

BOARD OF DIRECTORS

G. L. Rees, Chairman
 R. Rees, Managing Director
 D. G. Rees, Director

REGISTERED AND PRINCIPAL BUSINESS OFFICE

C/- Cook's Body Works P/L
 140-144 Cochranes Road
 Moorabbin Vic. 3189
 Phone : (03) 9553 5740

AUDITORS

Nexia Melbourne Audit Pty Ltd
 Registered Audit Company
 Level 12/31 Queen Street
 Melbourne Vic 3000

SECRETARY

R. Rees, B. Comm., CA

SOLICITORS

Dandanis & Associates
 1/17 Atherton Rd
 Oakleigh VIC 3166

Davies Moloney
 Lvl 8, 221 Queen St
 Melbourne VIC 3000

The JRT Partnership
 Lvl 2, 99 Queen St
 Melbourne VIC 3000

BANKERS

National Australia Bank Ltd
 330 Collins Street
 Melbourne VIC 3000

Australia and New Zealand
 Banking Group Ltd
 1/533 Blackburn Road
 Mount Waverley VIC 3149

Commonwealth Bank Ltd
 385 Bourke St
 Melbourne VIC 3000

Bank of Melbourne Ltd
 424 Warrigal Rd
 Moorabbin VIC 3189

SHARE REGISTRY

Boardroom Pty Ltd
 Lvl 12, 225 George St
 Sydney NSW 2000

Sietel Limited
 ACN 004 217 734
 ABN 75 004 217 734

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the ANNUAL GENERAL MEETING of Sietel Limited will be held at the Registered Office of the Company, C/- Cook's Body Works Pty Ltd, 140-144 Cochranes Road Moorabbin VIC 3189, on Friday 22nd January 2021 at 12:00 pm, for the purpose of transacting the following business:

1. To receive, consider and adopt the financial report of the company and of the consolidated group for the year ended 30 September 2020 and the reports by directors and auditors thereon.
2. To receive, consider and adopt the remuneration report of the company and of the consolidated group for the year ended 30 September 2020 (Refer P.4. Annual Report).
3. Mr G. L. Rees retires in accordance with the company's constitution and, being eligible, offers himself for re-election.
4. To transact any other business which may be lawfully brought forward.

By Order of the Board.



R. Rees B. Comm., CA, Director, Company Secretary

Moorabbin, 15 December 2020

NOTES**VOTING**

Individual members who are registered shareholders as at 20th January 2021 at 5:00pm are entitled to vote in person or by proxy. In accordance with the Corporations Act 2001, the vote will be carried out via a show of hands unless a poll is requested.

Under the Company's Constitution Ordinary Shareholders are entitled to one vote per share, Preference Shareholders are entitled to a vote of four (4) votes for each share at this meeting if dividends are in arrears.

PROXIES

A member entitled to attend and vote is entitled to appoint no more than two other persons to attend the Meeting and to act on his behalf. Where a member appoints two proxies, the proportion of the members' voting rights given in favour of each proxy must be specified. An additional proxy form will be supplied by the Company on request. The proxy must be lodged at the registered office of the company not less than 48 hours before the timing of the Meeting. A proxy may, but need not be a member of the company, but should be a natural person over the age of 18 years.

QUESTIONS

As provided for by the Corporations Act 2001, reasonable opportunity will be provided during the meeting for members to raise questions about the management of the company. In addition any member may submit a written question to the auditors concerning the content of the auditor's report or the conduct of the audit on the current financial report. Any written questions to the auditors must be submitted to Sietel no later than 5 working days before the day of the AGM.

VOTING EXCLUSION STATEMENT

Pursuant to the Corporations Act 2001, Sietel will disregard any votes cast on resolution 2 (in any capacity) by or on behalf of any key management personnel or their closely related parties. The vote will not be excluded, however, if the above mentioned person is acting as a proxy for another, who has been delegated voting authority in writing, and it has been specified how the proxy will vote on the resolution. If a vote is cast by proxy, which originates from key management personnel or related party, it will also be disregarded.

SIETEL LIMITED AND CONTROLLED ENTITIES

DIRECTORS' REPORT FOR YEAR ENDED 30 SEPTEMBER 2020

In accordance with a resolution of the Directors dated 15 December 2020, the Directors of the Company have pleasure in reporting on the Statements of Account of the Chief Entity and the Economic Entity for the financial year ended 30 September 2020 and the state of affairs as at 30 September 2020.

The Directors of the Chief Entity in office at the date of this report are as follows:

Geoffrey Rees – Non-executive Chair
Delwyn Garland Rees – Non-executive Director
Richard Rees – Managing Director

The directors have been in office since the start of the financial year to the date of this report unless otherwise stated. Refer to table "Directors Meetings" page 3 of this report.

PRINCIPAL ACTIVITIES:

The Chief Entity is engaged principally in investment in industrial, commercial, retail real estate and listed company securities, provision of finance and lease facilities and plant and management services to its controlled entities and management, evaluation and expansion of these and other business opportunities.

The wholly owned controlled entity Cook's Body Works Pty Ltd continued trading as a commercial vehicle body builder.

The wholly owned controlled entity, The Cylinder Company Pty Ltd, is trading as a property maintenance company, mainly servicing the Chief Entity's properties as well as holding a number of unlisted investments.

The wholly owned controlled entity, A.B.N. 17 006 852 820 Pty Ltd is non-operating.

The wholly owned controlled entity, Alliance Appliances Australia Pty Ltd operates as a designer, developer, importer and distributor, of domestic appliances.

DIVIDENDS:

Dividends paid or declared for payment during the financial year are as follows:

| | |
|---|---------|
| Preference dividend of \$0.05 per share paid on 5 Jan 2020 | \$3,750 |
| Preference dividend of \$0.05 per share paid on 7 Jul 2020 | \$3,750 |
| Preference dividend of \$0.05 per share to be paid on 7 Jan 2021 per announcement on 2 Dec 2020 | \$3,750 |

REVIEW OF OPERATIONS:

The investment properties owned by the Chief Entity were all tenanted on normal commercial terms up until the onset of the pandemic when a number of tenants either terminated their tenancies or applied for relief in accordance with state government emergency legislation. Progress has been made in locating new tenants following refurbishment works or reaching agreement on mutually acceptable terms for the balance of the period of the government's legislative rules.

The revenue from leasing operations has continued to be adversely impacted going into the 2021 financial year and it is anticipated the situation will take twelve to eighteen months, at least, before returning to more normal conditions.

Cook's Body Works Pty Ltd operated during the government lock down periods but has experienced price discounting from competitors for our primary fleet business and reduced demand by customers as they assessed the impact of the pandemic and government restrictions on their businesses. Also, restrictions on supply of imported cab chassis and other components from overseas markets further restricted production. The Federal and State Government measures to reduce the impact of the pandemic were applied for and in most part forthcoming which lessened the impact on the company's bottom line. The recovery period will impact on the 2021 financial year and with the pending staged withdrawal of government assistance, management is faced with a difficult period.

The Company's management assisted by the non-executive directors have continued to consider various investment opportunities in real estate, ASX listed shares, venture capital funds and other direct investment opportunities during the year and has allocated funds to a spread of direct venture capital investments as well as the real estate market and the reinvestment of dividends in its existing holdings of ASX top 200 listed company shares. Generally, the board has maintained the status quo holding the view that the existing investment spread and balance was appropriate and provided a lower risk to that of changing strategies during the uncertainty of the initial recovery period especially when restrictions may still be reintroduced.

The subsidiary AAA has continued to design and develop products for manufacture by third party offshore manufacturers and continued small scale importation and distribution of a very limited range of domestic gas water heaters into the Australian residential market. Delays in implementing product changes to meet local Australian regulations and conditions has limited planned expansion. A review of overheads including staff levels in light of achievable turnover has been implemented and in part and along with limited government assistance enabled losses to be reduced and provide a platform for future profitability when newly developed products are brought to market over the next twelve months.

The Cylinder Company's property maintenance business has operated within budget parameters during the year.

REVIEW OF FINANCIAL POSITION

The directors refer readers to the financial statements including, statement of profit or loss and other comprehensive income, statement of financial position and statement of cash flows, in relation to the Group's financial position and comparison.

OPERATING RESULTS:

The consolidated profit of the Economic Entity, after providing for an income tax expense of \$42,077 (2019: income tax revenue of \$103,221), amounted to \$1,762,613 (2019: \$1,994,971).

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS:

There have been no significant changes in the state of affairs of the Economic Entity during the financial year.

EVENTS SUBSEQUENT TO BALANCE DATE:

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Economic Entity and the results of those operations or the state of affairs of the Economic Entity in financial years subsequent to the financial year ended 30 September 2020.

ENVIRONMENTAL ISSUES:

The Economic Entity is not subject to significant environmental regulation in respect of its activities.

ASIC CLASS ORDER 98/100 ROUNDING OF AMOUNTS

Sietel Limited is a type of Company referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 and therefore the amounts contained in this report and in the financial report have been rounded to the nearest dollar, or in certain cases, to the nearest \$1,000.

FUTURE DEVELOPMENTS:

No information has been included on the likely developments of the Chief Entity or the Economic Entity as the directors are of the opinion that to include such comments would be unreasonably prejudicial to the interests of the Economic Entity.

INFORMATION ON DIRECTORS:**MR. DELWYN G. REES****DIRECTOR Age 94****Qualifications**

Diploma of Commerce (Melbourne University)
Member of CPA Australia
Certified Practising Accountant

Experience and Special Responsibilities

Board Member since 1967
Appointed Chairman in 1970, resigned chair 2015
An accountant in public practice for over 30 years

Interests in Contracts

Director of a company which provides financial and management services to the Chief Entity. Consultant to Garland Consulting Services which has on occasions provided consulting and secretarial services to the Chief Entity.

Interests in Shares

Refer to Table headed Directors' Interest in Ordinary Shares on page 26 which is to be read as forming part of this report.

MR. RICHARD REES**MANAGING DIRECTOR AND COMPANY SECRETARY Age 70****Qualifications**

Bachelor of Commerce (Melbourne University)
Member of Chartered Accountants Australia and New Zealand

Experience and Special Responsibilities

Board Member, Company Secretary and Managing Director of Chief Entity since 1981.

Interests in Contracts

Has a service and share option agreement with the Chief Entity dated March 1984. The full share option has already been exercised pre 1987.

Interest in Shares

Refer to Table headed Directors' Interest in Ordinary Shares on page 26 which is to be read as forming part of this report.

MR. GEOFFREY REES**DIRECTOR (CHAIRMAN) Age 66****Qualifications**

Bachelor of Law and Commerce (Melbourne University)
Member of the Law Institute of Victoria and accredited business law specialist

Experience and Special Responsibilities

Board Member since August 2009
Appointed Chairman in 2015

Interest in Contracts

Employee of JRT Partnership Pty Ltd, which provides legal services for the Chief Entity.

Interest in Shares

Refer to Table headed Directors' Interest in Ordinary Shares on page 26 which is to be read as forming part of this report.

DIRECTORS' MEETINGS

During the financial year the attendance at Directors' meetings was as follows:

| | Meetings held | Meetings attended |
|------------|---------------|-------------------|
| D.G. Rees | 7 | 7 |
| R. Rees | 7 | 7 |
| G. L. Rees | 7 | 7 |

INDEMNIFICATION OF OFFICERS AND AUDITORS

During the financial year, the company paid a premium of \$57,200 in respect of a contract insuring the directors of the company (as named above) and all executive officers of the company and of any related body corporate against a liability incurred as such a director, secretary or executive officer to the extent of the policy limits with a current \$7,500,000 in aggregate for all claims per twelve months.

The company has not otherwise, during or since the financial year, indemnified or agreed to indemnify an officer or auditor of the company or of any related body corporate against a liability incurred as such an officer or auditor.

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration for the year ended 30 September 2020 is included on page 8 of the Annual Report.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied for leave of Court to begin proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings. The company was not a party to any such proceedings during the year.

OPTIONS

No options over shares or interest in the group have been taken up during the period, or are outstanding at the end of the period.

CORPORATE GOVERNANCE STATEMENT

Our corporate governance statement can be found on our website at www.sietel.com.au

REMUNERATION REPORT

The Board policy for determination of the nature and amount of remuneration for directors and senior executives is based on the yearly Chairman and Managing Director's assessment of individual's performance and the general overall performance of the company. It is the stated policy that depending on this assessment, the level of remuneration may be increased or decreased after a review from its previous level.

The criteria on which individual performance is assessed are:-

- technical knowledge and skills in light of current levels for the applicable occupation or profession
- application by the individual of their knowledge and skills to their tasks
- the ability and success in imparting their knowledge, skills and work ethic to personnel assigned to them
- the ability to complete assignments successfully and in the allocated time
- the ability to assist the company and or subsidiary achieve profitable short, medium and long term performance and growth by delivering customers with quality, competitively priced and innovative products and services.

The table below sets out the remuneration paid during the year to Directors and executives with a breakdown into salaries/bonuses, superannuation and non-monetary benefits.

No equity component of remuneration is provided but Board policy is to encourage directors and executives to purchase shares in the company on the stock exchange with the objective of long term investment.

| Name | Office | Short Term Benefits | | | | Post-Employment Benefits | | Total | |
|----------------------|-----------|---------------------|----------------|-----------------------|---------------|--------------------------|---------------|----------------|----------------|
| | | Salary/Bonus | | Non-Monetary Benefits | | Superannuation | | | |
| | | 2020 (\$) | 2019 (\$) | 2020 (\$) | 2019 (\$) | 2020 (\$) | 2019 (\$) | 2020 (\$) | 2019 (\$) |
| D.G. Rees | Director | 70,000 | 70,000 | - | - | 6,650 | 6,650 | 76,650 | 76,650 |
| R. Rees ¹ | Director | 452,365 | 240,000 | 40,000 | 40,000 | 25,000 | 25,000 | 517,365 | 305,000 |
| G.L. Rees | Director | 70,000 | 70,000 | - | - | - | - | 70,000 | 70,000 |
| G. Nanscawen | Executive | 45,662 | 45,662 | - | - | 4,338 | 4,338 | 50,000 | 50,000 |
| T. Rees ² | Executive | 225,000 | 215,000 | 10,070 | - | 25,000 | 25,000 | 260,070 | 240,000 |
| Total | | 863,027 | 640,662 | 50,070 | 40,000 | 60,988 | 60,988 | 974,085 | 741,650 |

¹ R. Rees' salary for 2020 includes bonuses totalling \$267,365 (2019: \$55,000). The company received an insurance payout for R. Rees' trauma claim, totalling \$277,455. The company passed a resolution that an amount equal to \$222,365 be paid to R. Rees. The six monthly bonuses with grant dates of 13 March 2020 and 15 September 2020 were paid with the intent of retaining the competitiveness of the managing director's salary with directors of a similar responsibility level in businesses of similar size and complexity while having regard for the current liquidity of the company. The bonuses totalling \$45,000 have been fully paid as at 30 September 2020.

² T. Rees' salary for 2020 includes a bonus of \$85,000 (2019: \$75,000). The six monthly bonuses with grant dates of 13 March 2020 and 15 September 2020 have been fully paid as at 30 September 2020.

Signed, in accordance with a resolution of the directors made pursuant to s.298(2) of the Corporations Act 2001.

On behalf of the Board



Mr. G. L. Rees
Director



Mr. R. Rees
Director

Moorabbin,
15 December 2020

Independent Auditor's Report to the Members of Sietel Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Sietel Limited (the Company and its subsidiaries (the Group)), which comprises the consolidated statement of financial position as at 30 September 2020, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

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

- (i) giving a true and fair view of the Group's financial position as at 30 September 2020 and of its performance for the year then ended; and
- (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, has been given to the directors of the Company, as at the date of this auditor's report.

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

Key Audit Matters

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

In our opinion, there are no key audit matters to communicate.

Other Information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 30 September 2020 but does not include the financial report and the auditor's report thereon.

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

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

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

Independent Auditor's Report to the Members of Sietel Limited

Responsibilities of the Directors for the Financial Report

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

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

Auditor's Responsibilities for the Audit of the Financial Report

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

A further description of our responsibilities for the audit of the financial report is located at The Australian 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.

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

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in page 4 of the Directors' Report for the year ended 30 September 2020.

In our opinion, the Remuneration Report of Sietel Limited for the year ended 30 September 2020 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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



Nexia Melbourne Audit Pty Ltd
Melbourne



Geoff S. Parker
Director

Dated this 15th day of December 2020

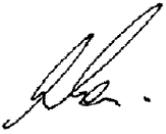
DIRECTORS' DECLARATION

The directors declare that:

- a) The attached financial statements and notes as set out on pages 9-25 thereto comply with Australian Accounting Standards;
- b) The attached financial statements and notes thereto give a true and fair view of the financial position and performance of the company and the economic entity;
- c) In the directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001;
- d) In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and
- e) The directors have been given a declaration required by s.295A of the Corporations Act 2001 by the Managing Director.

Signed, in accordance with a resolution of the directors made pursuant to s.295(5) of the Corporations Act 2001.

On behalf of the Directors



Mr. G. L. Rees
Director



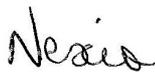
Mr. R. Rees
Director

Moorabbin,
15 December 2020

Auditor's Independence Declaration under Section 307C of the Corporations Act 2001 to the Directors of Sietel Limited

I declare that, to the best of my knowledge and belief, during the year ended 30 September 2020, 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.



Nexia Melbourne Audit Pty Ltd
Melbourne



Geoff S. Parker
Director

Dated this 15th day of December 2020

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

| <u>Note</u> | | <u>Economic Entity</u> | |
|-------------|--|---------------------------|-------------------------|
| | | <u>2020</u> \$ | <u>2019</u> \$ |
| | Continuing Operations: | | |
| 13 | Revenues | 10,890,668 | 11,288,531 |
| 13 | Other income | 854,665 | 207,799 |
| 14 | Other expenses | (9,940,643) | (9,604,580) |
| 14 | Finance costs | - | - |
| | Operating profit/(loss) before income tax | <u>1,804,690</u> | <u>1,891,750</u> |
| 17 | Impairment of goodwill | - | - |
| | Profit/(loss) before income tax | <u>1,804,690</u> | <u>1,891,750</u> |
| 18 | Income tax revenue/(expense) | (42,077) | 103,221 |
| | Profit/(loss) after income tax | <u><u>1,762,613</u></u> | <u><u>1,994,971</u></u> |
| | Other Comprehensive Income or Loss: | | |
| | Items that may be reclassified subsequently to profit or loss | | |
| 13 | Net gain/(loss) on revaluation of financial assets measured at fair value through other comprehensive income | (3,826,409) | 861,707 |
| | Other comprehensive income/(loss) for the year | <u>(3,826,409)</u> | <u>861,707</u> |
| | Total comprehensive income/(loss) for the year | <u><u>(2,063,796)</u></u> | <u><u>2,856,678</u></u> |
| 29 | Earnings per share (EPS) - Basic (cents per share) | 22.01 | 24.91 |
| | EPS - Basic (cents per share) - continuing operations | 22.01 | 24.91 |
| 29 | Earnings per share (EPS) - Diluted (cents per share) | 21.81 | 24.68 |
| | EPS - Diluted (cents per share) – continuing operations | 21.81 | 24.68 |
| | Profit/(loss) for the year attributable to: | | |
| | Owners of the Parent | <u>1,762,613</u> | <u>1,994,971</u> |
| | | <u>1,762,613</u> | <u>1,994,971</u> |
| | Total comprehensive income/(loss) for the year attributable to: | | |
| | Owners of the Parent | <u>(2,063,796)</u> | <u>2,856,678</u> |
| | | <u>(2,063,796)</u> | <u>2,856,678</u> |

Notes to and forming part of the accounts are set out on pages 12 to 25.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2020

| <u>Note</u> | | <u>Economic Entity</u> | |
|-------------|--------------------------------------|------------------------|-------------------|
| | | <u>2020</u> | <u>2019</u> |
| | | <u>\$</u> | <u>\$</u> |
| | Current Assets | | |
| 28(i) | Cash and cash equivalents | 3,089,011 | 1,678,848 |
| 3 | Trade and other receivables | 578,182 | 1,145,992 |
| 4 | Inventories | 593,187 | 1,009,157 |
| 5 | Other current assets | 311,083 | 418,853 |
| 6 | Current tax receivables | 13,177 | 316,135 |
| | Total Current Assets | <u>4,584,640</u> | <u>4,568,985</u> |
| | Non-Current Assets | | |
| | Trade and other receivables | - | - |
| 7 | Financial assets | 31,239,453 | 34,520,071 |
| 8 | Property, plant and equipment | 2,200,338 | 2,405,034 |
| 9 | Investment properties | 31,906,063 | 32,821,266 |
| 19 | Deferred tax assets | 1,069,774 | 958,655 |
| | Total Non-Current Assets | <u>66,415,628</u> | <u>70,705,026</u> |
| | Total Assets | <u>71,000,268</u> | <u>75,274,011</u> |
| | Current Liabilities | | |
| 10 | Trade and other payables | 585,597 | 1,129,252 |
| 11 | Other liabilities | 280,781 | 364,254 |
| 21 | Current tax liabilities | - | - |
| 12 | Provisions | 1,161,288 | 1,128,528 |
| | Total Current Liabilities | <u>2,027,666</u> | <u>2,622,034</u> |
| | Non-Current Liabilities | | |
| 20 | Deferred tax liabilities | 255,364 | 1,863,443 |
| | Total Non-Current Liabilities | <u>255,364</u> | <u>1,863,443</u> |
| | Total Liabilities | <u>2,283,030</u> | <u>4,485,477</u> |
| | Net Assets | <u>68,717,238</u> | <u>70,788,534</u> |
| | Equity | | |
| 25 | Issued capital | 4,257,129 | 4,257,129 |
| | Reserves | 651,265 | 7,708,447 |
| | Retained earnings | 63,808,844 | 58,822,958 |
| | Total Shareholders' Equity | <u>68,717,238</u> | <u>70,788,534</u> |

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR YEAR ENDED 30 SEPTEMBER 2020

| <u>Economic Entity</u> | <u>Issued Capital</u> | <u>Reserves*</u> | <u>Retained Earnings</u> | <u>Total Equity</u> |
|---|-----------------------|------------------|--------------------------|---------------------|
| Balance at 1 October 2018 | 4,257,129 | 6,846,740 | 56,835,487 | 67,939,356 |
| Net profit (loss) for the period | - | - | 1,994,971 | 1,994,971 |
| Other comprehensive income | - | 861,707 | - | 861,707 |
| Dividends paid | - | - | (7,500) | (7,500) |
| Balance at 30 September 2019 | <u>4,257,129</u> | <u>7,708,447</u> | <u>58,822,958</u> | <u>70,788,534</u> |
| Net profit (loss) for the period | - | - | 1,762,613 | 1,762,613 |
| Transfer from reserves to retained earnings | - | (3,230,773) | 3,230,773 | - |
| Other comprehensive income | - | (3,826,409) | - | (3,826,409) |
| Dividends paid | - | - | (7,500) | (7,500) |
| Balance at 30 September 2020 | <u>4,257,129</u> | <u>651,265</u> | <u>63,808,844</u> | <u>68,717,238</u> |

* 'Reserves' refers to a financial assets reserve, which includes all of the unrealised gains over cost on our financial assets measured at fair value through other comprehensive income.

Notes to and forming part of the accounts are set out on pages 12 to 25.

CONSOLIDATED STATEMENT OF CASH FLOWS FOR YEAR ENDED 30 SEPTEMBER 2020

| <u>Note</u> | | <u>Economic Entity</u> | |
|-------------|---|------------------------|--------------------|
| | | <u>2020</u> \$ | <u>2019</u> \$ |
| | Cash flows from Operating Activities | | |
| | Receipts from customers | 10,289,578 | 9,249,953 |
| | Receipts from government COVID-19 payments | 503,213 | - |
| | Receipts from insurance payouts | 277,455 | - |
| | Payments to suppliers & employees | (8,692,300) | (8,370,576) |
| | Income tax refund | 160,640 | 676 |
| | Interest received | 24,356 | 39,568 |
| | Dividends received | 1,144,544 | 1,753,737 |
| | Finance costs | - | - |
| 28(ii) | Net cash provided by/(used in) operating activities | <u>3,707,486</u> | <u>2,673,358</u> |
| | Cash flows from Investing Activities | | |
| | Proceeds from sale of financial assets | 573,463 | 1,102,408 |
| | Purchase of property, plant & equipment | (32,544) | (14,055) |
| | Purchase of investment properties | (166,528) | (1,986,375) |
| | Purchase of financial assets | (2,664,214) | (2,247,447) |
| | Net cash provided by/(used in) investing activities | <u>(2,289,823)</u> | <u>(3,145,469)</u> |
| | Cash flows from Financing Activities | | |
| | Dividends paid | (7,500) | (7,500) |
| | Net cash provided by/(used in) financing activities | <u>(7,500)</u> | <u>(7,500)</u> |
| | Net increase/(decrease) in cash held | 1,410,163 | (479,611) |
| | Cash and cash equivalents at beginning of financial year | 1,678,848 | 2,158,459 |
| 28(i) | Cash and cash equivalents at end of financial year | <u>3,089,011</u> | <u>1,678,848</u> |

Notes to and forming part of the accounts are included on pages 12 to 25.

Note 1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards, including Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

The financial report covers the economic entity of Sietel Limited and controlled entities incorporated and domiciled in Australia.

The financial report of Sietel Limited and controlled entities complies with Australian Accounting Standards, which at present are considered equivalent to the International Financial Reporting Standards. Material accounting policies adopted in the preparation of these statements are stated below and were consistently applied unless otherwise stated.

The financial report has been prepared for a for-profit entity, with the Australian dollar as presentation currency and amounts rounded to the nearest whole dollar.

The financial statements were authorised for issue on 15 December 2020 by the directors of the company.

(A) Significant Accounting Policies

Accounting policies are selected and applied in a manner which helps ensure that the resultant financial information satisfies the concepts of relevance and reliability, thereby, ensuring that the substance of the underlying transactions and other events is reported. The financial report has been prepared on an accruals basis and is based on historical costs and does not take into account changing money values or, except where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

In the current year, the Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for the current annual reporting period.

There is no impact from the adoption of AASB16: Leases because the Group does not have any operating leases in place in their capacity as the lessee.

(B) Property, Plant and Equipment

Depreciation has been charged in the accounts using either the reducing balance or straight line method on all classes of depreciable assets so as to write off their book value over the estimated useful life of the asset including buildings classified as investments. The economic entity's land and buildings leased to third parties have been classified as Investment Property and land and buildings occupied by the economic entity have been classified as Property, Plant and Equipment. The following estimated useful lives are used in the calculation of depreciation. Buildings: 20 – 40 years and Plant and Equipment 4 - 8 years.

(C) Investment Property

Investment properties are held for long term rental yields and are not used by the consolidated entity. Investment property purchased before 1998 are carried at fair value re the directors 1998 valuation (deemed cost), while the remainder is carried at cost. The policy of the company is to review its valuations of land and buildings annually. There has also been no capital gains tax taken into account in determining revalued amounts.

(D) Inventories

All entities in the economic entity have:

- (i) Valued stocks at the lower of cost and net realisable value
- (ii) Calculated costs by including all variable manufacturing cost, and an appropriate portion of fixed manufacturing cost, but excluding selling, distribution and administration expenses, and
- (iii) Assigned cost to inventory quantities on hand at balance date on a first in first out basis.

(E) Research and Development Expenditure

Expenditure during the research phase of a project is recognised as an expense when incurred. Development costs are capitalised only when technical feasibility studies identify that the project will deliver future economic benefits and these benefits can be measured reliably.

Development costs have a finite life and are amortised on a systematic basis matched to the future economic benefits over the useful life of the project.

(F) Employee Entitlements

Provision is made for benefits accruing to employees in respect of annual leave and long service leave when it is probable that settlement will be required and are capable of being measured reliably.

Provisions made in respect of annual leave and long service leave, expected to be settled within 12 months and after 12 months are measured at their nominal values plus related on costs.

(G) Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, are transferred to entities within the economic entity and classified as finance leases. Finance leases are capitalised recording an asset and a liability equal to the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated to the reduction of the lease liability. Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

The Economic Entity as a landlord adopts general commercial lease terms and conditions. The rents charged are based on market rates and include market reviews at the time of option or renewal of lease.

(H) Comparative Figures

Where required by Accounting Standards comparative figures have been adjusted with changes in presentation for the current financial year.

Note 1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

(I) Receivables

Trade receivables and other receivables are recorded at amounts due less any provision for doubtful debts.

(J) Recoverable Amount of Non-Current Assets

Non-current assets are written down to recoverable amounts where the carrying value of any non-current assets exceeds recoverable amounts. In determining the recoverable amount of non-current assets, the expected net cash flows have been discounted to their present value.

Investments in subsidiary companies are valued at cost although in the case of one subsidiary the net assets are less than the company's investment. The Directors have written down this investment as they believe there is a permanent diminution in value.

(K) Accounts Payable

Trade payables and other accounts payable are recognised when the economic entity becomes obliged to make future payments resulting from the purchase of goods and services.

(L) Principles of Consolidation

The consolidated accounts comprise the accounts of Sietel Limited and all of its controlled entities. A controlled entity is any entity controlled by Sietel Limited. Control exists where Sietel Limited has the capacity to dominate the decision-making in relation to the financial and operating policies of another entity so that the other entity operates with Sietel Limited to achieve the objectives of Sietel Limited. A list of controlled entities is contained in Note 27 to the financial statements.

All intercompany balances and transactions between entities in the economic entity, including any unrealised profit or losses, have been eliminated on consolidation.

(M) Revenue

Revenue is recognised when the amount of the revenue can be measured reliably, it is probable that economic benefits associated with the transaction will flow to the Group and specific criteria relating to the type of revenue as noted below, has been satisfied. Revenue is measured at the fair value of the consideration received or receivable and is presented net of returns, discounts and rebates.

Revenue from contracts with customers

The core principle of AASB15 is that revenue is recognised on a basis that reflects the transfer of promised goods or services to customers at an amount that reflects the consideration the Group expects to receive in exchange for those good or service. Revenue is recognised by applying a five-step model as follows:

1. Identify the contract with the customer
2. Identify the performance obligations
3. Determine the transaction price
4. Allocate the transaction price to the performance obligations
5. Recognise revenue as and when control of the performance obligations is transferred.

Specific revenue streams

The revenue recognition policies for the principal revenue streams of the Group are:

Sale of Goods

Revenue from the sale of goods is recognised upon the deliver and invoicing of goods to customers.

Rendering of Services

Revenue from rendering of service is recognised upon delivery and invoicing of the service to the customers.

Other income

Revenue from rent, interest revenue & dividend revenue is recognised on invoice date, when accrued and at ex-dividend date respectively.

Government Grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset. Government grants relating to an asset are presented in the Statement of Financial Position as unearned revenue.

Government grants and assistance that compensate for costs incurred are deferred and recognised in the Statement of Profit or Loss and Other Comprehensive Income on systematic basis over the period in which the costs are recognised. Government grants and assistance that compensate for costs are presented in the Statement of Profit or Loss and Other Comprehensive Income as other income.

(N) Provision for Warranties

Provision is made in respect of the economic entity's estimated liability on products under warranty at balance date.

(O) Income Tax

The economic entity adopts the liability method of tax-effect accounting whereby the income tax expense is based on the profit from ordinary activities adjusted for any non-assessable or disallowed items. It is calculated using the tax rates that have been enacted or are substantially enacted by the balance sheet date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Note 1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the income statement except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

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

Sietel Limited and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under the tax consolidation regime. Each entity in the group recognises its own current and deferred tax liabilities, except for any deferred tax liabilities resulting from unused tax losses and tax credits, which are immediately assumed by the parent entity. The current tax liability of each group entity is then subsequently assumed by the parent entity. The group notified the Australian Tax Office that it had formed an income tax consolidated group to apply from October 1, 2003. The tax consolidated group has entered a tax sharing agreement whereby each company in the group contributes to the income tax payable in proportion to their contribution to the net profit before tax of the tax consolidated group.

(P) Business Combination

The Group applies the acquisition method in accounting for business combinations. The consideration transferred by the Group to obtain control of a subsidiary is calculated as the sum of the acquisition-date fair values of assets transferred, liabilities incurred and the equity interests issued by the Group, which includes the fair value of any asset or liability arising from a contingent consideration arrangement. Acquisition costs are expensed as incurred.

The Group recognises identifiable assets acquired and liabilities assumed in a business combination regardless of whether they have been previously recognised in the acquiree's financial statements prior to the acquisition. Assets acquired and liabilities assumed are generally measured at their acquisition-date fair values.

Goodwill is stated after separate recognition of identifiable intangible assets. It is calculated as the excess of the sum of (a) fair value of consideration transferred, (b) the recognised amount of any non-controlling interest in the acquiree, and (c) acquisition-date fair value of any existing equity interest in the acquiree, over the acquisition-date fair values of identifiable net assets. If the fair values of identifiable net assets exceed the sum calculated above, the excess amount (i.e. gain on a bargain purchase) is recognised in profit or loss immediately.

(Q) Borrowing costs

Borrowing costs are recognised in profit or loss in the period in which they are incurred.

(R) Financial Instruments

Financial instruments are recognised initially on the date that the Group becomes party to the contractual provisions of the instrument. On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit and loss where transaction costs are expensed as incurred).

Financial assets

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification

On initial recognition, the Group classifies its financial assets into the following categories, those measured at:

- amortised cost
- fair value through profit or loss - FVTPL
- fair value through other comprehensive income - equity instrument (FVOCI - equity)
- fair value through other comprehensive income - debt investments (FVOCI - debt)

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets.

Amortised cost

Assets measured at amortised cost are financial assets where:

- the business model is to hold assets to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows are solely payments of principal and interest on the principal amount outstanding.

The Group's financial assets measured at amortised cost comprise trade and other receivables and cash and cash equivalents in the consolidated statement of financial position. Subsequent to initial recognition, these assets are carried at amortised cost using the effective interest rate method less provision for impairment. Interest income, foreign exchange gains or losses and impairment are recognised in profit or loss. Gain or loss on derecognition is recognised in profit or loss.

Fair value through other comprehensive income

Equity instruments

The Group has a number of strategic investments in listed and unlisted entities over which they do not have significant influence nor control. The Group has made an irrevocable election to classify these equity investments as fair value through other comprehensive income as they are not held for trading purposes.

These investments are carried at fair value with changes in fair value recognised in other comprehensive income (financial asset reserve). On disposal any balance in the financial asset reserve is transferred to retained earnings and is not reclassified to profit or

Note 1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

loss. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI.

Financial assets through profit or loss

All financial assets not classified as measured at amortised cost or fair value through other comprehensive income as described above are measured at FVTPL. Net gains or losses, including any interest or dividend income are recognised in profit or loss (refer to hedging accounting policy for derivatives designated as hedging instruments).

The Group holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

Impairment of financial assets

Impairment of financial assets is recognised on an expected credit loss (ECL) basis for the following assets:

- financial assets measured at amortised cost
- debt investments measured at FVOCI

When determining whether the credit risk of a financial assets has increased significant since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Group's historical experience and informed credit assessment and including forward looking information.

The Group uses the presumption that an asset which is more than 30 days past due has seen a significant increase in credit risk.

The Group uses the presumption that a financial asset is in default when:

- the other party is unlikely to pay its credit obligations to the Group in full, without recourse to the Group to actions such as realising security (if any is held); or
- the financial assets is more than 90 days past due.

Credit losses are measured as the present value of the difference between the cash flows due to the Group in accordance with the contract and the cash flows expected to be received. This is applied using a probability weighted approach.

Trade Receivables

Impairment of trade receivables and contract assets have been determined using the simplified approach in AASB 9 which uses an estimation of lifetime expected credit losses. The Group has determined the probability of non-payment of the receivable and contract asset and multiplied this by the amount of the expected loss arising from default.

The amount of the impairment is recorded in a separate allowance account with the loss being recognised in finance expense. Once the receivable is determined to be uncollectable then the gross carrying amount is written off against the associated allowance.

Where the Group renegotiates the terms of trade receivables due from certain customers, the new expected cash flows are discounted at the original effective interest rate and any resulting difference to the carrying value is recognised in profit or loss.

Other financial assets measured at amortised cost

Impairment of other financial assets measured at amortised cost are determined using the expected credit loss model in AASB 9. On initial recognition of the asset, an estimate of the expected credit losses for the next 12 months is recognised. Where the asset has experienced significant increase in credit risk then the lifetime losses are estimated and recognised.

Financial liabilities

The Group measures all financial liabilities initially at fair value less transaction costs, subsequently financial liabilities are measured at amortised cost using the effective interest rate method.

The financial liabilities of the Group comprise trade payables, bank and other loans and finance lease liabilities.

(S) Critical Accounting Estimates and Judgments

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

Key estimates - Impairment

The group assesses impairment at each reporting date by evaluating conditions specific to the group that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Calculations performed in assessing impairment include changes in market value, changes in asset use and other factors outside of the Entity's control. Insurance recoveries are not considered part of impairment.

(T) Discontinued Operations

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographic area of operations, is part of a single coordinated plan to dispose of such a line of business or operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately on the face of the statement of profit or loss and other comprehensive income and the assets and liabilities are presented separately on the face of the statement of financial position.

Note 2 PARENT INFORMATION

The following information, extracted from the books of the parent, has been prepared in accordance with accounting standards.

STATEMENT OF FINANCIAL POSITION

| | Chief Entity | |
|--------------------------|---------------------|-------------------|
| | 2020 | 2019 |
| | \$ | \$ |
| ASSETS | | |
| Current Assets | 8,084,482 | 6,532,084 |
| TOTAL ASSETS | 76,358,194 | 79,128,867 |
| LIABILITIES | | |
| Current Liabilities | 1,579,919 | 1,556,594 |
| TOTAL LIABILITIES | 2,423,198 | 3,730,067 |
| EQUITY | | |
| Issued Capital | 4,257,129 | 4,257,129 |
| Reserves | 2,223,189 | 8,576,446 |
| Retained Earnings | 67,454,678 | 62,565,225 |
| TOTAL EQUITY | 73,934,996 | 75,398,800 |

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

| | | |
|-----------------------------------|--------------------|------------------|
| Total Profit | 1,666,180 | 2,178,845 |
| TOTAL COMPREHENSIVE INCOME | (1,456,304) | 3,897,224 |

Guarantees

Sietel Ltd has not entered into any guarantees, in the current or previous financial year in relation to the debts of its subsidiaries, except as disclosed in Note 22.

Contingent Liabilities

As at 30 September 2020, Sietel Ltd did not have any contingent liabilities. (2019: None)

Contractual Commitments

At 30 September 2020 Sietel Ltd had contractual commitments totalling \$97,194 (2019: \$119,800). See Note 16 for details.

| | Economic Entity | |
|-----------------------------------|------------------------|-------------|
| | 2020 | 2019 |
| | \$ | \$ |
| Note 3 CURRENT RECEIVABLES | | |
| Trade receivables | 552,439 | 1,133,668 |
| Provision for doubtful debts | (35,000) | (35,000) |
| | 517,439 | 1,098,668 |
| Other receivables | 60,743 | 47,324 |
| | 578,182 | 1,145,992 |
| Trade Receivables Summary* | | |
| Amounts due | 118,599 | 136,885 |
| Amounts not yet due | 433,840 | 996,783 |
| | 552,439 | 1,133,668 |

*Please note that not all customers are offered the same credit terms. Credit terms range from 0 to 60 days.

Note 4 CURRENT INVENTORIES

| | | |
|------------------|---------|-----------|
| Raw materials | 132,607 | 101,235 |
| Work in progress | 417,096 | 875,756 |
| Finished goods | 43,484 | 32,166 |
| Stock in transit | - | - |
| | 593,187 | 1,009,157 |

Note 5 OTHER CURRENT ASSETS

| | | |
|-------------------------------|---------|---------|
| Tenant bonds – Fixed deposits | 280,781 | 348,997 |
| Prepayments | 30,302 | 69,856 |
| | 311,083 | 418,853 |

Note 6 CURRENT TAX RECEIVABLES

| | | |
|-------------------------|--------|---------|
| Current tax receivables | 13,177 | 316,135 |
| | 13,177 | 316,135 |

Note 7 NON-CURRENT FINANCIAL ASSETS

Financial assets measured at fair value through other comprehensive income

| | | |
|------------------------|------------|------------|
| - Listed Shares | 29,034,642 | 32,767,767 |
| - Unlisted Investments | 2,204,811 | 1,752,304 |
| | 31,239,453 | 34,520,071 |

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2020

| | Economic Entity | |
|--|------------------------|------------------|
| | 2020 | 2019 |
| | \$ | \$ |
| Note 8 PROPERTY PLANT AND EQUIPMENT * | | |
| Plant and Equipment at cost | 4,274,697 | 4,242,153 |
| Less Accumulated depreciation | (4,009,010) | (3,824,706) |
| Total Plant and Equipment | <u>265,687</u> | <u>417,447</u> |
| Property | | |
| Land at Cost | 1,273,568 | 1,273,568 |
| Total Land | <u>1,273,568</u> | <u>1,273,568</u> |
| Buildings at Cost | 415,491 | 415,491 |
| Building Additions at Cost | 907,909 | 907,909 |
| Less Accumulated depreciation | (662,317) | (609,381) |
| Total Buildings | <u>661,083</u> | <u>714,019</u> |
| Total Property | <u>1,934,651</u> | <u>1,987,587</u> |
| Total Property Plant and Equipment | <u>2,200,338</u> | <u>2,405,034</u> |

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current year 2020. The term 'P&E' refers to plant and equipment.

| Economic Entity | Land (\$) | Buildings (\$) | P&E (\$) | Leased P&E(\$) | Total (\$) |
|------------------------------|------------------|-----------------------|---------------------|---------------------------|-------------------|
| Balance at 1 October 2019 | 1,273,568 | 714,019 | 417,447 | - | 2,405,034 |
| Additions | - | - | 32,544 | - | 32,544 |
| Depreciation expense | - | (52,936) | (184,304) | - | (237,240) |
| Disposals | - | - | - | - | - |
| Balance at 30 September 2020 | <u>1,273,568</u> | <u>661,083</u> | <u>265,687</u> | <u>-</u> | <u>2,200,338</u> |

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the previous year 2019. The term 'P&E' refers to plant and equipment.

| Economic Entity | Land (\$) | Buildings (\$) | P&E (\$) | Leased P&E(\$) | Total (\$) |
|------------------------------|------------------|-----------------------|---------------------|---------------------------|-------------------|
| Balance at 1 October 2018 | 1,273,568 | 766,954 | 673,397 | - | 2,713,919 |
| Additions | - | - | 14,055 | - | 14,055 |
| Depreciation expense | - | (52,935) | (270,005) | - | (322,940) |
| Disposals | - | - | - | - | - |
| Balance at 30 September 2019 | <u>1,273,568</u> | <u>714,019</u> | <u>417,447</u> | <u>-</u> | <u>2,405,034</u> |

| | Economic Entity | |
|---|------------------------|-------------------|
| | 2020 | 2019 |
| | \$ | \$ |
| Note 9 INVESTMENT PROPERTY * | | |
| Property | | |
| Land at Directors Valuation 1998 (Deemed cost) | 3,702,937 | 3,702,937 |
| Land at Cost | 12,861,318 | 12,861,318 |
| Total Land | <u>16,564,255</u> | <u>16,564,255</u> |
| Buildings at Directors Valuation 1998 (Deemed cost) | 1,989,750 | 1,989,750 |
| Buildings at Cost | 25,198,258 | 24,441,883 |
| Building Additions at Cost | 166,528 | 756,375 |
| Less Accumulated depreciation | (12,012,728) | (10,930,997) |
| Total Buildings | <u>15,341,808</u> | <u>16,257,011</u> |
| Total Investment Property | <u>31,906,063</u> | <u>32,821,266</u> |
| Movement in the carrying amounts for investment property: | | |
| Opening Balance | 32,821,266 | 31,901,908 |
| Additions | 166,528 | 1,986,374 |
| Depreciation expense | (1,081,731) | (1,067,016) |
| Sales | - | - |
| Disposals | - | - |
| Closing Balance | <u>31,906,063</u> | <u>32,821,266</u> |

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2020

*** Note 8 & 9 PROPERTY, PLANT & EQUIPMENT AND INVESTMENT PROPERTY**

The Directors have reviewed and established a market value of all properties, including investment properties. Valuations adopted include reference to recently signed leases, research from commercial real estate agencies, current council rate notices, the discounted cash flow and income capitalisation methodologies, as well as information received from real estate agents and recent sales information.

Valuation year end 2020 \$58,240,000

WD Book Value as at 30 September 2020

| | | |
|-----------------------------|--------------|--------------|
| Note 8: Land and Buildings | \$1,934,651 | |
| Note 9: Investment Property | \$31,906,063 | \$33,840,714 |

| | |
|---------------------------------------|--------------|
| Unrealised Net Gain | \$24,399,286 |
| Applicable Capital Gains tax at 27.5% | \$6,709,804 |

Economic Entity

| | |
|-------------|-------------|
| 2020 | 2019 |
| \$ | \$ |

Note 10 CURRENT ACCOUNTS PAYABLE

Unsecured :

| | | |
|------------------|---------|-----------|
| Trade Creditors | 183,034 | 675,065 |
| Sundry Creditors | 402,563 | 454,187 |
| | 585,597 | 1,129,252 |

Note 11 OTHER LIABILITIES

Tenant bonds

| | | |
|--|---------|---------|
| | 280,781 | 364,254 |
| | 280,781 | 364,254 |

Note 12 CURRENT PROVISIONS

| | Annual Leave (\$) | Long Service Leave (\$) | Directors' Fees (\$) | Provision for Warranty (\$) | Total (\$) |
|---------------------------------|-------------------------|-------------------------------|----------------------------|-----------------------------------|---------------|
| Opening Balance at 1 Oct 2019 | 705,406 | 237,122 | 121,000 | 65,000 | 1,128,528 |
| Additional provisions | 178,739 | 15,282 | - | - | 194,021 |
| Amounts used | (148,639) | (2,994) | - | - | (151,633) |
| Amounts paid out on resignation | 573 | (10,201) | - | - | (9,628) |
| Amounts transferred out | - | - | - | - | - |
| Balance at 30 September 2020 | 736,079 | 239,209 | 121,000 | 65,000 | 1,161,288 |

Economic Entity

| | |
|-------------|-------------|
| 2020 | 2019 |
| \$ | \$ |

Note 13 REVENUE

Operating:

| | | |
|----------------------|------------|------------|
| Sales Revenue | 5,677,828 | 5,583,402 |
| Dividends | | |
| - Other Corporations | 1,159,540 | 1,755,707 |
| Interest Received | | |
| - Other Corporations | 24,356 | 38,153 |
| Rent Revenue | | |
| - Other Corporations | 3,431,124 | 3,394,444 |
| Other Revenue | 597,820 | 516,825 |
| | 10,890,668 | 11,288,531 |

Non Operating:

| | | |
|---------------------------------|------------|------------|
| Gain on disposal | | |
| - Property, plant and equipment | - | - |
| - Investments | 73,997 | 207,799 |
| Government COVID-19 payments | 503,213 | - |
| Insurance payouts | 277,455 | - |
| | 854,665 | 207,799 |
| Total Revenue | 11,745,333 | 11,496,330 |

Other Comprehensive Income or Loss

| | | |
|--|-------------|---------|
| Net gain/(loss) on revaluation of financial assets measured at fair value through other comprehensive income | (3,826,409) | 861,707 |
| Other comprehensive income/(loss) for the year | (3,826,409) | 861,707 |

| | Economic Entity | |
|---|------------------------|------------------|
| | 2020 | 2019 |
| | \$ | \$ |
| Note 14 EXPENSES | | |
| (a) Operating profit before income tax has been determined after: | | |
| Cost of goods sold | 4,180,391 | 3,871,989 |
| Overheads | 4,693,559 | 4,625,826 |
| Administration expenses | 1,042,092 | 1,075,488 |
| Selling expenses | 24,601 | 31,277 |
| Loss of disposal of investments | - | - |
| Bad debts and other | - | - |
| Total other expense | <u>9,940,643</u> | <u>9,604,580</u> |
| Depreciation included above: | | |
| - Buildings | 52,936 | 52,935 |
| - Plant and equipment owned | 184,304 | 270,005 |
| - Investment properties | <u>1,081,731</u> | <u>1,067,016</u> |
| | <u>1,318,971</u> | <u>1,389,956</u> |
| Employee benefits included above: | | |
| - Short term benefits | 2,754,464 | 2,645,053 |
| - Post-employment benefits | <u>267,416</u> | <u>273,727</u> |
| | <u>3,021,880</u> | <u>2,918,780</u> |
| (b) Finance costs/(borrowings): | | |
| - Interest paid | | |
| Other corporations | - | - |
| Finance leases | <u>-</u> | <u>-</u> |
| | <u>-</u> | <u>-</u> |
| (c) Net transfers to/(from) provisions for: | | |
| - Employee entitlements | <u>(151,633)</u> | <u>(142,712)</u> |
| (d) Research and Development Costs | | |
| | <u>236,957</u> | <u>275,697</u> |
| (e) Costs in relation to the holding of rental properties: | | |
| - Council rates | 179,030 | 168,076 |
| - Congestion levy | 65,998 | 12,240 |
| - Water rates | 49,918 | 44,497 |
| - Insurance | 172,803 | 152,279 |
| - Land tax | 788,231 | 811,777 |
| - Repairs & maintenance | 181,314 | 146,229 |
| - Other | <u>86,550</u> | <u>121,369</u> |
| | <u>1,523,844</u> | <u>1,456,467</u> |

| | Economic Entity | |
|--|------------------------|-------------------|
| | 2020 | 2019 |
| | \$ | \$ |
| Note 15 AUDITORS REMUNERATION | | |
| Amount received or due and receivable by the Chief Entity Auditors for: | | |
| - Audit and Review | 53,000 | 51,500 |
| - Other services | - | - |
| | <u>53,000</u> | <u>51,500</u> |
| Note 16 CAPITAL AND LEASING COMMITMENTS | | |
| Finance Leasing Commitments | | |
| Total finance lease liability | <u>-</u> | <u>-</u> |
| Capital Commitments | | |
| - Less than 1 year | | |
| Managed investment fund – OneVentures Innovation and Growth Fund II | 58,351 | 80,957 |
| Managed investment fund – OneVentures Nominees Vaxxas Bare Trust - B | 38,843 | 38,843 |
| Managed investment fund – OneVentures Fund | 387,441 | 429,968 |
| - Longer than 1 year, not longer than 5 years | - | - |
| - Longer than 5 years | - | - |
| | <u>484,635</u> | <u>549,768</u> |
| Note 17 GOODWILL | | |
| Opening balance | - | - |
| Acquired through business combination | - | - |
| Impairment loss recognised | - | - |
| Closing balance | <u>-</u> | <u>-</u> |
| Note 18 INCOME TAX EXPENSE | | |
| a) The prima facie tax on operating profit is reconciled to the income tax expense (benefit) in the accounts as follows: | | |
| Continuing profit (loss) before income tax | <u>1,804,690</u> | <u>1,891,750</u> |
| Prima Facie income tax expense/(refund) applicable to Operating Profit/(loss) at 27.5% (2019: 27.5%) | 496,290 | 520,231 |
| Add/Deduct tax effect of: | | |
| Amounts not depreciable for tax | 38,758 | 42,016 |
| Legal Expenses | - | - |
| Research and Development Expenditure | (37,913) | (44,112) |
| Impairment loss on available for sale financial assets | - | - |
| Impairment of goodwill | - | - |
| Tax offsets/rebates | (316,095) | (511,546) |
| Timing differences | - | - |
| Reclassification of brought forward differences and over provision for tax in previous years | (134,839) | (109,268) |
| Tax losses which do not offset the consolidated group | (4,124) | (542) |
| Income Tax Expense per Accounts | <u>42,077</u> | <u>(103,221)</u> |
| Income tax expense related to continuing operations | <u>42,077</u> | <u>(103,221)</u> |
| The applicable weighted average effective tax rates | <u>2%</u> | <u>(5%)</u> |
| Adjusted Franking Account Balance | <u>18,617,697</u> | <u>18,155,530</u> |
| Note 19 DEFERRED TAX ASSETS | | |
| Deferred Tax Assets | <u>1,069,774</u> | <u>958,655</u> |
| | <u>1,069,774</u> | <u>958,655</u> |
| Note 20 DEFERRED TAX LIABILITIES | | |
| Deferred Tax Liabilities | <u>255,364</u> | <u>1,863,443</u> |
| | <u>255,364</u> | <u>1,863,443</u> |
| Note 21 CURRENT TAX LIABILITIES | | |
| Current – Income Tax | <u>-</u> | <u>-</u> |
| | <u>-</u> | <u>-</u> |

| | Economic Entity | |
|--|------------------------|-------------|
| | 2020 | 2019 |
| | \$ | \$ |
| Note 22 RELATED PARTY TRANSACTIONS | | |
| Transactions between related parties are on normal commercial terms and conditions unless otherwise stated. | | |
| (a) Transactions with directors and director-related entities - | | |
| - Legal fees are paid to a firm of which Mr. G. Rees is an employee for legal services | 15,363 | 24,242 |
| - Insurance payout to Mr R. Rees following trauma claim | 222,365 | - |
| - Mrs H. J. Rees (Spouse, Mr R. Rees) salary including superannuation | 68,919 | 72,299 |
| - Directors of entities within the economic entity are able to receive goods and services at discounted prices and participate in field testing of new products. | | |

| | | |
|--|--------|--------|
| (b) Controlling entities | | |
| Guarantees and indemnities given by chief entity to controlled entity's banker for facilities. | | |
| - Cooks Body Works Pty Ltd | 50,000 | 50,000 |

| | | |
|--|--------------|--------------|
| Note 23 DIVIDENDS | | |
| Paid | | |
| Unfranked preference dividend of 5 (2019: 5) cents per share | 3,750 | 3,750 |
| Unfranked preference dividend of 5 (2019: 5) cents per share | 3,750 | 3,750 |
| | <u>7,500</u> | <u>7,500</u> |
| Declared | | |
| Unfranked preference dividend of 5 (2019: 5) cents per share | 3,750 | 3,750 |
| Cumulative preference dividend in arrears at 30 September | | |
| | - | - |

| | | |
|--|----------------|----------------|
| Note 24 KEY MANAGEMENT PERSONNEL COMPENSATION | | |
| Short-term employee benefits | 913,097 | 680,662 |
| Post-employment benefits | 60,988 | 60,988 |
| | <u>974,085</u> | <u>741,650</u> |

For details of the remuneration paid to individual key management personnel, please refer to the remuneration report on page 4.

| | Economic Entity | |
|--|------------------------|------------------|
| | 2020 | 2019 |
| | \$ | \$ |
| Note 25 ISSUED CAPITAL | | |
| Issued and Paid Up Capital 8,007,479 Ordinary | | |
| Shares fully Paid (2019: 8,007,479) | 4,107,129 | 4,107,129 |
| 75,000 Preference Shares 5% Cumulative fully paid (2019: 75,000) | 150,000 | 150,000 |
| | <u>4,257,129</u> | <u>4,257,129</u> |

The directors of the chief entity have no current plans to alter the capital structure of the business in the foreseeable future. Sietel Limited is not subject to any externally imposed capital requirements and currently has no debt obligations.

| | 2020 (No.) | 2019 (No.) |
|-------------------------------------|-------------------|-------------------|
| Movements in Ordinary Shares | | |
| Opening Balance | 8,007,479 | 8,007,479 |
| Shares Issued | - | - |
| Closing Balance | 8,007,479 | 8,007,479 |

Under the Company's Constitution Ordinary Shareholders are entitled to one vote per share, Preference Shareholders are entitled to a vote of four (4) votes for each share at the meeting if dividends are in arrears.

Note 26 SUPERANNUATION COMMITMENTS
 Sietel Ltd, Cook's Body Works Pty Ltd, Alliance Appliances Australia and The Cylinder Company Pty Ltd each pay the employer's contribution required by the Superannuation Guarantee Charge Act and any further salary sacrifice amounts or employee contributions, if instructed, to complying superannuation funds as selected by their employees.
 The amount and time of payment of benefits by these various superannuation funds will be in accordance with the terms and conditions negotiated by each individual employee and are not guaranteed in any way by the company or its subsidiaries.
 The relevant company has a legal obligation to contribute to these superannuation funds in accordance with relevant requirements of the Superannuation Guarantee legislation.

Note 27 CONTROLLED ENTITIES AND SEGMENT REPORTING

(a) Entities controlled by ultimate parent entity Sietel Ltd and contribution to Consolidated Profit(Loss)

| Name of Controlled Entity of Sietel Limited | Beneficially Owned by Sietel Ltd | | Contribution to consolidated operating Profit/(loss) after income tax attributable to members of the chief entity | | Investment by Sietel Ltd at cost | |
|--|----------------------------------|--------|---|------------------|----------------------------------|------------------|
| | 2020 % | 2019 % | 2020 \$ | 2019 \$ | 2020 \$ | 2019 \$ |
| Continuing operations | | | | | | |
| Cooks Body Works Pty Ltd ⁽¹⁾ | 100 | 100 | 218,809 | 63,708 | 290,000 | 290,000 |
| The Cylinder Co Pty Ltd ⁽¹⁾ | 100 | 100 | (587) | 1,092 | 60 | 60 |
| ABN 17 006 852 820 Pty Ltd ⁽¹⁾ | 100 | 100 | (887) | (690) | 481,713 | 481,713 |
| Alliance Appliances Australia P/L ⁽¹⁾ | 100 | 100 | (120,901) | (247,984) | 237,000 | 237,000 |
| Sietel Limited ⁽¹⁾ | N/A | N/A | 1,666,179 | 2,178,845 | - | - |
| Total | | | 1,762,613 | 1,994,971 | 1,008,773 | 1,008,773 |

⁽¹⁾Companies incorporated in Australia.

(b) Segment Reporting

| | Revenue | | Results | | Assets | | Liabilities | | Depreciation | |
|------------------------------|---------------|---------------|--------------|--------------|---------------|---------------|--------------|--------------|--------------|--------------|
| | 2020 \$'000 | 2019 \$'000 | 2020 \$'000 | 2019 \$'000 | 2020 \$'000 | 2019 \$'000 | 2020 \$'000 | 2019 \$'000 | 2020 \$'000 | 2019 \$'000 |
| Continuing operations | | | | | | | | | | |
| Investments | 5,679 | 5,903 | 1,665 | 2,179 | 68,031 | 72,050 | 1,854 | 3,452 | 1,220 | 1,294 |
| Operations | 6,066 | 5,593 | 98 | (184) | 2,969 | 3,224 | 429 | 1,033 | 99 | 96 |
| TOTAL | 11,745 | 11,496 | 1,763 | 1,995 | 71,000 | 75,274 | 2,283 | 4,485 | 1,319 | 1,390 |

| Economic Entity | |
|------------------------|---------|
| 2020 \$ | 2019 \$ |

Note 28 NOTES TO THE STATEMENT OF CASH FLOWS

(i) Reconciliation of Cash

For the purpose of the statement of cash flows cash includes:

- (a) Cash on hand and at call deposits with banks or financial institutions
- (b) Investments in money market instruments with less than 60 days to maturity

Cash at the end of the year is shown in the statement of financial position as:

| | | |
|-----------------|------------------|------------------|
| Cash on hand | 3,089,011 | 1,678,848 |
| Bank overdrafts | - | - |
| | 3,089,011 | 1,678,848 |

(ii) Reconciliation of cash flows from operations with Operating Profit after Income Tax

| | | |
|---|------------------|------------------|
| Operating Profit after Income Tax | 1,762,613 | 1,994,971 |
| Non-cash flows in operating profit after income tax | | |
| Depreciation | 1,318,971 | 1,389,956 |
| (Profit)/Loss on sale of plant and equipment | - | - |
| (Profit)/Loss on sale of investments | (73,997) | (207,799) |
| Changes in assets and liabilities | | |
| (Increase)/Decrease in trade debtors | 567,810 | (245,273) |
| (Increase)/Decrease in other current assets | 107,770 | (52,459) |
| (Increase)/Decrease in inventories | 415,970 | (439,853) |
| Increase/(Decrease) in provisions | (32,240) | 56,724 |
| Increase/(Decrease) in trade creditors and other payables | (562,128) | 279,636 |
| (Increase)/Decrease in deferred tax assets | (111,119) | (99,809) |
| Increase/(Decrease) in deferred tax liabilities | 10,878 | (5,913) |
| Increase/(Decrease) in tax payable | 302,958 | 3,177 |
| Net cash provided by operating activities | 3,707,486 | 2,673,358 |

| | 2020 | 2019 |
|--|--|-----------|
| Note 29 EARNINGS PER SHARE | | |
| Basic earnings per share (cents per share) | 22.01 | 24.91 |
| Diluted earnings per share (cents per share) | 21.81 | 24.68 |
| The weighted average number of ordinary shares on issue used in the calculation of basic earnings per share. | 8,007,479 | 8,007,479 |
| Basic EPS = $\frac{\text{Profit/(loss) for the period}}{\text{No. Of ordinary securities}}$ | $= \frac{1,762,613}{8,007,479} = 22.01\text{¢}$ | |
| Diluted EPS = $\frac{\text{Profit/(loss) for the period}}{\text{No. Of ordinary securities} + \text{Preference securities}}$ | $= \frac{1,762,613}{8,007,479+75,000} = 21.81\text{¢}$ | |

Note 30 FINANCIAL INSTRUMENTS

(a) Significant Accounting Policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which revenues and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 1 to the accounts.

The group's financial instruments consist mainly of deposits with banks, local money market instruments, available for sale financial assets, accounts receivable and payable and preference shares.

(b) Interest Rate Risk

The following details the group's exposure to interest rate risk as at the reporting date.

| | 2020 Average Interest Rate (%) | Economic Entity | | 2019 Average Interest Rate (%) | 2019 Total (\$) |
|-------------------------|--------------------------------------|--------------------|--------------------|--------------------------------------|--------------------|
| | | 2020 Total (\$) | 2019 Total (\$) | | |
| <i>Financial Assets</i> | | | | | |
| Cash | 0.50 | <u>3,089,011</u> | 0.82 | <u>1,678,848</u> | |

The group has performed sensitivity analysis relating to its exposure to interest rate risk at balance date. The sensitivity analysis demonstrates the effect on the current year results and equity which could result from a change in these risks. The company's policy is to manage its interest risk using floating interest rates and interest cap rates based on the bank bill rate.

At 30 September 2020, the effect on profit and equity as a result of changes in the interest rate, with all other variables remaining constant would be as follows for interest revenue.

| | Economic Entity | |
|-----------------------------------|-----------------|------------|
| | 2020 \$ | 2019 \$ |
| Change in profit | | |
| - Increase in interest rate by 1% | 31,517 | 23,461 |
| - Decrease in interest rate by 1% | (15,809) | (15,335) |
| Change in equity | | |
| - Increase in interest rate by 1% | 31,517 | 23,461 |
| - Decrease in interest rate by 1% | (15,809) | (15,335) |

(c) Credit Risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the economic entity. The economic entity has adopted the policy of only dealing with creditworthy counterparties and obtaining sufficient collateral or other security where appropriate, as a means of mitigating the risk of financial loss from defaults. The economic entity measures credit risk on a fair value basis.

(d) Market risk

The following details the group's exposure to market risk as at the reporting date.

| | 2020 Total \$ | 2019 Total \$ |
|--|---------------------|---------------------|
| <i>Financial Assets</i> | | |
| Financial assets measured at fair value through other comprehensive income | <u>31,239,453</u> | <u>34,520,071</u> |
| | <u>31,239,453</u> | <u>34,520,071</u> |

The group has performed sensitivity analysis relating to its exposure to market risk at balance date. The sensitivity analysis demonstrates the effect on the current year results and equity which could result from a change in these risks.

Note 30 FINANCIAL INSTRUMENTS (CONTINUED)

At 30 September 2020, the effect on profit and equity as a result of changes in the market index, with all other variables remaining constant would be as follows for asset values.

| | 2020 \$ | 2019 \$ |
|----------------------------|-------------|-------------|
| Change in profit | | |
| - Increase in index by 10% | 691,466 | 3,928 |
| - Decrease in index by 10% | (1,135,771) | (93,052) |
| Change in equity | | |
| - Increase in index by 10% | 2,327,256 | 2,400,532 |
| - Decrease in index by 10% | (2,492,265) | (2,467,483) |

(e) Liquidity risk

Liquidity risk arises from the possibility that the Group might encounter difficulty in settling its debt or otherwise meeting its obligations related to its financial liabilities. The group's low borrowings \$0 (2019 \$0), greatly reduces the liquidity risk faced by the entity.

(f) Net Fair Value

The carrying amount of financial assets and financial liabilities recorded in the financial statements represents their respective net fair values, determined in accordance with the accounting policies disclosed in note 1 to the accounts.

Note 31 FAIR VALUE MEASUREMENT OF FINANCIAL ASSETS

The table below breaks down which category each asset measured at fair value is grouped into based on the following criteria:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3: unobservable inputs for the asset or liability

| | 2020 Total \$ | 2019 Total \$ |
|---------------------------|---------------------|---------------------|
| <i>Financial Assets</i> | | |
| Assets available for sale | | |
| Level 1 | 29,034,642 | 32,767,767 |
| Level 2 | 2,204,811 | 1,752,304 |
| Level 3 | - | - |
| | <u>31,239,453</u> | <u>34,520,071</u> |

Note 32 FAIR VALUE MEASUREMENT OF UNLISTED INVESTMENTS

Management have undertaken a review of the unlisted investments held by group companies as at 30 September 2020. Unlisted investments which relate to start up or early development companies which have a relatively high risk of failure and provide only limited financial information have been assigned as nil.

The original cost of these investments held at balance date is \$3,341,715. Unlisted investments which are managed by an experienced fund manager have been valued in accordance with written advice from the applicable manager. As such, the fair value of unlisted investments held at 30 September 2020 is \$2,204,811 (2019: \$1,752,304).

Note 33 MARKET VALUE OF LISTED INVESTMENTS

The table below breaks down the top fifteen listed investments held by the group as at 30 September 2020:

| COMPANY | RANKING | MARKET VALUE |
|--------------------------------|---------|-------------------|
| Commonwealth Bank of Australia | 1 | 4,540,036 |
| BHP Limited | 2 | 3,120,625 |
| Reece Australia | 3 | 2,038,692 |
| National Australia Bank | 4 | 1,993,804 |
| Rio Tinto | 5 | 1,884,042 |
| CSL Limited | 6 | 1,615,810 |
| ANZ Banking Group | 7 | 1,573,081 |
| Wesfarmers | 8 | 1,466,970 |
| Westpac Banking Corporation | 9 | 1,361,480 |
| Woolworths | 10 | 1,248,857 |
| Magellan Financial Group | 11 | 512,875 |
| IShares Core S&P500 | 12 | 447,357 |
| Macquarie Group | 13 | 319,371 |
| NAB Convertible Pref Shares 2 | 14 | 301,080 |
| Coles | 15 | 299,217 |
| TOTAL | | 22,723,297 |

Note 34 NEW ACCOUNTING STANDARDS FOR APPLICATION IN FUTURE PERIODS

The AASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods. The Group has decided not to early adopt any of the new and amended pronouncements.

STATEMENT IN COMPLIANCE WITH THE AUSTRALIAN SECURITIES EXCHANGE LISTING REQUIREMENTS

DIRECTORS' INTEREST IN ORDINARY SHARES AS AT 30 SEPTEMBER 2020 & 31 OCTOBER 2020

| Director | Direct Interest | Direct Interest | Direct Interest | Indirect Interest | Indirect Interest | Indirect Interest |
|------------|-----------------|-----------------|-----------------|-------------------|-------------------|-------------------|
| | Oct 2020 | Sep 2020 | Sep 2019 | Oct 2020 | Sep 2020 | Sep 2019 |
| D. G. Rees | 68,961 | 68,961 | 68,961 | 5,318,132 | 5,318,132 | 5,310,694 |
| R. Rees | 552,057 | 552,057 | 536,682 | 6,119,777 | 6,119,777 | 6,115,847 |
| G. Rees | 2,000 | 2,000 | 2,000 | 4,601,501 | 4,601,501 | 4,594,063 |

Substantial Shareholders

In addition, Triple Two Investments Pty Ltd, Lyntina Pty Ltd, Siderfin Holdings Pty Ltd, Delvest Pty Ltd, Merben Pty Ltd and The Three Pumpkins Pty Ltd. of Suite 3, 15 Tintern Avenue Toorak are shown in the Substantial Shareholder Register as holding 2,323,374; 808,776; 684,395; 692,187; 650,865 and 560,000 Ordinary shares respectively.

20 Largest Shareholders at October 31, 2020

The twenty largest Ordinary Shareholders of the Company held 7,125,213 Ordinary Shares representing 89% of the voting shares of the Company. The twenty largest Preference Shareholders of the Company held 73,766 Preference Shares which attract votes on the basis of four for each \$2 Preference Share held while there are dividends in arrears.

List of the twenty largest Shareholders for each class of Shares have been supplied to the Australian Securities Exchange Ltd.

Directors

There were no loans to any Chief Entity Directors during the financial year nor do any loans to Directors of the Chief Entity exist. The Company has not entered into any service agreement with any Director or with a Company in which a Director has a direct or indirect interest, except for a service and option agreement with the Managing Director. There is no contingent liability or termination under this agreement.

| Distribution of Shareholding as at October 31, 2020 | | |
|---|------|-----------------------|
| Number of Shareholders | | Number of Shares Held |
| Ord | Pref | |
| 122 | 24 | Up to 250 |
| 98 | 4 | 251 to 500 |
| 48 | 0 | 501 to 1,000 |
| 145 | 1 | 1,001 to 5,000 |
| 16 | 3 | 5,001 to 10,000 |
| 36 | 3 | 10,001 and over |

The number of shareholders holding less than marketable parcels is: 9 Ordinary
34 Preference

Security Holders Privacy Statement

Information about our privacy policy can be found at <http://www.boardroomlimited.com.au/privacy.html>
Or you can contact us by:

Correspondence: The Privacy Officer
Boardroom Pty Limited
GPO Box 3993
Sydney NSW 2001
Telephone: 1300 737 760
Facsimile: 1300 653 459

Website: www.boardroomlimited.com.au; Share Enquiries
Email: privacyofficer@boardroomlimited.com.au