts from customers		48,611	59,457
Payments to suppliers and employees		(48,864)	(57,945)
Cash generated from operations		(253)	1,512
Interest paid		(491)	(472)
Interest received		12	27
Net cash from operating activities		(732)	1,067
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		2,678	229
Purchase of property, plant and equipment		(714)	(295)
Deferred vendor payment		(1,249)	(1,771)
Acquisition of subsidiaries net of cash acquired		(3,630)	(7,500)
Net cash (used in) investing activities		(2,915)	(9,337)
Cash flows from financing activities			
Dividends paid		(1,256)	(1,060)
Repayment of borrowings and lease liabilities		(1,563)	(3,575)
Proceeds from share issues (net of costs)		-	12,340
Net cash (used in) from financing activities		(2,819)	7,705
Net increase in cash and cash equivalents		(6,466)	(565)
Cash and cash equivalents at 1 July		14,574	12,968
Cash and cash equivalents at 31 December		**8,108**	**12,403**

The condensed notes on pages 12 to 18 are an integral part of these consolidated interim financial statements.

BASIS OF PREPARATION

REPORTING ENTITY

Veris Limited (the "Company" or "Veris") is a for-profit company domiciled in Australia. The condensed consolidated interim financial statements of the Company as at and for the six months ended 31 December 2017 comprises the Company and its subsidiaries (together referred to as the "Group"). The Group is a diversified survey solutions and communications company.

The consolidated annual financial statements of the Group as at and for the year ended 30 June 2017 are available upon request from the Company's registered office at Level 12, 3 Hasler Road Osborne Park WA 6017 or at www.Veris.com.au.

STATEMENT OF COMPLIANCE

The condensed consolidated interim financial statements are general purpose financial statements prepared in accordance with AASB 134 *Interim Financial Reporting* and the Corporations Act 2001, and with IAS 34 *Interim Financial Reporting*.

Selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the last annual consolidated financial statements as at and for the year ended 30 June 2017. The consolidated interim financial statements do not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated annual financial statements of the Group as at and for the year ended 30 June 2017.

These condensed consolidated interim financial statements were approved by the Board of Directors on 27 February 2018.

The Company is of a kind referred to in *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191* and in accordance with the legislative instrument, amounts in the consolidated interim financial statements have been rounded off to the nearest thousand dollars, unless otherwise stated.

JUDGEMENTS AND ESTIMATES

Preparing interim financial statements requires 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.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 30 June 2017.

SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied by the Group in the condensed consolidated interim financial statements are the same as those applied by the Group in its consolidated financial statements as at and for the year ended 30 June 2017.

NOTES

1. OPERATING SEGMENTS

The Group has two reportable segments that are being managed separately by the service provided as described below:

- Surveying – provides surveying, mapping and town planning services across Australia
- Communications – provides specialised ICT and Communications services

Information regarding the results of each reporting segment is detailed below for the six months ended 31 December.

Information about reportable segments

	Surveying		Communications*		Total	
	2017 $000	**2016 $000**	**2017 $000**	**2016 $000**	**2017 $000**	**2016 $000**
Revenues	43,188	30,380	5,024	2,109	48,212	32,489
Inter-segment revenues	(1,890)	(929)	(56)	-	(1,946)	(929)
External revenues	41,298	29,451	4,968	2,109	46,266	31,560
Costs	(37,614)	(26,351)	(4,884)	(2,245)	(42,498)	(28,596)
Inter-segment costs	1,910	477	36	-	1,946	477
External costs	(35,704)	(25,874)	(4,848)	(2,245)	(40,552)	(28,119)
EBITDA**	5,594	3,577	120	(136)	5,714	3,441
Depreciation	(1,289)	(1,419)	-	-	(1,289)	(1,419)
Amortisation	(2,116)	(1,954)	-	-	(2,116)	(1,954)
EBIT*** for reportable segments	2,189	204	120	(136)	2,309	68
	Dec 2017 $000	**June 2017 $000**	**Dec 2017 $000**	**June 2017 $000**	**Dec 2017 $000**	**June 2017 $000**
Segment assets	82,570	69,301	5,624	5,074	88,194	74,375
Segment liabilities	(22,979)	(15,018)	(5,182)	(1,628)	(28,161)	(16,646)

There was no material concentration of revenue across customers during the six months ended 31 December 2017. (2016: two major customers of more than 10% represented approximately $21,900,000).

**Prior year amounts have been re-presented to exclude discontinued operations. Refer note 7*

***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, discontinued operations, share-based payments and acquisition costs.*

1. OPERATING SEGMENTS (CONTINUED)

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

	2017 $000	2016 $000
Revenues		
Total revenue for reportable segments	48,212	32,489
Elimination of inter-segment revenue	(1,949)	(929)
Consolidated revenue	46,266	31,560
Expenses		
Total expenses for reportable segments	42,498	28,596
Elimination of inter-segment costs	(1,946)	(477)
Unallocated amounts - other corporate expenses	1,479	1,709
Consolidated expenses	42,031	29,828
Profit (loss)		
EBIT for reportable segments	2,309	68
Unallocated amounts - other corporate expenses	(1,909)	(2,163)
Acquisition related cost/income	(610)	(849)
Restructuring costs	(1,059)	(180)
Net finance expense	(433)	(313)
Profit (loss) before income taxes	(1,702)	(3,437)

Assets	Dec 2017 $000	June 2017 $000
Total assets for reportable segments	88,194	74,375
Other unallocated amounts	8,780	21,126
Consolidated total assets	96,974	95,501
Liabilities		
Total liabilities for reportable segments	28,161	16,646
Other unallocated amounts	4,445	11,918
Consolidated total liabilities	32,606	28,564

2. ACQUISITIONS

During the period, the Company made the following acquisition as part of its national surveying and strategic plan 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 $3,800,000 million in cash. A net adjustment of up to $350,000 will be paid (refunded) following completion of the acquisition. A further $1,000,000 million in cash will be paid if LANDdata achieves performance milestones. In addition an incentive bonus will be paid if the Gross Margin over a two year period is greater than certain values.

In the period since acquisition to 31 December 2017, LANDdata contributed revenue of $2,392,000 and EBITDA of $429,000 to the Group's results. If the acquisition had occurred on 1 July 2017, Management estimates that revenue would have been $2,725,000 and EBITDA would have been $424,000.

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.

	Dec 2017 $000
Cash	3,800
Provision for Net Adjustment	(350)
Deferred vendor payment	1,610
Actual Net Adjustment	129
	5,189

Deferred vendor payment

As part of the purchase price, the company has agreed to pay the vendor a milestone payment of $500,000 for period 1 and a further $500,000 for period 2 subject to meeting certain Gross Margin and Revenue hurdles in a performance period. An additional Incentive Bonus is also payable at the end of Period 2 provided that Gross Margin is above $4,400,000. A full provision for the milestone payments of $1,000,000 and $610,000 for the Incentive Bonus has been recognised as deferred consideration at acquisition on the basis that management forecasts targets will be reached. If the targets are not reached, the fair value amount of the deferred consideration will be reduced in accordance with the asset sale agreement with a credit to profit.

The identified assets and liabilities reflected at settlement were revised as follows:

	Dec 2017 $000
Customer Relationships	3,360
Other current assets	32
Deferred Tax Asset	71
Property, plant and equipment	328
Employee benefits	(238)
Deferred Tax Liability	(1,008)
	2,545

The fair value of assets and liabilities have been determined on a provisional basis.

2. ACQUISITIONS (continued)

Goodwill arising from the acquisition has been recognised as follows:

	Dec 2017 $000
Total consideration transferred	5,189
Fair value of identifiable assets and liabilities	(2,545)
Goodwill	**2,644**

The goodwill is attributable mainly to the skills and technical talent of the workforce, and the complementary addition to geographical and capability spread to the existing survey businesses previously acquired by Veris Limited.

The Group incurred acquisition costs of $610,000 to acquire new surveying businesses which is recognised in the Statement of Profit and Loss and Other Comprehensive Income.

3. DIVIDENDS

On 17 August 2017 the Company declared a fully franked dividend for 2017 of 0.5 cents per share, totalling $1,636,000; (2016: $1,368,000) with a record date of 1 September 2017. On 15 September the Dividend paid in cash to shareholders was $1,256,000 and 2,238,596 shares issued under the Dividend Reinvestment Plan at a price of 16.90 cents per share. The price per share was based on 5% discount to the volume weighted average price of Veris Shares 5 days following the record date.

4. FINANCIAL INSTRUMENTS

The Group's financial risk management objectives and policies are consistent with those disclosed in the consolidated financial statements as at and for the year ended 30 June 2017.

5. SHARE-BASED PAYMENTS

As at 31 December 2017, the Group had the following share-based payment arrangements.

(i) 2016 Performance Rights

On 20 January 2016, the Group granted Performance Rights to eligible employees under the Group's Long Term Incentive Plan in respect of the 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	-
17,938,053		**7,771,017**	**1,555,039**

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%

5. SHARE-BASED PAYMENTS (CONTINUED)

(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 year ended 30 June 2017, 7,457,292 Performance Rights lapsed on cessation of employment of executives

(C) During the year ended 30 June 2017, 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 2016 rTSR financial performance hurdle and the 2016 EPSCAGR hurdle.

(D) During the half-year ended 31 December 2017, 313,725 Performance Rights lapsed on cessation of employment of Management Personnel.

(ii) 2017 Performance Rights

On 5 June 2017, 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 2017 to 30 June 2019. 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 during the period	Vested during the Period
3,002,848	30 June 2019	72,000	-
3,002,848		**72,000**	**-**

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

vii. failure to satisfy the applicable vesting conditions;
viii. the holder purporting to transfer the Performance Right otherwise than with the consent of the Board or by force of law;
ix. the employment of the holder ceasing, where such a condition was imposed on the grant of the Performance Right;
x. 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;
xi. the expiry date; or
xii. the seven year anniversary of the date of grant of the Performance Rights.

(B) Performance of management measured against the absolute shareholder return target

(C) 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

(D) During the half-year ended 31 December 2017, 72,000 Performance Rights lapsed on cessation of employment of Management Personnel.

5. SHARE-BASED PAYMENTS (CONTINUED)

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

The fair value of the Performance Rights issued under the Group's Long Term Incentives has been measured using the Monte Carlo simulation model incorporating the probability of the relative TSR vesting condition being met. The inputs used in the measurement of the fair values at grant date of the equity-settled share-based payments plans were as follows:

Performance Measure	Tranche A [(A)]		Tranche B[(B)]
	Absolute TSR	3 Year EPS Pool	Absolute TSR
Weighting of Performance Measure	50%	50%	100%
Exercise price	N/A	N/A	N/A
Volatility	70%	70%	70%
Performance Period	3 Years: 1 Jul 2016 – 30 Jun 2019		
Risk Free Rate	1.57%	1.57%	1.57%
Remaining Life (years)	2.07	2.07	2.07
Fair value at grant date	$0.016	$0.016	$0.110

(A) Issued to Key Management Personnel and Executives
(B) Issued to other Senior Executives
(C) The measure of expected volatility used is the annualised standard deviation of the continuously compounded rates of return on the share over a period of time.

Unvested Unlisted Performance Rights

All of the 2,930,848 Performance Rights issued during 2017 remain unvested at 31 December 2017. 8,611,996 of the Performance Rights issued during 2016, remain unvested at 31 December 2017.

6. TAX EXPENSE (BENEFIT)

Tax expense is recognised based on the best estimate of the weighted average annual income tax rate expected for the full financial year applied to the pre-tax income of the interim period.

Reconciliation of effective tax rate:

	2017 $000	2016 $000
Profit (loss) before income tax – continuing operations	(1,702)	(3,437)
Income tax at 30% (2016: 30%)	(511)	(1,031)
Add (less) tax effect of:		
Other non-allowable /assessable items	360	204
Adjustments for prior periods	69	24
Income Tax Expense / (Benefit) – continuing operations	(82)	(803)
Profit (loss) before income tax – discontinued operations	43	2,607
Income tax at 30% (2016: 30%)	13	782
Add (less) tax effect of:		
Effect of Foreign Tax rates on tax payable	-	(990)
Other non-allowable /assessable items	-	-
Adjustments for prior periods	76	-
Income Tax Expense / (Benefit) – discontinued operations	89	(208)

7. DISCONTINUED OPERATIONS

In July 2017, the construction operations of OTOC Australia'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.

Results of Discontinued Operations

	6 months ended 31 Dec 2017 $000	6 months ended 31 Dec 2016 $000
Revenue	1,752	23,423
Expenses	(1,472)	(20,284)
Results from discontinued operating activities	280	3,139
Depreciation	(177)	(211)
Restructuring	-	(188)
Net finance costs	(60)	(133)
Profit (loss) from discontinued operations for the period before tax	43	2,607
Income tax (expense)/ benefit	(89)	208
Profit (loss) from discontinued operations for the period, net of tax	**(46)**	**2,815**

Earnings per share

Basic earnings cents per share	(0.01)	0.95
Diluted earnings cents per share	(0.01)	0.92

Cash flows from (used in) discontinued operations

	2017 $000	2016 $000
Net cash flows from (used in) operating activities	187	5,113
Net cash flows from (used in) investing activities	2,654	124
Net cash flows from (used in) financing activities	(133)	(1,287)
Net cash flow for the period	2,708	3,950

8. SUBSEQUENT EVENT

No significant subsequent events occurred since the end of the period.

DIRECTORS' DECLARATION

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

1. the condensed consolidated financial statements and notes set out on pages 7 to 18, are in accordance with the Corporations Act 2001 including:

    (a) giving a true and fair view of the Group's financial position as at 31 December 2017 and of its performance for the six month period ended on that date; and

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

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

Signed in accordance with a resolution of the directors:

Derek La Ferla

Chairman

Dated at Perth this 27 day of February 2018

Independent Auditor's Review Report

To the shareholders of Veris Limited

Report on the Financial Report

Conclusion

We have reviewed the accompanying ***Interim Financial Report*** of Veris Limited.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the Half-year Financial Report of Veris Limited is not in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the ***Group's*** financial position as at 31 December 2017 and of its performance for the Half-year ended on that date; and
- complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

The ***Interim Financial Report*** comprises:

- Condensed Consolidated statement of financial position as at 31December 2017
- Condensed Consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed Consolidated statement of cash flows for the Half-year ended on that date
- Notes 1 to 8 comprising a summary of significant accounting policies and other explanatory information
- The Directors' Declaration.

The ***Group*** comprises Veris Limited (the Company) and the entities it controlled at the Half-year's end or from time to time during the Half-year Period.

Responsibilities of the Directors for the Half-year Financial Report

The Directors of the Company are responsible for:

- the preparation of the Half-year Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*
- for such internal control as the Directors determine is necessary to enable the preparation of the Half-year Financial Report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility for the review of the Half-year Financial Report

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

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

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

KPMG.

KPMG

R Gambitta
Partner

Perth

27 February 2018

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 review of for the half-year ended 31 December 2017 there have been:

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

ii. no contravention of any applicable code of professional conduct in relation to the review.

KPMG

KPMG

R Gambitta
Partner

Perth

27 February 2018

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CORPORATE INFORMATION

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