Teaminvest Private Group Limited

ABN 74 629 045 736

Annual Report for the period 26 September 2018 - 30 June 2019

Teaminvest Private Group Limited
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30 June 2019

Directors	Katherine Woodthorpe - Chair Andrew Coleman Howard Coleman Ian Kadish Regan Passlow
Company secretary	Anand Sundaraj
Notice of annual general meeting	The details of the annual general meeting of Teaminvest Private Group Limited are: Macquarie Graduate School of Management Level 24, 123 Pitt Street Sydney NSW 2000 10 am on 22 November 2019
Registered office	1001A/53 Walker Street North Sydney NSW 2060 Tel: 02 9955 9540
Share register	Computershare Investor Services Pty Ltd 452 Johnston Street Abbotsford VIC 3067 Tel: 1300 850 505
Auditor	HLB Mann Judd Level 19, 207 Kent Street Sydney NSW 2000
Solicitors	Sundaraj & Ker Level 36, Australia Square 264 George Street Sydney NSW 2000
Stock exchange listing	Teaminvest Private Group Limited shares are listed on the Australian Securities Exchange (ASX code: TIP)
Website	http://www.teaminvestprivate.com.au
Business objectives	Teaminvest Private Group Limited has used cash and cash equivalents held at the time of listing, in a way consistent with its stated business objectives.
Corporate Governance Statement	The directors and management are committed to conducting the business of Teaminvest Private Group Limited in an ethical manner and in accordance with the highest standards of corporate governance. Teaminvest Private Group Limited has adopted and has substantially complied with the ASX Corporate Governance Principles and Recommendations (Third Edition) ('Recommendations') to the extent appropriate to the size and nature of its operations. The Group's Corporate Governance Statement, which was approved by the Board of Directors at the same time as the Annual Report, sets out the corporate governance practices that were in operation during the financial period and identifies and explains any Recommendations that have not been followed. The Corporate Governance Statement and Corporate Governance Compliance Manual can be found on the Company's website at https://www.teaminvestprivate.com.au/investor-information

Dear Shareholders,

On behalf of the Board of Directors, I am delighted to present you with our first Annual Report as a listed company.

At heart, Teaminvest Private Group Limited is a specialist private equity firm that seeks to:
- assist successful business owners grow their business and enhance their legacy;
- mentor the next generation of Australian business leaders; and
- support Australian business by filling a missing piece in the funding landscape.

These three goals are the reason we exist, and we make all decisions with them top of mind. Our listing provides an important platform to ensure that we can deliver them.

As a business focussed on delivering more than just increases in profit, we are guided by our operating philosophy. A copy was attached to the Prospectus and an updated copy is included in this Annual Report. Our philosophy guides us, and we intend to keep providing a copy to you, our owners, in all future Annual Reports to ensure that you have all the tools you need to understand your business and contribute to this vital mission.

We trust that you will find this Annual Report a valuable tool to understand your Company better. Perhaps you will even have suggestions in ways it can be improved in future. If so, please do not hesitate to let us know, and we will include them if it is practical to do so.

Finally, if you have not yet considered participating in your Company as a Selected Shareholder, I would urge you to consider it. Being a Selected Shareholder gives you a unique insight into what we do and allows you to share your knowledge with the next generation of Australian business leaders. We find it highly rewarding and are confident that you will too.

Yours sincerely,

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Dr Katherine Woodthorpe AO
Independent Chair

27 September 2019
Sydney

Year in review

Financial year 2019 was a year of change for Teaminvest Private Group Limited ('TIP').

We completed a transformational restructure and listed the Company on the ASX. For many companies this would have been the result of years of hard work, yet our incredible teams at head office and in our Portfolio Companies achieved it all in under a year from concept to completion.

As CEO I am incredibly proud to work with people of this calibre and dedication. As a shareholder I feel exceptionally fortunate to own a small piece of the incredible businesses developed, delivered and continually improved by this Group of exceptional managers and mentors.

Financial results at a glance

At TIP we take the view that shareholders, as the owners of our business, must be kept as informed as possible about our results.

To help you better understand your Company, we report our results by Segment and as Statutory Comprehensive Income ('SCI'). Each has its benefits and disadvantages, so between them we think you can understand the business better. It may be overkill, but we would rather help you understand more than less about the Company you own.

Segment results

This is the revenue and EBITDA for each segment in which we invest. This measure provides shareholders with the most granular information about our operating performance.

Whilst this is valuable in understanding the performance of each segment, you should be aware that due to accounting rules around consolidation, ownership percentages and one-off gains and losses, it is not always true that aggregating segment results will sum to our SCI. This is discussed more below.

($m)	Revenue			EBITDA		
Company	FY17	FY18	FY19	FY17	FY18	FY19
Engineering	**57.7**	**61.6**	**66.0**	**(0.7)**	**4.6**	**3.6**
Services	**59.6**	**64.1**	**69.7**	**1.5**	**3.8**	**3.6**

Of particularly positive note are the efforts taken by the leadership team at Icon Metal (part of our Engineering segment) during the year. I would like to publicly commend them and their board for their group focussed attitude and the efforts they have expended to develop an enhanced depth of leadership whilst enhancing moats and attacking new markets. Their focus on developing a mix of engineering and human moats has paid off in FY19 where they saw revenue growth of 55%, with profit gains expected to flow through in FY20 when jobs are completed.

The leadership team at East Coast Traffic (part of our Services segment) also deserves praise for the cultural change they have enacted. Three years ago they inherited a business that was on the decline and losing money, with a damaged culture and a sense of futility. Today it is a dynamic business that is well on its way to delivering outstanding profit growth. Positive cultural change is not easy and I am particularly excited to see how this young leadership team have revitalised the business and created a great platform for rapid growth. Whilst profits were flat on FY18, we expect to see significant profit growth in FY20 and beyond as the company expands.

I would also like to mention the team at Multimedia Technology ('MMT', Services segment). Whilst MMT is only partly owned by TIP, and thus comes in "below the line", the leadership and board of MMT have spent considerable effort this year in enhancing career prospects for staff and building the foundations of enhanced management capacity. Their profit growth of 14% for the year has reflected this and I think they are well on their way to achieving bigger and better things in coming years. In the year ahead I hope to see MMT's people development strategies replicated across more and more of our Group.

On the other side of the spectrum, our segment results were adversely affected by Graham Lusty Trailers ('GLT'), DecoGlaze and Colour Capital in FY19.

GLT sits within our Engineering segment and is a leading innovator in the logistics space. The incredible team of engineers at GLT continue to push the boundaries of what trailers can do. In FY19, significant investment in research and development (‘R&D’) affected our bottom line as we developed, tested, prototyped and sold two new world firsts in trailer design. Not only were these brand new designs, with significant advantages for users, but they were for two new markets in trailer suspension and waste management. The potential to capitalise in these new markets is very exciting and we are hopeful that our world leading designs will result in substantial growth in the next few years as we begin to penetrate these new markets.

DecoGlaze, like GLT, is an innovator within our Engineering segment. During FY19, the team at DecoGlaze automated the majority of their manufacturing process to improve health and safety outcomes and increase production capacity. We consider this investment in technology to be a very worthwhile use of funds, however the cost and distraction has had an impact on this year’s results. A new CEO, with a revitalised sales focus, was appointed to address the concerns this change exposed, and the run-rate at the end of FY19 appears to have things moving back in the right direction. We expect an improved FY20 will follow.

Colour Capital invested in building capacity in FY19, increasing revenue but at a decreasing margin as they scale up to size. Colour Capital is a franchise management business and they spent much of FY19 investing in an expanded team to assist franchisee development and to integrate new brands as they become available due to likely consolidation in the sector. Shareholders should be aware that there is a lag between franchise development and ultimate profit: first the franchisee must grow before Colour Capital’s earnings increase on the back of higher franchisee revenue. As revenue grows beyond the point of the higher costs, we expect to see Colour Capital return to (and exceed) their FY18 high.

Statutory comprehensive income

SCI is the profit accruing to the Company based on the relevant accounting standards. It encompasses consolidation accounting where we own 50% or more of a business, equity accounting where we own a substantial share of between 20% and 50%, and investment accounting where we own less than 20%.

As owners of the business, it is important that you are aware that SCI relates only to Teaminvest Private Group Limited. Anything that occurred prior to the restructure (under which TIP acquired the various shareholdings in the Portfolio Companies), is excluded. In FY19, this means SCI includes only a few months of revenue, coupled with the entirety of head office, restructure and IPO costs.

Whilst SCI is likely to be a good measure of the consolidated results of the Group in future years, the timing of the restructure and the application of accounting rules means that it provides a very limited picture in FY19.

I would urge shareholders to be aware of the limitations of SCI when considering this measure in comparison to the segment results. The table below sets out our SCI for FY19, as well as a summary balance sheet. As TIP Group did not exist as an entity prior to FY19, we cannot present comparable figures for prior years.

($m)

P&L	FY19
Revenue	28.3
EBITDA	**(1.3)**
Depreciation and amortisation	(0.3)
EBIT	(1.6)
Interest	(0.2)
PBT	**(1.8)**
Tax	0.2
NPAT	**(1.6)**

($m)

Balance sheet	FY19
Current assets	27.7
Non-current assets	78.0
Total assets	**105.7**
Current liabilities	19.9
Non-current liabilities	0.9
Total liabilities	**20.8**
Equity	**85.0**
Net cash / (debt)	1.5

One-off items affecting SCI this year

Restructure, IPO and consolidation expenses

The total cost of our IPO and restructure was $1.3m, and this is reflected in our FY19 statutory financial statements. There were no fees paid to brokers to support the listing as we did not proactively encourage investment from outside our existing shareholder and customer base.

As part of the restructure, we incurred $1.6m of consolidation expense adjustments. These are non-cash profit reductions related to the application of tax and accounting rules around the restructure and consolidation. Slightly offsetting these one-off expenses, is a one-off consolidation gain of $0.4m due to related party debt write-offs that occurred as part of the restructure. The net difference of $1.2m sits within our statutory financial statements for FY19.

We have taken the full impact of the IPO and restructure in FY19 so we can present you with a clean set of accounts next year. It also has the added benefit of providing the Group with a net carry forward tax loss of approximately $2.5m which we can utilise in the future.

FY20 windfall gain

As part of the restructure we have identified approximately $0.7m of cash unlocked with the unwinding of the old trust structure that will return to the Group as a one-off gain in FY20. This does not appear in the FY19 segment results or SCI.

Adoption of AASB15

The adoption of AASB 15 for the first time across the Group resulted in substantial changes to the accounting policies adopted by our Portfolio Companies. In particular, AASB 15 adopts a significantly more conservative approach to how engineering companies must account for revenue on unfinished jobs when compared to historic accrual accounting. As conservative investors, we believe that AASB 15 is a significant improvement on the prior system and we are pleased to see it adopted across our Group.

The result of this change in policy is that $0.8m of profit that would, under the old standard, have been booked in FY19 across our Portfolio Companies has now been deferred to FY20. This reduces FY19 profits (both at our segment results and SCI) but provides a “free kick” for next year.

Why is there no consolidated ‘Pro Forma’ result?

Astute readers will have noticed that my letter does not contain a consolidated ‘Pro Forma’ FY19 P&L that is directly comparable to the Group results in our prospectus.

We had intended to provide a Pro Forma (or ‘like for like’) comparison to FY17 and FY18, but the accounting rules have prevented us from doing so without many lines of normalisations and adjustments. When confronted with reporting our results in this obtuse manner, we have taken the advice of Warren Buffett and Charlie Munger that owners should be wary of the second half of the first word in “underlying results”.

Whilst we have not provided a Pro Forma P&L, I do not think shareholders would be too far off the mark if they simply summed our segment results. This would not take into account head office, restructure and IPO costs, or other one-off gains, but as our operating segments present the vast bulk of our income and expenses in any year, an aggregation of them would be a reasonable “guesstimate” of Group results on a continuing basis.

Personally, I am looking forward to FY20 where accounting rules will allow a much more meaningful presentation of our Statutory Comprehensive Income!

Year ahead

With our IPO complete, FY20 is expected to be a year of exciting development for the TIP Group.

We are confident that our outstanding Portfolio Company management and boards are looking forward to enhancing their businesses in FY20, aided by our new and improved listed structure. Our Portfolio Companies are led by great management and are supported by teams of volunteer Selected Shareholders who are focussed on mentoring them to new heights.

Some of these great teams delivered outstanding results in FY19, whilst others had challenges. My hope is that next year they will all have more ups than downs, but I also know that the world does not always work that way. It is impossible to predict the future, but I am confident that the hard work, great ethics and dedication of our growing team of business leaders will deliver long term success regardless of any bumps they experience in the road on the way.

At head office we have developed a great team who are devising new and exciting profit centres for the Group, as well as continually examining new investment opportunities. During FY19 we considerably improved the financial assistance we can provide our Portfolio Companies via a corporate restructure and the employment of our new CFO Dean Robinson. Dean brings a wealth of knowledge to the Group, and we are already seeing the benefit in those Portfolio Companies who have leaned on him for advice developing vastly streamlined and more profitable administrative processes.

We have also recently hired three outstanding young(er) business leaders to help Portfolio Companies develop new income streams. As it is still early in this process we don’t think it is appropriate to say more, but we encourage you to stay tuned as I am sure these new executives will become a great asset to TIP and develop profitable new income streams.

In addition to growing our existing segments, we expect to recommence our acquisition path in FY20, aided by our new listed structure and an ever-growing team of Selected Shareholders. As owners of the business, we encourage you to look into this unique facet of our business and consider applying so that you too can pass on your knowledge to the next generation of outstanding Australian business leaders. Selected Shareholders can become involved in all stages of our investment cycle from initial analysis through to serving on Portfolio Company boards: it is a highly rewarding experience and I encourage you to consider if you would find it as enjoyable as we do.

Long term goals

Our mission at TIP is to facilitate the profitable transfer of knowledge between generations. To do this we partner with outstanding niche businesses and, through the provision of strategic advice, Selected Shareholders, and our balance sheet, assist them to develop as leaders and as companies.

Looking forward ten years we want to develop and grow an ever-increasing portfolio of entrepreneurial CEOs who think differently to their competition and enhance society whilst delivering outstanding profits. Whenever we look at acquiring a new business, or mentoring an existing one, we do so through a lens of growing management and business capability: our people and our moats.

Ten years from now I would like to see a group that:

- has over 20 portfolio investments; with
- substantially increased recurring profits; that
- provides a growing and rewarding career opportunity for entrepreneurial, profit-driven, leaders.

The scale of this challenge is large. Today we have eight portfolio investments, and we have only just begun to examine Group and divisional career development opportunities. It will require a mix of substantial organic growth from our outstanding existing businesses, as well as acquiring complementary new investments led by talented leaders who share our values. As we enable our best leaders to develop their skills and the areas they control, I expect to see our profits rising at an increasing rate. It won’t be easy, but we have the foundation of a team of outstanding leaders that can deliver.

I expect you will ask why we have set such an ambitious goal. Our answer is that we believe continued growth is imperative to reward our shareholders for their support and to create space for outstanding leaders within our Group to rise beyond their current roles. If we develop the skills of our people, whilst providing support and tools, then I have every confidence that we will meet our twin goals of intergenerational development and profit growth.

A final word

Whilst each year presents new challenges and opportunities, in the long run we are confident that a mix of successful management teams, surrounded by dedicated mentors, with access to our Group philosophy and balance sheet will deliver outstanding results for the legacy of the businesses in which we invest, and reward our shareholders for their support.

I remind all of our shareholders that we are, at our core, a natural acquirer and developer of executives and SMEs. If you are the owner or leader of an SME, or know of one, who has reached a stage in their development where access to the mentorship, support and the balance sheet that TIP can provide will help you take your business to the next level, we would like to hear from you. Owners looking to sell out completely, or financial advisers looking to make a quick buck, need not apply.

I look forward to seeing as many of you as possible at our AGM or subsequent events.

Best wishes

Andrew Coleman
Managing Director and Chief Executive Officer

27 September 2019
Sydney

1. Glossary

Term	Definition
BESM	Break-even safety margin
Company	Teaminvest Private Group Limited ('TIP'), ABN 74 629 045 736
Executives	The executive team of a Portfolio Company. Usually the Chief Executive Officer, Chief Financial Officer and Chief Operating Officer.
Founders	The founders of a Portfolio Company.
Group	The Company, TIP, each Portfolio Company and their respective subsidiaries.
KPI	Key performance indicator.
Management	The management team of a Portfolio Company encompassing the Executives and their managerial reports.
Portfolio Company	A private Australian business which the Company has (or, historically, TIP's members have) invested in.
Selected Shareholders	A Shareholder who has been selected by the Company to participate in the Company's investment process or ongoing management.
Shareholder	A holder of shares in the Company.
SMaRT	A full day meeting convened between a potential investment's board and management and attended by select investors.
SMEs	Small and medium-sized enterprises.
TIP	Teaminvest Private Group Limited.
TIPBars	The Teaminvest Private Board accounting reporting system, a management tool used by the Company for assessing the financial performance of Portfolio Companies.
TIPRep	A Selected Shareholder who has been nominated by the Company (from time-to-time) to act as a nominee director of on the board of a Portfolio Company.
TIPTool	A proprietary financial analysis tool used by the Company for assessing the financial impact of various Portfolio Company decisions.

2. Guidance for investors

2.1 Portfolio approach

Diversification is a cost-effective way to reduce risks and improve returns in financial markets. We consider it wise to spread our investments over a portfolio of underlying companies, rather than investing in only one – no matter how much we may like the company and the management. Over time, this should provide better returns at lower risk.

2.2 Risks and opportunities over 5 years

Companies do not commonly run for 5 years without disappointments or 'bad' news on the sector, their market or the general economy. Our Portfolio Companies also expect short-term disappointments and 'bad' news. Being smaller than our group as a whole, they may experience larger ups and downs than we do. Investing in the Company is not risk-free. We expect our Investment Committee, TIPReps and Strategy Committee will keep a keen eye out for structural or long-term negative news that may be a sign of an eventual capital killer, but we are human and could miss them or fail to act appropriately.

2.3 Long-term investments

In private equity, it takes several years before we can begin to consider the success of an investment. When you choose to make an investment in the Company, we suggest a similar logic applies. Some shareholders may trade in-and-out of our shares regularly, however we believe value creation has a different cadence and does not move daily. We consider an investment in the Company is best held for the medium or long term.

2.4 Guidance for Selected Shareholders

In addition to being a passive shareholder of the Company, Shareholders may apply to participate directly in our investment process by applying to be appointed a Selected Shareholder. A Shareholder may wish to become a Selected Shareholder for a number of reasons including:

- passing their knowledge and experience to a younger generation;
- mentoring an already successful CEO as they develop their business;
- seeking more intellectual stimulation than possible from passive investing; or
- giving back to the Australian business community.

Any shareholder may apply to become a Selected Shareholder. Before being accepted, they are required to undertake a rigorous selection process and must demonstrate the appropriate skills, alignment and acumen to either participate in the investment process, or to provide guidance and mentorship. The role can be highly rewarding, but it comes with significant responsibilities as outlined throughout this document.

This section provides a detailed overview of the Company's philosophy towards Selected Shareholders.

2.5 Ways Selected Shareholders can contribute to the Group

Participation as a Selected Shareholder may involve:

Participating in SMaRT meetings: Selected Shareholders may be invited to participate in management meetings with potential investments. SMaRT meetings improve our initial analysis on whether or not to invest and, if an investment proceeds, also improve how we manage the Portfolio Company in future years. The application of collective wisdom at SMaRT meetings is a crucial stage of the Group's investment process.

Commercial due diligence: Selected Shareholders may be invited to participate as members of the committee formed to conduct due diligence on a potential investment. Commercial due diligence is designed to confirm the initial assessment of the SMaRT meeting, to confirm the moats identified, to confirm there are no misunderstood or significant risks, and to confirm that Portfolio Company management are suitable for investment by the Group. This committee forms a key risk mitigation step for our investment process.

Strategy days: Selected Shareholders may be invited to attend strategy days attended by the Board, Company management, the management of Portfolio Companies and TIPReps. Strategy days are designed to provide insights and ideas for future growth.

Adviser, Consultant or Interim Executive: Selected Shareholders – depending on their professional experience and mentoring skills – can help increase value for the Group by becoming a TIPRep or providing assistance in other ways, for example as an adviser, consultant or interim executive to a Portfolio Company. Once TIPReps understand the most important profit-levers in a particular business, (assisted by our TIPBars reporting system), they can assist our investments to deliver outstanding returns.

2.6 Compliance with policies

Selected Shareholders are required to agree to be bound by all Company policies including our investment philosophy, confidentiality obligations and the Company's securities trading policy. In particular, Selected Shareholders will be subject to the same trading restrictions that apply to the Company's Board and management. An investor seeking to become a Selected Shareholder should seek their own advice before applying to ensure they are familiar with all relevant legal and compliance obligations.

3. Guidance for TIPReps

3.1 Introduction

Investing in TIP opens the opportunity for select shareholders to be a non-executive board member ('TIPRep') of a Portfolio Company. The following section provides guidance for shareholders who may be interested in applying for the role of TIPRep. It is not an attempt to take into account legal obligations as a board member. For that, we refer you to the Australian Institute for Company Directors, ASIC and ASX Governance documents, amongst others.

Our approach draws on how Warren Buffett and Charlie Munger stimulate the management of their private businesses to grow profits organically and via bolt-on acquisitions.

TIPReps are appointed to instil our philosophy into our Portfolio Companies. We expect them to deliver:
1. A clear and obvious path to significant capital gain over the longer-term; while
2. Providing attractive periodic dividends to the Company in return for the funds we have invested

We expect TIPReps to transfer wisdom and experience to our executives – enabling them to grow as CEOs, generate increasing free cash, and materially increase the value of the business. This is often accomplished by providing an attractive vision to keep creative juices flowing and enthusiasm high.

3.2 The role of a TIPRep

TIPReps have five roles for which they are appointed and against which their performance is judged. These are to:
1. Mentor executives;
2. Allocate capital within the business;
3. Strengthen moats and reduce risks;
4. Ensure compliance with all laws, regulations and governance requirements; and
5. Deliver regular dividends to TIP.

The best TIPReps are those who regularly examine and improve upon these objectives. TIPReps that fail to do so will be replaced over time as they are letting themselves, our executives, and our shareholders down.

Mentoring executives: TIPReps are responsible for mentoring executives. Mentorship is distinct from managing: it involves guiding, educating and encourage executives to think differently to enhance their skill set and grow the business in a visionary manner. It does not include getting involved in day-to-day decision making or short-term tactical considerations which are the role of executives. Executives are responsible for delivering monthly results and, if TIPReps become concerned that executives are not delivering appropriately, they should look to enhance or replace the executive team rather than becoming quasi-executives themselves. TIPReps should ensure that they understand the distinction between acting as a director or a member of the executive team.

Allocating capital: TIPReps are responsible for examining and approving capital allocation within the business. Capital can be used in three main ways: funds for organic growth towards the long-term strategy of building value; funds for bolt-on acquisitions that can increase future dividends and capital value; and returning capital to TIP via attractive dividends. TIP expects that all companies should deliver a combination of increased value and attractive dividends over time.

Strengthening moats and reducing risks: One of the key responsibilities of a TIPRep is to continually seek ways to strengthen moats and reduce risks. Strengthened moats allow the business to increase profitability and grow faster. Reduced risks ensure that profits and dividends can continue to grow without undue stress. TIPReps would do well to remember that the simplest way to reduce risk is to improve the Break-Even Safety Margin ('BESM'), and one of the key tasks of a board is to ensure that the BESM continues to increase over time.

Ensuring compliance: One of the biggest risks to any business is damage to reputation or the advent of litigation. Ensuring a culture of compliance to the highest possible standards helps to protect each Portfolio Company and the Group as a whole. As the saying goes: "it takes a lifetime to make a reputation, and one oversight to ruin it".

Delivering regular dividends to TIP: When TIP agrees to acquire a share of a business we do so on the expectation it will deliver returns to our shareholders for the use of their funds, the effort they put in as mentors, and the belief they place in executives and TIPReps. The best proof of success of any Portfolio Company and its TIPReps is delivering on this expectation.

3.3 Preparation before becoming a TIPRep

Application: If you have experience or other wisdom to offer, please make your interest known to the Company. Following a formal selection process, we may appoint you to the board of one of our Portfolio Companies as a TIPRep. TIPReps serve at the pleasure of the Company and can be removed or replaced at any time.

Compliance obligations: TIPReps are bound by the same legal and compliance obligations as Selected Shareholders. This includes adherence to the Company's investment philosophy, confidentiality obligations and securities trading policy.

Desirable experience: Whilst there is no set formula for a great TIPRep, candidates should have run a larger business (in terms of staff, revenue and profits) than the business on which they serve. This enables them to better mentor executives and grow the company. TIPReps should enjoy thinking about visionary opportunities as this is one of the key roles of a board or mentor. An understanding of accounting, corporate law and governance are valuable but not a prerequisite.

Prior participation in the SMaRT and due diligence process: It is preferable for potential TIPReps to have previously participated in SMaRT and due diligence processes. This enables them to better understand our philosophy and the ways they can add value. We consider it advantageous for TIPReps to have participated in the SMaRT and due diligence process for the business to which they are appointed. This provides a greater understanding of the moats the company should enhance (to drive profits), the future risks the company should mitigate or prepare for (to avoid or minimise losses) and the personalities involved. If a potential TIPRep has not participated in the specific SMaRT and due diligence, we will usually require them to attend board meetings as an observer before we confirm their appointment.

SMaRT and due diligence reports: Before their first board meeting, TIPReps should review the SMaRT and due diligence reports. These contain analysis of the rationale behind our investment, and the moats and risks identified. Knowledge of these is a pre-requisite to adding value as a board member.

Terms of acquisition: TIPReps should ensure they understand the key acquisition terms. These differ by company and may include performance hurdles, conditional payments, remuneration packages, debt funding arrangements, vendor financing and succession plans. TIPReps should periodically review progress against the terms of acquisition and keep TIP informed.

TIPBars and TIPTool: TIPReps must be familiar with TIPBars and TIPTool, our two proprietary financial analysis tools. TIPBars provides a standardised set of board financial reporting across the group. It also contains built-in audit functions to enhance the integrity of financial reporting. TIPTool allows the board to easily model alternative paths for substantially increasing profits. If substantially increasing profits were easy, executives would already have done so. TIPTool allows board and management to have an accurate and robust discussion about the most practical path to achieve their targets.

3.4 Common learnings

TIPReps have experienced the following common learnings:

1. Many creative entrepreneurs are wonderfully successful through inspiring and motivating their staff to work 'miracles' and their clients to pay highly for their products. However, many see financial record-keeping and reporting to a board as a distraction. TIPReps must work to address this concern by showing how regular reporting and discussions can increase profits and enhance decision making: in other words create an environment where the board encourages profitable action, not just rear-view examination. TIPReps who are most familiar with TIPBars and TIPTool will find they can manage this cultural shift fastest as these two tools will immediately help executives gain value from their board.

2. SMEs rarely have a superb team of decision-makers reporting to the CEO. They will have an organisation chart, but we can expect most decisions are taken by the founder who built the business. Our Portfolio Companies executives may not yet have management to whom they can delegate or may not yet feel comfortable delegating responsibilities. TIPReps should aim to progress towards more delegation to quality management. This will free our Portfolio Companies to work on more exciting profit opportunities - thus delivering higher profits.

3. A year may elapse between when our Portfolio Companies approach a broker to market their business, to when we finalise contracts and appoint TIPReps. Sales and profits may become secondary to 'doing the deal'. Working with a board may also initially distract our Portfolio Companies. Together this may cause revenue and profits to disappoint - until TIPReps once again focus our Portfolio Companies on driving the profits.

4. After parting with part of their baby, Portfolio Company executives may wonder if they made the right decision. If there is more than one senior executive or founder, one may feel regret more keenly, causing internal friction. TIPReps should provide a vision of a more attractive and growing baby via a roadmap over time for substantial personal growth and profit growth.

5. Executives working 'in the business' rarely have time to think in a visionary way 'outside of the business'. Day-to-day issues keep them busy and are most likely to be reported to the board. TIPReps should not involve themselves in day-to-day business and instead should constantly work on suggesting substantial profit opportunities or alleviating major risks. A TIPRep who finds themselves involved in day-to-day decision making, is doing a disservice to executives and their fellow shareholders.

3.5 Interacting with executives

First meeting with executives: Once all contracts are signed, TIPReps should formally meet executive board members to learn 'what makes executives tick'. It is easier to build profits with someone we understand. This provides a first opportunity to learn more about the business, discuss with our executives the moats and risks identified during the SMaRT and Due Diligence, and to find out what they have already done to strengthen moats and eliminate, mitigate or manage risks.

Understanding the business: It takes time for TIPReps to understand the most important Key Performance Indicators ('KPIs') that drive profits. Executives should already know what is most important to measure. In early months, TIPReps would be wise to ask: "What are the most important things you think we should know about the business this month?" Once TIPReps feel they understand the major profit drivers, they should set ranges with the CEO for KPIs in TIPBars.

Outside consultants: TIPReps should not recommend 'outside consultants' or 'outside professional help'. A key strength of our model is that the Company can add value that Portfolio Companies would otherwise pay for. If executives suggest the need for outside consultants, TIPReps should first seek advice from the Company or Selected Shareholders. This costs nothing and is preferable to seeking outside assistance.

Long-term focus: Executives should continue focusing on profitably running the business. TIPReps should explore longer-term opportunities to strengthen the moats, reduce capital killing risks, substantially increase net profit margins, and add material long-term value to the business.

Executive remuneration: On acquisition, Portfolio Company founders make a conscious trade-off between a smaller payment for their shares combined with higher ongoing remuneration, and a larger payment with more modest ongoing remuneration. Therefore, it is not recommended to re-balance this equation shortly after acquisition. The multiplier effect of the normalised acquisition multiple invariably causes our Portfolio Company founders to choose the higher payment for their shares, combined with modest ongoing remuneration – less than they could have expected were they simply employees. The multiple paid indicates the number of years before remuneration need usually be reviewed, but rapid profit growth will shorten this time. TIPReps, in turn, contribute to the business for an honorarium while other Selected Shareholders may advise at zero cost. Any increase in remuneration for executives should be tied to increased profits and the achievement of higher dividends.

Succession planning: Risks associated with key management personnel are front-of-mind when the board interacts with management. This risk scores highly in every SMaRT. TIPReps should ameliorate this risk by encouraging our Portfolio Company executives to delegate and to develop an executive team. Within a few years of investment in a Portfolio Company, the board and CEO should have identified an appropriate successor for an emergency - or should the CEO retire.

Growth planning: Most valuable is for TIPReps to assist Portfolio Company founders to develop a team of talented reports who enjoy doing what our Portfolio Company founders enjoys least. This will free up the time of our CEOs for strategic thinking to add value in conjunction with their board, rather than being immersed in day-to-day management.

Focus on BESM: A powerful way of reducing risks is by increasing the gap between sales revenue and the Break-even Point of the business. This increases the BESM (Break-Even Safety Margin). Replacing fixed costs with variable costs increases BESM and reduces risk. Focussing on increasing BESM is a key hallmark of a successful business.

Size of companies and expected volatility: Our Portfolio Companies are predominantly SMEs. Missteps by management or TIPReps can wipe out short-term profits, while good decisions can hugely lift short-term profits. Even when long-term profits are excellent, short-term profits may vary between disappointing and enthusing. Experience shows us that the most effective way to reduce volatility is by increasing BESM.

Trustworthiness: It is a pre-requisite that the executives who manage the business are trustworthy. If TIPReps are ever concerned that this is changing, they should inform the Strategy Committee immediately and in the strongest possible terms.
Frequency of board meetings: Board meetings should be held monthly. Meetings should be face-to-face with an option to join by teleconference. If board meetings are taking full days, chances are TIPReps are becoming involved in issues best left to management. A few days prior to the board meeting, each CEO should provide the monthly TIPBars financial report plus a short explanation on any issues on which they seek input.

Helping our Portfolio Companies grow: TIPReps should inspire, mentor, and act as a sounding board for our executives. They should regularly ask themselves three questions: "What visionary ideas can we suggest to substantially grow profits?" and "How can we help make the CEO's role simpler?" and "How can we assist the CEO make faster and more profitable decisions?"

Mindful they have sold 'part of their baby': Portfolio Company founders have sold 'part of their baby' which they loved and nurtured for years. Nothing will faster demotivate them, and destroy the value of our investment, than giving the impression 'the baby is ugly and needs cosmetic surgery'. It is natural for one or more executives to initially experience some vendor remorse. This should dissipate once they realise we are working towards growing the business and substantially increasing profits.

Financial terminology: Executives of SMEs may appear unsophisticated in the use of financial terminology or reporting procedures. Fortunately, financial terminology and detailed reporting are not a pre-requisite for building a great niche business. However, they become more important as the business grows. TIPBars will provide financial information most useful to TIPReps. Executives can provide any other information they know is important. Meetings can then focus on "what can we do to build free cash and profits" and testing this in TIPTool.

Instructing management: The board as a whole may instruct executives. Individual board members should never do so.

3.6 Capital management and board strategies

Dividends and cash buffers: The boards of our Portfolio Companies have a responsibility to return part of profits as free cash to the Company via periodic dividends. This should be balanced with having a sufficient cash buffer in the business after paying off external debt. A more cyclical business should hold a larger cash buffer.

Bolt-on acquisitions or disposals of divisions: Each board should continually monitor their markets for a substantial increase of profitability via a bolt-on acquisition. Conversely, they may conclude that the business would be more profitable after the disposal of an unwanted division. Such major capital allocation decisions should be referred to the Strategy Committee for assistance.

More capital or debt: It is our philosophy that debt increases risk. Boards should avoid raising debt unless it is for highly profitable organic growth or accretive acquisitions.

Focus on high margin revenue: Market share is vanity, profits are sanity and free cash flow is reality! We acquire niche businesses that make higher profits and generate more cash from increasing margins, than from chasing market share. This can be quickly tested using TIPTool. Good strategy often involves turning away low-margin business. If a business is short of cash, the chances are the margins are too low. In niche businesses, it's often easier to increase value through increasing margins than increasing size.

Moats and outside circumstances: 'Circumstances beyond our control' are often blamed for a profit downturn. TIPReps should look beyond this and seek ways the company can increase profits even in a downturn. If profits disappoint, and TIPReps can't immediately find a way to fix this, raise it with the Strategy Committee quickly, so we can brainstorm ways of benefiting from adversity – whether real or perceived. Outside influences can often be overcome by a concerted effort to strengthen moats.

Deal with causes not symptoms: Niche businesses may experience cash-flow challenges from time to time. TIPReps and executives must strengthen the businesses by dealing with the cause of cash-flow problems, rather than dealing with symptoms. TIPTool can be useful for this. Eliminating causes of cash-flow challenges can add huge value to any investment.

Leverage technology: Technology, data and online connectivity are rapidly changing the world. Every business will be affected. Those that remain stuck in the past find competitors able to offer similar outcomes cheaper or faster, or superior products at the same prices. Those that embrace 'modernisation' benefit via higher margins. TIPReps should continually seek to modernise everything our Portfolio Companies do to stay ahead, and to improve margins against the competition. The outcomes of any costs and margin improvement can easily be checked in TIPTool.

Use our tools: TIPBars and TIPTool allow the board to model the various alternative paths for substantially increasing profits. TIPReps should frequently use TIPTool to strengthen the business by testing the likely increased profits from the choices of increased sales, decreased fixed or variable costs, and increased prices. No path is likely to be easy, but choosing the best path to profit is made easier using TIPTool.

3.7 Culture

Skills available: An incredible range of skills and experiences are available from Selected Shareholders. TIPReps should regularly contact the Strategy Committee to seek advice about the challenges they face.

We are all in it together: Boards of profitable niche businesses work as a non-hierarchical team. To maximise profits, board members should ensure a culture of open, frank and enjoyable cooperation between executives (who know the business very well), non-executives (who know business principles well) and the Strategy Committee.

Serving while you add value: TIPReps should stay on a board while they remain enthusiastic about the business and feel they can help deliver excellent returns. When considering whether to serve another year on the same board, you should assess how you have added value to date, and how you can add further value in the coming year.

Comfort with executives: TIPReps and Portfolio Company executives must get along well professionally to be successful. If a TIPRep is uncomfortable with an executive for personal reasons they should inform the Strategy Committee and seek to be replaced. If a majority of TIPReps are uncomfortable with an executive, they should inform the Strategy Committee immediately so that we can replace that executive (if we control the Portfolio Company) or find a timely exit (if we are a minority shareholder).

Making improvements: Businesses of the size of our Portfolio Companies are unlikely to have the resources to implement more than one 'improvement' at any time. A board that successfully implements one substantial profit improvement in any half-year has provided excellent value. Asking a CEO to implement several 'improvements' simultaneously, risks overwhelming executives and almost certainly ensuring the 'improvements' won't happen.

Cash flow is king: The value of a business is in the cash it generates. If the business is paying attractive half-yearly dividends to the Company, and earnings are growing, TIPReps and executives are doing an excellent job. However, if this is not happening, then TIPReps and management are letting down shareholders and themselves. If the TIPReps can't see a way to deliver attractive dividends, they should request the help of the Strategy Committee or request to be replaced.

3.8 Reporting to TIP

Strategy Committee: TIPReps report to the Strategy Committee. The Strategy Committee will meet with each board on a quarterly basis to assess performance and provide advice.

Annual reports and reporting to TIP: Each company must report regularly to the Strategy Committee and produce an annual report. Whilst annual reports are not widely distributed, they are an important strategic tool that disciplines each company to regularly set and track results against their targets. They are also invaluable should we one day decide to raise capital for, divest, or spin-out one of our Portfolio Companies.

Budgets and cash flow projections: Whilst detailed budgets and cash flow projections have been shown to improve results in large corporations they can be detrimental to profits in smaller entrepreneurial companies when they shift focus from 'acting' to 'reporting'. A simple high-level target, accompanied by a report on the main variables ('KPIs') contributing to the Break-Even Point ('BEP') and the approximate net profits at any level of sales above the BEP significantly improves profit generation in smaller niche companies. TIPBars and TIPTool automatically provide the BEP, Profit, and Break-even Safety Margin ('BESM') for all possible scenarios. The Strategy Committee will work with each Portfolio Company to establish appropriate long term profit and cash flow targets.

Strategy days: Twice yearly, TIPReps and executives are required to attend Strategy Days. Each Portfolio Company is expected to develop their plans for one or more of the four ways for delivering shareholder value: 1. Maximising half-yearly dividends; 2. Organic Growth or a new division using the current assets of the business; 3. Bolt-on acquisitions or growth that may require additional capital at attractive returns; 4. Combining with another Portfolio Company to enhance the returns from each.

4. Guidance for executives

4.1 The role of executives

Executives have four roles for which they are appointed and against which their performance is judged. These are to:

1. Deliver monthly profits;
2. Manage the cash;
3. Mentor younger managers and develop good culture; and
4. Increase BESM.

The best executives are those who regularly work on fostering a high performing culture to deliver growing profits and margins. TIPReps are there to mentor management to deliver on these key goals, but ultimately it is the responsibility of executives to manage day-to-day operations and deliver monthly profits.

Monthly profits: Good businesses are designed such that they rarely make a loss in any month. Great businesses are those that never do. The primary role of an executive is to ensure that the business is designed and operated such that monthly profits are expected and delivered year in, year out. Executives should seek guidance from TIPReps and the Strategy Committee if they are ever unsure how better to ensure this.

Managing the cash: Cash flow is the lifeblood of any business. Great executives look at ways of not only growing profits but enhancing cash flow which can then be made available for reinvestment or delivering healthy dividends to shareholders. Building a healthy cash buffer ensures executives can sleep easy knowing that they are protected from any unexpected headwind. It also allows for healthy dividends which is the fastest way for executives to gain promotion within the group or receive a pay rise. Conversely, an executive that regularly needs to "mine shareholders wallets" for cash will soon find themselves without a role.

Culture and mentoring: Just as it is the role of TIPReps to mentor and grow the skills of executives, it is the role of executives to mentor and grow the skills of their staff. Good executives look to constantly improve and educate their team: either by enhancing staff members existing skills, or hiring high achievers. A focus on mentorship and the development of a high performance culture is key to making the role of an executive less stressful, and it is the simplest long-term path to higher earnings.

Increasing BESM: The most effective way for executives to increase profits whilst reducing risk is by working to increase BESM. Building a culture of understanding BESM within an organisation will allow younger managers to similarly provide ideas to enhance the business. Those executives who regularly increase BESM will most likely be offered larger roles within the Group.

4.2 Economic moats are the oath to higher profits

Economic moats: Businesses generate attractive returns when they build and maintain economic moats. During the SMaRT and Due Diligence, the Company assessed and scored the promising economic moats of the business. This list won't be complete - some scores may not be accurate. Executives should discuss these moats with their board and make an accurate list. Then they can continually seek ways to maintain and strengthen moats – and find ways to develop new ones.

Test for economic moats: Warren Buffett tells the CEOs of his many businesses to frequently ask themselves: "Would we have to call a prayer meeting before increasing prices to our customers?" Ask yourself the same question. If the answer is 'yes' then you have not yet built strong economic moats. If the answer is 'no' then you can increase prices and be proud of the strong moats you have built.

4.3 Capital management

Capital allocation: A sure path to increasing returns is to allocate capital to the most profitable parts of the business. Minimise costs in those parts of the business that generate low profits or don't directly generate income. For example, a good extra salesperson should generate more profit than cost, while larger premises often eat more profit than they generate. Property expense also adds risk since a mistake can be time consuming to undo. A mistake in hiring can be quickly reversed.

Capital for growth: The Company can provide additional capital when executives find opportunities to grow profits at attractive rates of return via geographic expansion, acquisition of another business, or adding a profitable division. When such an opportunity offers outstanding returns (greater than 15% per annum), please inform the Strategy Committee in a timely manner.

Dividends matter: In order to make cash available for the most profitable opportunities, the Company looks to receive funds from our investments via dividends. These funds are then allocated to those who can use them best. If you have a profitable opportunity that requires further investment, you should write a succinct business case and put this to the Strategy Committee. In this way, opportunities can be compared across the group and funds allocated to those offering the best returns.

Capital for turnarounds: The Company has an aversion to providing capital to help a business out of difficulty. Getting into financial distress is a key symptom of executives either failing to develop an appropriate BESM, being blindsided by changes in their market, or a result of a significant error in judgement. Only where executives can demonstrate a clear path to returning a business to profitability, and are prepared to agree to strict conditions around the use of cash, will Group funds be made available. Asking for cash to "save a business" is the largest indicator of an executive team that has failed in their role. Whilst we understand that everyone may make mistakes, the decision to invest Group money to save a once profitable business is perhaps the most serious decision the Strategy Committee can make. In effect it is asking those who have performed well to use their hard earned cash to subsidise the bad decisions of another.

4.4 Financial reporting

Financial reporting and TIPBars: The best financial reports help boards and CEOs make large improvements in profits for the least effort. Before we invest, most executives use financial reports designed for accountants and the tax office. These focus on the past, but rarely point the way to increasing profits. We have developed TIPBars to improve profits with the least amount of work, while highlighting dangerous risks. TIPBars is produced every month and shows where each business is working well financially, where hidden risks may be lurking, and where financial improvements should be made.

Break-even safety margin: TIPBars highlights the trend in Break-even Safety Margin ('BESM'): whether the business is becoming less risky (as we prefer), or more risky (a dangerous trend). Should the trend show increasing risk, TIPBars shows where you and your board can fix this well before the business loses money. Standard accounting usually highlights losses after the money is gone.

Easiest path to improve profits: TIPTool allows board and executives to quickly ascertain which levers can be pulled to most easily improve profits. When joining TIP, each business is required to provide general ledger data for the previous 12 months. This allows TIPBars and TIPTool to be implemented immediately. Used properly, TIPBars and TIPTool can add considerably to profit every year.

Audits: Upon joining the Group, each Portfolio Company is required to participate in the Company's regular audits. Rather than seeing this as an imposition on executive time, each Portfolio Company should see it as a way of learning how to better improve systems and processes so that greater returns can be made in the future. What seems like a frustration at first can add profound value if used to address weaknesses in company systems.

4.5 Building a stronger executive team

Stronger executive team: The Company can help each Portfolio Company develop a stronger executive team. That way more can be achieved with less time from executives and board members. This increases the value of the business; produces bigger half-yearly profits and dividends; allows executives and board to be more relaxed and makes shareholders happier.

The 'perfect' chief executive: It is virtually impossible to be the 'perfect' Chief Executive. A perfect Chief Executive would have expertise in leadership, production, general management, marketing, sales, finance, administration, accounting, people management and business management. The Strategy Committee can advise how to surround the CEO with quality executives reporting to them who can add missing strengths.

Why an executive team: CEOs of outstanding niche businesses live in a gruelling combination of being the Chief 'Enthusiasm' Officer and the Chief 'Operating' Officer. As Enthusiasm Officer they must inspire their team to greatness and inspire their clients to provide a good margin for their wonderful work. As Operating Officer, they must ensure work is efficient, of the highest standard, and systems are scalable for doubling and tripling volume and profits. This is a gruelling task and limits the growth of the organisation.

What to delegate to grow: As a business grows, these dual roles become exhausting. As a first step to working less hard for more profit, the CEO will benefit from either an outstanding Operating Officer to take off their shoulders much of the thinking about day-to-day business. Or they will benefit from an 'Enthusiasm' Officer to reduce their role of thinking about inspiring staff and customers to maximise profits. In choosing which to delegate first, choose the role they find less enjoyable. Once the business becomes larger, the company may need one of each reporting to the CEO.

Functional executives: When a business grows at 20% per year, after 10 years it will be six times the size. To avoid executives having to work impossibly harder, the business eventually needs an executive (not simply a manager) to take responsibility for each functional area: production, marketing, sales, finance, administration and accounting. TIPReps and executives should act before the CEO becomes overwhelmed by rapid growth. Then look to promote or recruit an executive to relieve some of the load and facilitate further expansion. Our aim should be to make the business more profitable and less stressful.

Develop or recruit: Businesses develop a superior culture when they develop and promote internal candidates rather than recruiting externally. If the business has not had previous success with developing internal management, do not despair. Several of our Selected Shareholders have extensive experience in building organisations around rapid management development and can advise if asked. Similarly, if the business has not had positive experience recruiting external candidates, you are not alone. Several of our Selected Shareholders have considerable experience in hiring executives for entrepreneurial companies and can advise if asked.

Replacing a successful CEO: If tempted to seek one person to take over from a successful CEO, including all the thinking they do about the business, ask two questions: "How easily will we find someone who can handle both roles of Chief Enthusiasm Officer and Chief Operating Officer?" and "If a candidate seems capable of handling everything superbly, why aren't they running their own business – one at least as big and profitable as ours?" It is likely that we will need several outstanding executives to replace a successful CEO: one to provide enthusiasm; and one or more responsible for operations. Provided the board does this while the successful CEO is still engaged, they will have time to mould their thinking and ensure a smooth transition.

4.6 Cashflow and dividends

Dividends: From 12 months onwards, the Company will expect an attractive dividend yield on the capital we contributed to each Portfolio Company or paid to its owners. If the business is growing fast, we will be content with a smaller yield. If the business is growing slowly, we will expect a higher dividend yield as recompense for our capital.

Fast action as CEO: The primary responsibility of a CEO is to look after cash and keep the business running profitably every month and every quarter. The Company trusts executives and TIPReps will take immediate action should a Portfolio Business ever fall into a loss. Fast action to bring the business back to profit is always better than delaying for discussion.

4.7 Continuing roles and responsibilities

Continuing roles: As an executive, the role of profitably running the business remains largely unchanged after becoming part of the Group. Executives gain access to our tools, balance sheet, TIPReps and Selected Shareholders, but they are still responsible for the results of the business. In exchange they are expected to regularly report to their board, and follow the advice of the Strategy Committee. The board and Strategy Committee are there to help mentor and guide executives to grow the business: but executives are still responsible for ensuring results and will be judged accordingly.

Reporting to a board: Reporting to a board can be daunting for those not used to it. Executives should ask three questions before including anything in a report to their board: "Could input from the board be helpful on this?", "Could this be financially material?" and "Could this provide an opportunity to substantially increase profits?" If the answer is "yes" to any one of these questions, include it in the meeting agenda. If the answer to all three is "no", omit it.

Continuous and immediate disclosure: A key principle of the Company, and the ASX, is that of continuous and immediate disclosure of all material information. This means that if executives become aware of anything that could have a material impact on the business they must immediately inform their board. Where the board agrees, they must immediately inform the Strategy Committee who, in conjunction with the Board of the Company, will determine if the item requires disclosure to the market.

4.8 Gaining most benefit from a board

Using a board effectively: Our Portfolio Companies derive most benefit from their board when they share half-formed ideas, major dilemmas and concerns, knowledge of their business and why they run it as they do. Well briefed, TIPReps can arrange a host of free contacts with expertise the business could not otherwise access.

Briefing the board: A week prior to the meeting, executives should provide a report from the CEO, including a short explanation of any issues on which they would like input, plus TIPBars and any other important reports, so everyone is properly briefed. If board meetings regularly take longer than half a day, executives are probably involving the board in matters best left to management.

Forward looking discussion: TIPReps add most value when executives use TIPBars and TIPTool to provide a helicopter view of the past month and then provide forward looking key indicators to show where the business is heading. These include activity indicators driving sales or revenue in coming months; sales driving profits in coming months; and actions building moats to improve future margins. The board adds most value when focused on factors that improve these leading indicators.

Questions at board meetings: TIPReps will ask challenging questions to identify where and how they can assist executives to generate higher cash profits. The better they understand the business, the more they can make profitable suggestions; and the more they will be able to introduce executives to shareholders who can add value. If questions get into minutiae, say so: boards are most valuable when focused on big picture items that increase capital value.

Thinking in a visionary way: Until the CEO has built an executive team to free up their time, they will continue working in the business. TIPReps will think along lines like: "How could the business make larger profits without doing more work?" or "How could this business expand into other business or geographic areas?" or "How could this business combine with another TIP Company to increase profits for both?" Executives should ask their TIPReps for these ideas at meetings so they can implement the best one or two each year.

Governance: Governance is, and should be seen as, a powerful way to enhance the performance of a company. Good governance grows sustainable profits rather than being a dead weight. To ensure good governance, and assist our Companies to develop sustainable profits, TIP provides each board with a 'governance checklist' as a customisable template to keep track of many regulatory and governance requirements. The updated checklist should be discussed at the meeting following each calendar quarter.

4.9 Gaining most value from the Company

Responsibility: Executives and board are responsible to the Company and our shareholders. When considering any major decision, the board should ask: "Will this increase the regular dividends we pay to the Company?" If the answer is 'no', ask: "Will this increase the capital value of the business?" If the answer is still 'no', ask: "Will this strengthen an economic moat or reduce a risk?" If the answer is still 'no' ask: "Why are we considering this?"

Strategy Committee: Each quarter, executives and TIPReps must present a short report (1-2 pages) to the Strategy Committee. The report should contain a brief overview of progress in the business as well as a copy of the quarterly TIPBars showing financial results. Each company can use this opportunity to ask the Strategy Committee for contacts or assistance with any challenges they are facing. The Strategy Committee is also likely to ask challenging questions aimed at improving the business or assessing performance.

Strategy days: TIP holds half-yearly strategy days: one in February and the other after the conclusion of the financial year. Executives and TIPReps must attend the Strategy Days. During the day, each company presents their plans for one (or more) of the four ways for delivering shareholder value: 1. Maximising profits and dividends without sales growth; 2. Growth or a new division using the current assets of the business; 3. Bolt-on acquisitions or growth that may require extra capital; 4. Working with another Portfolio Company to enhance returns.

Annual conference: After the conclusion of the financial year, the Company holds an annual conference for all Executives, TIPReps and Selected Shareholders. During the annual conference, each underlying business provides a report, including the annual TIPBars. The boards will be asked questions about the business, how they are building moats, the dividends the Company can expect, and what the business is doing to increase the value of the business. Selected Shareholders may also offer contacts or suggestions for expansion.

Value from other Portfolio Companies: The Company invests in an increasing number of businesses – all of them run by talented people. Portfolio Companies should work together to generate increased profits. This can vary from being suppliers to one another, quoting together where a wider range of skill sets is needed, sharing executive or staff expertise, pooling marketing ideas, or combining to create a larger company with more depth of management.
Economies of scale: Through the Group, each business has access to considerable buying power. This can save money on insurance, vehicle financing, accounting, legal costs and other services. If you are considering a merger, acquisition or divestment, the Company can save substantial legal, accounting, secretarial, compliance and distribution costs.

Delivering value

Benchmark profitability: Portfolio Companies should be among the most profitable businesses: they were founded by talented executives and have a shareholder that can provide access to expertise and capital. Over time, our Portfolio Companies should aim to achieve Net Profit Margins of 10% to 15% of revenue. Above 15% they should feel proud. Below 10% they are letting down the Company and themselves.

Focus on building moats: Building economic moats enables businesses to earn more profits than competitors. To test whether a business has developed economic moats the board should ask: “Can we increase prices faster than inflation without having to call a prayer meeting?” If the answer is ‘yes’, then they have built at least one strong economic moat. If the answer is ‘no’, think: “How can we build at least one economic moat to increase our profit percentage?”

Increasing margins or increasing sales: Niche businesses increase profits more via a small increase in margins, than via a large increase in sales. Executives can use TIPTool to see the relative uplift in profits from increases in margins, increases in sales and reductions in costs. Test scenarios to find the fastest way to increase profits with the least additional work.

Fixed versus variable expenses: The best businesses should never record a loss. Reduce the risk of losses by building the business around a higher proportion of variable expenses (which go up or down as sales revenue goes up or down) and a lower proportion of fixed expenses. Fixed expenses such as long leases on premises, increase the risk of losses while reducing flexibility for growth. For fastest growth with lowest risk, minimise fixed costs by converting them to variable expenses.

The world is changing fast: Technology, data and online connectivity are changing the world. All businesses will be affected. Those stuck in the past will find competitors offering similar outcomes cheaper or faster, or superior products at the same prices. Those embracing ‘modernisation’ will thrive via higher margins. Modernise the business to stay ahead of the competition and improve margins. Use TIPTool to check the improved profit from higher margins after any planned ‘costs of modernisation’.

Profiting from inflation: Inflation is both an opportunity and threat. Business inflation is generally above CPI. A business that doesn’t develop and maintain economic moats is hurt as input and labour costs rise before the business can increase prices. Businesses without moats grow weaker still. Some go broke. Executives can ensure their business thrives by strengthening existing moats and building new moats. This enables the business to dominate its industry by increasing prices faster than inflation, building a war chest, and seizing opportunities to acquire competitors.

Profit growth matters: When profits are growing quickly, the best employees can see opportunities for advancement and higher income. This motivates them to produce better quality work. When profits cease growing, the best staff seek employment elsewhere, staff quality goes down and output suffers. This makes it imperative that executives continue growing their profits.

Sales team: To grow profits substantially, it is almost certain the business will need a dedicated sales team. Hire only those who are highly enthusiastic. Poor salespeople cost more than any profit they generate. The right salespeople generate far more profit than they cost.

4.10 Long term aims

Long term aim: The Company invests for many years at a time. We aim to assist executives to grow profits and dividends attractively each year. For new Portfolio Company founders, a substantial way of increasing wealth is by exchanging shares owned in an underlying business for shares in the Company. At the right exchange, this increases the value of both their shares and ours. It also improves access to finance, adds liquidity and makes it easier to buy competitors and dominate the industry.

Succession planning: Although our executives plan to continue leading our businesses for many years, a major responsibility of senior executives is to develop a top-quality leadership team. A quality executive team helps a business grow faster and ensures it is preserved should anything happen to senior executives. To reduce risk, the board should identify an emergency successor and ensure that key staff are aware of the decision so they can act quickly and with reduced impact if anything untoward occurs.

Expertise available: TIPReps and Selected Shareholders are available to provide advice, inspiration, and suggestions for executives to build value beyond what would be possible alone.

4.11 Reporting to TIP and the company board

Reporting to the company board: Each month, the company board will want to know:
- sales revenue for the period (month, quarter, year to date);
- profitability for the period;
- how this translated to free cash;
- how executives are building, maintaining or strengthening moats to improve margins;
- any OH&S issues - and that they have been dealt with appropriately; and
- the view of executives on how the business is tracking.

Reporting to the Strategy Committee: The Strategy Committee will want to know each quarter what the board and executives have done to:
- strengthen the profit-enabling moats of our business;
- reduce the likelihood or severity of any risks to the business;
- increase the net profit of our business;
- increase dividends; and
- make progress towards building a stronger executive team.

Bad news and good news: Material good and bad news should be reported to the board immediately. Good news so we can share the success, and bad news so that we can act quickly to solve the problem. When communicating bad news, a good executive team will also provide potential ways of addressing the problem. This is so the board may act quickly in advising the best path to mitigate damage and turn the bad news into a new opportunity.

Loss making quarter: Should the business report a loss for a calendar quarter, the company board must immediately arrange a meeting with the Strategy Committee and Board of the Company. The purpose of the meeting is to seek advice or assistance, and discuss what changes, if any, are necessary to get the business back to acceptable profit. We will be happier with the Portfolio Company when they also inform us how they have already ensured the loss will not be repeated. If acceptable changes are not made, the Strategy Committee would expect to replace the executives and TIPReps.

Compliance and culture: Executives are expected to comply with all of the Company's corporate governance policies, and to instil a culture of acting entrepreneurially, ethically and responsibly.

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Group') consisting of Teaminvest Private Group Limited (referred to hereafter as the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the period ended 30 June 2019.

Directors

The following persons were directors of Teaminvest Private Group Limited during the whole of the financial period and up to the date of this report, unless otherwise stated:

Katherine Woodthorpe - Chair	Appointed on 26 February 2019
Andrew Coleman	Appointed on 26 September 2018
Howard Coleman	Appointed on 26 September 2018
Ian Kadish	Appointed on 26 February 2019
Regan Passlow	Appointed on 26 September 2018

Principal activities

During the financial period the principal continuing activities of the Group consisted of investing in Australian privately-owned businesses.

Dividends

There were no dividends paid, recommended or declared during the current financial period.

Review of operations

The loss for the Group after providing for income tax amounted to $1,624,000.

The Group's results are for the 4 month period from 1 March 2019 to 30 June 2019 when the Company acquired the entities as detailed below. From the date of incorporation on 26 September 2018 to 28 February 2019 the Company did not trade.

Refer to the 'Chief Executive Officer's report' for further details of operations and commentary on the results.

Significant changes in the state of affairs

On 26 September 2018, the Company was incorporated.

On 28 February 2019, the Company acquired one management entity and six portfolio entities by issuing 81,766,977 ordinary shares. See note 32 to the financial statements for further details.

On 28 February 2019, the Company invested in two associate entities by issuing 20,494,549 ordinary shares and $1,000,000 cash. See note 12 to the financial statements for further details.

On 22 May 2019, the Group was admitted to the official list of Australian Securities Exchange ('ASX') and raised $7,021,000 by issuing 7,785,167 ordinary shares.

There were no other significant changes in the state of affairs of the Group during the financial period.

Matters subsequent to the end of the financial period

No matter or circumstance has arisen since 30 June 2019 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Likely developments and expected results of operations

Refer to the 'Report of Chief Executive Officer' section for details of likely developments and expected results of operations.

Environmental regulation

The Group is not subject to any significant environmental regulation under Australian Commonwealth or State law.

Information on directors

Name:	Katherine Woodthorpe
Title:	Independent Chair
Qualifications:	AO PhD FAICD FTSE
Experience and expertise:	Katherine has significant public company board experience, including as a former Non-Executive Director of Sirtex Medical Ltd and a former director of other ASX and NASDAQ listed companies. She has had large private and government board experience including as Chair of the National Climate Science Advisory Committee, Chair of Fishburners Ltd, Chair of the Antarctic Science Foundation, Chair of the Bushfire and Natural Hazards Cooperative Research Centre ('CRC') and Member of the National Health and Medical Research Council. She also has significant experience in venture capital and private equity including as Chair of Fishburners, and Chief Executive Officer of the Australian Venture Capital and Private Equity Association ('AVCAL'). Katherine holds a Doctor of Philosophy ('PhD') in Organic Chemistry from the University of Leicester, UK and an Honorary Doctorate from University of Technology, Sydney. She was appointed an Officer in the Order of Australia in 2017 for her distinguished service to business through venture capital, research and innovation.
Other current directorships:	None
Former directorships (last 3 years):	Former Non-Executive Director of Sirtex Medical Ltd (ASX: SRX) (2015 to 2018)
Special responsibilities:	None
Interests in shares:	None
Interests in options:	None
Contractual rights to shares:	None

Name:	Andrew Coleman
Title:	Managing Director and Chief Executive Officer ('CEO')
Qualifications:	B.Ec (Hons)
Experience and expertise:	Andrew is a Co-Founder of Teaminvest Private and is responsible for sourcing, structuring and overseeing investments and general management. Prior to joining Teaminvest Private, Andrew worked in Sydney as an investment banker for Credit Suisse. Andrew advised and assisted clients on significant corporate deals in Australia and internationally with a specific focus on mergers and acquisitions and capital raising activity. He is also a co-author of 'Relative Performance Incentives and Price Bubbles in Experimental Asset Markets' published in the Southern Economic Journal.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	Member of the strategy committee and investment committee
Interests in shares:	5,427,000 ordinary shares direct and indirectly held
Interests in options:	None
Contractual rights to shares:	None

Name:	Howard Coleman
Title:	Non-Executive Director
Qualifications:	BSc in Physics
Experience and expertise:	Howard has over 40 years' experience as a founder and CEO in the areas of sales, marketing, consumer finance, and language and mathematics education in Australia, South Africa and the UK. His extensive background and experience are invaluable for assessing the strengths and weaknesses of companies. This particularly applies to identifying their future risks, and the ability and strategies of the board and senior management to deal with them. He is a graduate of the Harvard Business School Owner/President Management Program and completed the Australian Institute of Company Directors' program for company directors. He is a director of a number of private companies and has won many business awards including the prestigious Speaker of The Year Award from The Executive Connection. Howard regularly appears as a guest commentator on Sky Business and is a founding director of Teaminvest, Teaminvest Private and Conscious Capital.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	Member of strategy committee
Interests in shares:	14,810,909 ordinary shares direct and indirectly held
Interests in options:	None
Contractual rights to shares:	None

Name:	Ian Kadish
Title:	Independent Non-Executive Director
Qualifications:	MBBCH MBA
Experience and expertise:	Ian has a wealth of experience including outstanding public company board and executive experience as CEO and Managing Director of ASX listed Integral Diagnostics Limited; CEO and Managing Director of ASX listed Pulse Health Group; CEO and Managing Director of private equity owned Healthcare Australia Limited and Executive Director of JSE listed Network Healthcare Holdings Limited. In addition to his public company experience, he has served as a senior executive and board member of large private businesses owned and operated by private equity and listed equity, including CEO of Laverty Pathology, Chief Operating Officer of Greencross Vets Limited, and Co-founder and Non-Executive Director of Digital Healthcare Solutions. Ian holds an Master of Business Administration ('MBA') from the Wharton Business School at the University of Pennsylvania, United States of America, and a Bachelor of Medicine and Surgery from the University of Witwatersrand, South Africa. In addition to his executive career in the United States, South Africa and Australia, Ian has also worked as a consultant for McKinsey and as an advisor to boards on executing and integrating mergers and acquisitions.
Other current directorships:	Integral Diagnostics Limited (ASX: IDX)
Former directorships (last 3 years):	None
Special responsibilities:	Chairman of the strategy committee
Interests in shares:	67,500 ordinary shares directly held
Interests in options:	None
Contractual rights to shares:	None

Name:	Regan Passlow
Title:	Non-Executive Director
Qualifications:	MA, Mgmt
Experience and expertise:	Regan has worked as an executive director for nearly 40 years for both national and multi-national companies. His focus has been primarily on strategic business development, administration and back office systems. He has over 40 years' experience in senior management and governance roles in private organisations. He is the former co-founder of WebProfit.com.au, a business established in the 1990's to provide executives of small and medium-sized enterprises ('SMEs') with strategic advice on the use of the Internet and e-commerce. He is also the co-founder of retail lender EM Finance Corporation and a founding director of Teaminvest, Teaminvest Private and EM Commercial Finance. He has historically chaired the investment committee and has held directorships on five portfolio companies.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	Chairman of the investment committee
Interests in shares:	1,038,438 ordinary shares directly and indirectly held
Interests in options:	None
Contractual rights to shares:	None

'Other current directorships' quoted above are current directorships for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

'Former directorships (last 3 years)' quoted above are directorships held in the last 3 years for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

Company secretary
Anand Sundaraj is a corporate lawyer with over 19 years' experience and is currently a principal at Sundaraj & Ker, a Sydney-based law firm. Anand specialises in advising on mergers and acquisitions, and capital raisings for both publicly listed and privately held entities. He also advises on funds management and general securities law matters including listing rule compliance and corporate governance.

Meetings of directors
The number of meetings of the Company's Board of Directors ('the Board') held during the period ended 30 June 2019, and the number of meetings attended by each director were:

	Full Board	
	Attended	Held
Katherine Woodthorpe	2	2
Andrew Coleman	2	2
Howard Coleman	2	2
Ian Kadish	2	2
Regan Passlow	2	2

Held: represents the number of meetings held during the time the director held office.

The Company has not constituted an Audit and Risk Committee nor a Nomination and Remuneration Committee given the size of the Board and the nature and scale of the Group's operations. The Board as a whole fulfils the functions normally delegated to these Committees, in accordance with the relevant Committee Charter.

Remuneration report (audited)
The remuneration report details the key management personnel remuneration arrangements for the Group, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including all directors.

The remuneration report is set out under the following main headings:
- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- Service agreements
- Share-based compensation
- Additional information
- Additional disclosures relating to key management personnel

Principles used to determine the nature and amount of remuneration

The objective of the Group's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with the achievement of strategic objectives and the creation of value for shareholders, and it is considered to conform to the market best practice for the delivery of reward. The Board of Directors ('the Board') ensures that executive reward satisfies the following key criteria for good reward governance practices:
- competitiveness and reasonableness;
- acceptability to shareholders;
- performance linkage / alignment of executive compensation; and
- transparency.

The Board is responsible for determining and reviewing remuneration arrangements for its directors and executives. The performance of the Group depends on the quality of its directors and executives. The remuneration philosophy is to attract, motivate and retain high performance and high quality personnel. The Board determines its remuneration policies having regard to the Company's earnings and the consequences of the Company's performance on shareholder wealth.

The Board has structured an executive remuneration framework that is market competitive and complementary to the reward strategy of the Group.

The reward framework is designed to align executive reward to shareholders' interests. The Board considers that it should seek to enhance shareholders' interests by:
- having economic profit as a core component of plan design;
- focusing on sustained growth in shareholder wealth, consisting of dividends and growth in share price, and delivering constant or increasing return on assets as well as focusing the executive on key non-financial drivers of value; and
- attracting and retaining high calibre executives.

Additionally, the reward framework seeks to enhance executives' interests by:
- rewarding capability and experience;
- reflecting competitive reward for contribution to growth in shareholder wealth; and
- providing a clear structure for earning rewards.

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

Non-executive directors remuneration

Fees and payments to non-executive directors reflect the demands and responsibilities of their role. Non-executive directors' fees and payments are reviewed annually by the Board. The chair's fees are determined independently to the fees of other non-executive directors based on comparative roles in the external market. The chair is not present at any discussions relating to the determination of her own remuneration. Non-executive directors do not receive share options or other incentives.

The annual non-executive directors' fees currently agreed to be paid by the Company are set out below:

Director	Director's fees
Katherine Woodthorpe	$100,000 per annum (including superannuation).
Howard Coleman	$70,000 per annum (including superannuation).
Ian Kadish	$70,000 per annum (including superannuation).
Regan Passlow	$70,000 per annum (including superannuation).

Each non-executive director has agreed with the Company that half of their remuneration will be accrued but not paid during each financial year. If shareholder approval is received at the annual general meeting following the end of each financial year, this accrued remuneration will be issued as ordinary shares. If shareholder approval is not received, the accrued remuneration will be paid as cash.

Australian Securities Exchange ('ASX') listing rules require the aggregate non-executive directors' remuneration be determined periodically by a general meeting. As the Group has just been recently listed on the ASX, the maximum aggregate non-executive directors' remuneration approved by the Constitution is $500,000. Any changes to this amount will be approved by shareholders in the annual general meeting.

Executive remuneration
The Group aims to reward executives based on their position and responsibility, with a level and mix of remuneration which has both fixed and variable components.

The executive remuneration and reward framework has four components:
- base pay and non-monetary benefits;
- short-term performance incentives;
- share-based payments; and
- other remuneration such as superannuation and long service leave.

The combination of these comprises the executive's total remuneration.

Fixed remuneration, consisting of base salary, superannuation and non-monetary benefits, are reviewed annually by the Board based on individual and business unit performance, the overall performance of the Group and comparable market remunerations.

Executives may receive their fixed remuneration in the form of cash or other fringe benefits (for example motor vehicle benefits) where it does not create any additional costs to the Group and provides additional value to the executive.

The short-term incentives ('STI') program is designed to align the targets of the business units with the performance hurdles of executives. STI payments are granted to executives based on specific annual targets and key performance indicators ('KPI's') being achieved. KPI's include profit contribution, customer satisfaction, leadership contribution and product management. The KPI for the period ended 30 June 2019, in relation to Andrew Coleman and Dean Robinson STI of $50,000 was awarded for successfully listing the Company as a public company on the ASX.

The long-term incentives ('LTI') include long service leave, share-based payments and performance rights. Shares are awarded to executives over a period of four years based on long-term incentive measures. These include the comprehensive value of the Group for each financial year.

Consolidated entity performance and link to remuneration
Remuneration for certain individuals is directly linked to the performance of the Group as part of the LTI. Subject to shareholder approval, the Company will issue four tranches of $300,000 performance rights to Andrew Coleman and four tranches of $250,000 performance rights to Dean Robinson. Each tranche of performance rights will be converted into ordinary shares upon the achievement of the comprehensive income per share targets set out below.

Remuneration under LTI consists of performance shares with an income per share target. The Board chose these securities linked to income per share targets as they represent substantial increases in shareholder value as represented by earnings per share and that these targets best aligned the interests of management with shareholders in a business making regular acquisitions. The Board believed that these targets would avoid the risk of management increasing earnings while decreasing shareholder wealth if the relevant performance target was measured purely on profit numbers. The Board also chose targets based on income per share over total shareholder return as it represents long-run earnings growth and removes the risk of management attempting to influence the share price. These reasons are also relevant for its assessment on whether such targets are met.

The first tranche of performance share targets represents a significant premium to the current income per share. Each subsequent tranche represents a further large increase in income per share.

Comprehensive income per share target	Dollar value of performance rights that vest (Andrew Coleman)	Dollar value of performance rights that vest (Dean Robinson)
$0.0675	$300,000	$250,000
$0.0810	$300,000	$250,000
$0.0945	$300,000	$250,000
$0.1080	$300,000	$250,000

At the end of each financial year, following the receipt of the audited financial statements, the Board will assess whether one or more targets have been met. Each target can only be met once and more than one target can be met in the same financial year. The number of ordinary shares to be issued if a tranche of performance rights vest will be determined by dividing the dollar value of the performance rights that have vested by the volume weighted average price of shares over the 10 business days to 30 June during the relevant financial year. The financial year ending 30 June 2023 ('FY23') is the last year in which the targets can be met. After the audit for FY23 has been completed, any unvested performance rights will lapse.

Use of remuneration consultants
During the financial period ended 30 June 2019, the Group did not engage the use of remuneration consultants, to review its existing remuneration policies and provide recommendations on how to improve both the STI and LTI programs.

Details of remuneration
The key management personnel of the Group consisted of the following directors of Teaminvest Private Group Limited:
- Katherine Woodthorpe - Independent Chair
- Howard Coleman - Non-Executive Director
- Ian Kadish - Independent Non-Executive Director
- Regan Passlow - Non-Executive Director
- Andrew Coleman - Managing Director and Chief Executive Officer ('CEO')

And the following person:
- Dean Robinson - Chief Finance Officer ('CFO')

Amounts of remuneration
Details of the remuneration of key management personnel of the Group are set out in the following tables.

	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	
	Cash salary and fees	Cash bonus	Non-monetary	Super-annuation	Long service leave	Equity-settled	Total
Period from 26 Sep 2018 to 30 Jun 2019	$	$	$	$	$	$	$
Non-Executive Directors:							
Katherine Woodthorpe	22,330	-	-	2,121	-	-	24,451
Howard Coleman	10,449	-	-	993	-	-	11,442
Ian Kadish	15,630	-	-	1,485	-	-	17,115
Regan Passlow	10,449	-	-	993	-	-	11,442
Executive Directors:							
Andrew Coleman	65,384	50,000	-	6,212	-	-	121,596
Other Key Management Personnel:							
Dean Robinson	65,384	50,000	-	6,212	-	73,000	194,596
	189,626	100,000	-	18,016	-	73,000	380,642

The proportion of remuneration linked to performance and the fixed proportion are as follows:

Name	Fixed remuneration Period from 26 Sep 2018 to 30 Jun 2019	At risk - STI Period from 26 Sep 2018 to 30 Jun 2019	At risk - LTI Period from 26 Sep 2018 to 30 Jun 2019
Non-Executive Directors:			
Katherine Woodthorpe	100%	-	-
Howard Coleman	100%	-	-
Ian Kadish	100%	-	-
Regan Passlow	100%	-	-
Executive Directors:			
Andrew Coleman	59%	41%	-
Other Key Management Personnel:			
Dean Robinson	74%	26%	-

Service agreements

Remuneration and other terms of employment for key management personnel are formalised in service agreements. Details of these agreements are as follows:

Name:	Katherine Woodthorpe
Title:	Independent Chairperson
Agreement commenced:	26 February 2019
Term of agreement:	Ongoing
Details:	$100,000 per annum (including superannuation)

Name:	Howard Coleman
Title:	Non-Executive Director
Agreement commenced:	1 March 2019
Term of agreement:	Ongoing
Details:	$70,000 per annum (including superannuation)

Name:	Ian Kadish
Title:	Non-Executive Director
Agreement commenced:	26 February 2019
Term of agreement:	Ongoing
Details:	$70,000 per annum (including superannuation)

Name:	Regan Passlow
Title:	Non-Executive Director
Agreement commenced:	1 March 2019
Term of agreement:	Ongoing
Details:	$70,000 per annum (including superannuation)

Name:	Andrew Coleman
Title:	Managing Director and Chief Executive Officer
Agreement commenced:	26 February 2019
Term of agreement:	Ongoing
Details:	$219,000 per annum (including superannuation). Employment notice is 3 months.

Name:	Dean Robinson
Title:	Chief Finance Officer
Agreement commenced:	1 November 2018
Term of agreement:	Ongoing
Details:	$200,000 per annum

Key management personnel have no entitlement to termination payments in the event of removal for misconduct.

Share-based compensation

Issue of shares
Details of shares issued to directors and other key management personnel as part of compensation during the period ended 30 June 2019 are set out below:

Name	Date	Shares	Issue price	$
Dean Robinson	26 February 2019	91,250	$0.80	73,000

Dean Robinson was issued these shares in lieu of him receiving cash remuneration between commencing his role and completion of the restructure (under which the Company acquired the various shareholdings in the portfolio companies).

Options
There were no options over ordinary shares issued to directors and other key management personnel as part of compensation that were outstanding as at 30 June 2019.

There were no options over ordinary shares granted to or vested by directors and other key management personnel as part of compensation during the period ended 30 June 2019.

Additional information
The earnings of the Group since listing are summarised below:

	2019 $'000
Revenue from contracts with customers	28,007
Earnings before interest and taxation ('EBIT')	(1,641)
Loss after income tax	(1,624)
Statutory comprehensive loss	(1,624)

Additional disclosures relating to key management personnel

Shareholding
The number of shares in the Company held during the financial period by each director and other members of key management personnel of the Group, including their personally related parties, is set out below:

	Balance at the start of the period	Received as part of remuneration	Additions*	Disposals/ other	Balance at the end of the period
Ordinary shares					
Howard Coleman	-	-	14,810,909	-	14,810,909
Ian Kadish	-	-	67,500	-	67,500
Regan Passlow	-	-	1,038,438	-	1,038,438
Andrew Coleman	-	-	5,427,000	-	5,427,000
Dean Robinson	-	91,250	41,667	-	132,917
	-	91,250	21,385,514	-	21,476,764

* Additions include shares issued as consideration for the acquisition of businesses.

This concludes the remuneration report, which has been audited.

Shares under option
There were no unissued ordinary shares of Teaminvest Private Group Limited under option outstanding at the date of this report.

Shares issued on the exercise of options
There were no ordinary shares of Teaminvest Private Group Limited issued on the exercise of options during the period ended 30 June 2019 and up to the date of this report.

Indemnity and insurance of officers
The Company has indemnified the directors and executives of the Company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial period, the Company paid a premium in respect of a contract to insure the directors and executives of the Company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Indemnity and insurance of auditor
The Company has not, during or since the end of the financial period, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor.

During the financial period, the Company has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

Proceedings on behalf of the Company
No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to 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 part of those proceedings.

Non-audit services
Details of the amounts paid or payable to the auditor for non-audit services provided during the financial period by the auditor are outlined in note 27 to the financial statements.

The directors are satisfied that the provision of non-audit services during the financial period, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The directors are of the opinion that the services as disclosed in note 27 to the financial statements do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:
- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Group, acting as advocate for the Group or jointly sharing economic risks and rewards.

Officers of the Company who are former partners of HLB Mann Judd
There are no officers of the Company who are former partners of HLB Mann Judd.

Rounding of amounts
The Company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

Auditor's independence declaration
A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

Auditor
HLB Mann Judd continues in office in accordance with section 327 of the Corporations Act 2001.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors

Andrew Coleman
Managing Director and Chief Executive Officer

27 September 2019
Sydney

HLB MANN JUDD

Auditor's Independence Declaration

To the directors of Teaminvest Private Group Limited:

As lead auditor for the audit of the consolidated financial report of Teaminvest Private Group Limited for the period from 26 September 2018 to 30 June 2019, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

(a) the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

(b) any applicable code of professional conduct in relation to the audit.

This declaration is in relation to Teaminvest Private Group Limited and the entities it controlled during the period.

Sydney, Australia
27 September 2019

N J Guest
Director

hlb.com.au

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	Note	Consolidated Period from 26 Sep 2018 to 30 Jun 2019 $'000
Revenue	5	28,384
Share of profits of associates accounted for using the equity method		270
Other income		18
Interest revenue calculated using the effective interest method		3
Expenses		
Raw materials and consumables used		(14,255)
Employee benefits expense		(11,399)
Depreciation and amortisation expense	6	(323)
Impairment of receivables		(9)
Net loss on disposal of property, plant and equipment		(16)
Occupancy expense		(754)
Initial public offering ('IPO') listing expense		(1,266)
Other expenses		(2,291)
Finance costs	6	(144)
Loss before income tax benefit		(1,782)
Income tax benefit	7	158
Loss after income tax benefit for the period attributable to the owners of Teaminvest Private Group Limited		(1,624)
Other comprehensive income for the period, net of tax		-
Total comprehensive loss for the period attributable to the owners of Teaminvest Private Group Limited		(1,624)
		Cents
Basic earnings per share	36	(3.43)
Diluted earnings per share	36	(3.43)

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

	Note	Consolidated 30 Jun 2019 $'000
Assets		
Current assets		
Cash and cash equivalents	8	6,694
Trade and other receivables	9	7,720
Contract assets	10	5,699
Inventories	11	7,497
Deposits and prepayments		80
Total current assets		27,690
Non-current assets		
Investments accounted for using the equity method	12	17,499
Property, plant and equipment	13	4,198
Intangibles	14	54,934
Deferred tax	15	1,416
Total non-current assets		78,047
Total assets		105,737
Liabilities		
Current liabilities		
Trade and other payables	16	11,386
Contract liabilities	17	1,489
Borrowings	18	4,554
Income tax	19	1,051
Employee benefits	20	1,362
Warranty provision		20
Total current liabilities		19,862
Non-current liabilities		
Borrowings	21	598
Employee benefits	22	304
Total non-current liabilities		902
Total liabilities		20,764
Net assets		84,973
Equity		
Issued capital	23	86,597
Accumulated losses		(1,624)
Total equity		84,973

The above statement of financial position should be read in conjunction with the accompanying notes

Consolidated	Issued capital $'000	Accumulated losses $'000	Total equity $'000
Balance at 26 September 2018	-	-	-
Loss after income tax benefit for the period	-	(1,624)	(1,624)
Other comprehensive income for the period, net of tax	-	-	-
Total comprehensive loss for the period	-	(1,624)	(1,624)
Transactions with owners in their capacity as owners:			
Contributions of equity, net of transaction costs (note 23)	86,597	-	86,597
Balance at 30 June 2019	86,597	(1,624)	84,973

The above statement of changes in equity should be read in conjunction with the accompanying notes

Teaminvest Private Group Limited
Statement of cash flows
For the period ended 30 June 2019

	Note	Consolidated Period from 26 Sep 2018 to 30 Jun 2019 $'000
Cash flows from operating activities		
Receipts from customers (inclusive of GST)		25,940
Payments to suppliers (inclusive of GST)		(31,611)
		(5,671)
Dividends received		167
Interest received		3
Other revenue		395
Interest and other finance costs paid		(144)
Income taxes paid		(391)
Net cash used in operating activities	34	(5,641)
Cash flows from investing activities		
Net cash acquired on acquisition of subsidiaries	32	5,351
Payments for investment in associates		(1,000)
Payments for property, plant and equipment	13	(751)
Payments for intangibles	14	(8)
Loans from/(to) related and other parties		(50)
Proceeds from disposal of property, plant and equipment		(16)
Net cash from investing activities		3,526
Cash flows from financing activities		
Proceeds from issue of shares	23	7,021
Proceeds from borrowings	35	719
Repayment of lease liabilities	35	(34)
Proceeds from invoice discounting	35	263
Net cash from financing activities		7,969
Net increase in cash and cash equivalents		5,854
Cash and cash equivalents at the beginning of the financial period		-
Cash and cash equivalents at the end of the financial period	8	5,854

The above statement of cash flows should be read in conjunction with the accompanying notes

Note 1. General information

The financial statements cover Teaminvest Private Group Limited as a Group consisting of Teaminvest Private Group Limited ('Company' or 'parent entity') and the entities it controlled at the end of, or during, the period (referred to in these financial statements as the 'Group'). The financial statements are presented in Australian dollars, which is Teaminvest Private Group Limited's functional and presentation currency.

Teaminvest Private Group Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

1001A/53 Walker Street
North Sydney, NSW 2060

A description of the nature of the Group's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The Company was incorporated on 26 September 2018. On 24 May 2019, the Company was listed on the Australian Securities Exchange ('ASX') with the code 'TIP'.

The Group's results are for the 4 month period from 1 March 2019 to 30 June 2019 when the Company acquired the entities as detailed in note 32. From the date of incorporation on 26 September 2018 to 28 February 2019 the Company did not trade.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 27 September 2019. The directors have the power to amend and reissue the financial statements.

Note 2. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below.

New or amended Accounting Standards and Interpretations adopted

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The following Accounting Standards and Interpretations are most relevant to the Group:

AASB 9 Financial Instruments

The Group has adopted AASB 9 from incorporation date of 26 September 2018. The standard introduced new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows which arise on specified dates and that are solely principal and interest. A debt investment shall be measured at fair value through other comprehensive income if it is held within a business model whose objective is to both hold assets in order to collect contractual cash flows which arise on specified dates that are solely principal and interest as well as selling the asset on the basis of its fair value. All other financial assets are classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading or contingent consideration recognised in a business combination) in other comprehensive income ('OCI'). Despite these requirements, a financial asset may be irrevocably designated as measured at fair value through profit or loss to reduce the effect of, or eliminate, an accounting mismatch. For financial liabilities designated at fair value through profit or loss, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity. New impairment requirements use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment is measured using a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. For receivables, a simplified approach to measuring expected credit losses using a lifetime expected loss allowance is available.

Note 2. Significant accounting policies (continued)

AASB 15 Revenue from Contracts with Customers
The Group has adopted AASB 15 from incorporation date of 26 September 2018. The standard provides a single comprehensive model for revenue recognition. The core principle of the standard is that an entity shall recognise revenue to depict the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard introduced a new contract-based revenue recognition model with a measurement approach that is based on an allocation of the transaction price. This is described further in the accounting policies below. Credit risk is presented separately as an expense rather than adjusted against revenue. Contracts with customers are presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Customer acquisition costs and costs to fulfil a contract can, subject to certain criteria, be capitalised as an asset and amortised over the contract period.

Basis of preparation
These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Historical cost convention
The financial statements have been prepared under the historical cost convention.

Critical accounting estimates
The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

Parent entity information
In accordance with the Corporations Act 2001, these financial statements present the results of the Group only. Supplementary information about the parent entity is disclosed in note 37.

Principles of consolidation
The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Teaminvest Private Group Limited as at 30 June 2019 and the results of all subsidiaries for the period then ended.

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

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

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Where the Group loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The Group recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Note 2. Significant accounting policies (continued)

Operating segments
Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

Revenue recognition
The Group recognises revenue as follows:

Revenue from contracts with customers
Revenue is recognised at an amount that reflects the consideration to which the Group is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the Group: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability.

Sale of goods
Revenue from the design, manufacture and installation of the products listed below are recognised at the point in time when the customer obtains control of the goods, which is generally at the time of installation.

- underground and overhead electrical network extensions and upgrades;
- glass splashbacks, glass bathroom walls and toughened mirrors; and
- semi-trailers.

Rendering of services
Revenue from a contract to provide traffic management services and logistic support services is recognised at a point in time when the services are rendered based on a fixed price.

Revenue from the design, development and installation of architectural metal work in exchange for a fixed fee is recognised over time. Due to the high degree of interdependence between the various elements of these projects, they are accounted for as a single performance obligation. The performance obligation is based on the 'output method', where progress is measured against internally predetermined project milestones, being the most faithful depiction of the transfer of goods and services to each customer based on historical experience. As the performance obligation is generally completed within 12 months, the Group has used the practical expedient not to adjust the for the effects of financing.

Interest
Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Other revenue
Other revenue is recognised when it is received or when the right to receive payment is established.

Income tax
The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Note 2. Significant accounting policies (continued)

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

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

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Teaminvest Private Group Limited (the 'head entity') and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under the tax consolidation regime. The head entity and each subsidiary in the tax consolidated group continue to account for their own current and deferred tax amounts. The tax consolidated group has applied the 'separate taxpayer within group' approach in determining the appropriate amount of taxes to allocate to members of the tax consolidated group.

In addition to its own current and deferred tax amounts, the head entity also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from each subsidiary in the tax consolidated group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the tax consolidated group. The tax funding arrangement ensures that the intercompany charge equals the current tax liability or benefit of each tax consolidated group member, resulting in neither a contribution by the head entity to the subsidiaries nor a distribution by the subsidiaries to the head entity.

Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. For the statement of cash flows presentation purposes, cash and cash equivalents also includes bank overdrafts, which are shown within borrowings in current liabilities on the statement of financial position.

Note 2. Significant accounting policies (continued)

Trade and other receivables
Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The Group has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

Contract assets
Contract assets are recognised when the Group has transferred goods or services to the customer but where the Group is yet to establish an unconditional right to consideration. Contract assets are treated as financial assets for impairment purposes.

Inventories
Raw materials, work in progress and finished goods are stated at the lower of cost and net realisable value on a 'first in first out' basis. Cost comprises of direct materials and delivery costs, direct labour, import duties and other taxes, an appropriate proportion of variable and fixed overhead expenditure based on normal operating capacity, and, where applicable, transfers from cash flow hedging reserves in equity. Costs of purchased inventory are determined after deducting rebates and discounts received or receivable.

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

Associates
Associates are entities over which the Group has significant influence but not control or joint control. Investments in associates are accounted for using the equity method. Under the equity method, the share of the profits or losses of the associate is recognised in profit or loss and the share of the movements in equity is recognised in other comprehensive income. Investments in associates are carried in the statement of financial position at cost plus post-acquisition changes in the Group's share of net assets of the associate. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment. Dividends received or receivable from associates reduce the carrying amount of the investment.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

The Group discontinues the use of the equity method upon the loss of significant influence over the associate and recognises any retained investment at its fair value. Any difference between the associate's carrying amount, fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

Property, plant and equipment
Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Leasehold improvements	over the term of the lease
Plant and equipment	1-10 years
Plant and equipment under lease	2-5 years
Motor vehicles	4 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Note 2. Significant accounting policies (continued)

Leasehold improvements and plant and equipment under lease are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the Group. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

A distinction is made between finance leases, which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to the ownership of leased assets, and operating leases, under which the lessor effectively retains substantially all such risks and benefits.

Finance leases are capitalised. A lease asset and liability are established at the fair value of the leased assets, or if lower, the present value of minimum lease payments. Lease payments are allocated between the principal component of the lease liability and the finance costs, so as to achieve a constant rate of interest on the remaining balance of the liability.

Leased assets acquired under a finance lease are depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the Group will obtain ownership at the end of the lease term.

Operating lease payments, net of any incentives received from the lessor, are charged to profit or loss on a straight-line basis over the term of the lease.

Intangible assets

Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Goodwill
Goodwill arises on the acquisition of a business. Goodwill is not amortised. Instead, goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are taken to profit or loss and are not subsequently reversed.

Patents and trademarks
Significant costs associated with patents and trademarks are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite useful life of 10 years.

Software
Significant costs associated with software are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite useful life of 5 years.

Impairment of non-financial assets

Goodwill is not subject to amortisation and is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Note 2. Significant accounting policies (continued)

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Trade and other payables
These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial period and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Contract liabilities
Contract liabilities represent the Group's obligation to transfer goods or services to a customer and are recognised when a customer pays consideration, or when the Group recognises a receivable to reflect its unconditional right to consideration (whichever is earlier) before the Group has transferred the goods or services to the customer.

Borrowings
Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Finance costs
Finance costs are expensed in the period in which they are incurred.

Provisions
Provisions are recognised when the Group has a present (legal or constructive) obligation as a result of a past event, it is probable the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

Employee benefits

Short-term employee benefits
Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits
The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Defined contribution superannuation expense
Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

Issued capital
Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Business combinations
The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

Note 2. Significant accounting policies (continued)

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

On the acquisition of a business, the Group assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the Group's operating or accounting policies and other pertinent conditions in existence at the acquisition-date.

Where the business combination is achieved in stages, the Group remeasures its previously held equity interest in the acquiree at the acquisition-date fair value and the difference between the fair value and the previous carrying amount is recognised in profit or loss.

Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. Subsequent changes in the fair value of the contingent consideration classified as an asset or liability is recognised in profit or loss. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

Earnings per share

Basic earnings per share
Basic earnings per share is calculated by dividing the profit attributable to the owners of Teaminvest Private Group Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial period, adjusted for bonus elements in ordinary shares issued during the financial period.

Diluted earnings per share
Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

Goods and Services Tax ('GST') and other similar taxes
Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Note 2. Significant accounting policies (continued)

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

Rounding of amounts

The Company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Group for the annual reporting period ended 30 June 2019. The Group's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the Group, are set out below.

AASB 16 Leases

This standard is applicable to annual reporting periods beginning on or after 1 January 2019. The standard replaces AASB 117 'Leases' and for lessees will eliminate the classifications of operating leases and finance leases. Subject to exceptions, a 'right-of-use' asset will be capitalised in the statement of financial position, measured at the present value of the unavoidable future lease payments to be made over the lease term. The exceptions relate to short-term leases of 12 months or less and leases of low-value assets (such as personal computers and small office furniture) where an accounting policy choice exists whereby either a 'right-of-use' asset is recognised or lease payments are expensed to profit or loss as incurred. A liability corresponding to the capitalised lease will also be recognised, adjusted for lease prepayments, lease incentives received, initial direct costs incurred and an estimate of any future restoration, removal or dismantling costs. Straight-line operating lease expense recognition will be replaced with a depreciation charge for the leased asset (included in operating costs) and an interest expense on the recognised lease liability (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results will be improved as the operating expense is replaced by interest expense and depreciation in profit or loss under AASB 16. For classification within the statement of cash flows, the lease payments will be separated into both a principal (financing activities) and interest (either operating or financing activities) component. For lessor accounting, the standard does not substantially change how a lessor accounts for leases.

At the reporting date, the Group has non-cancellable operating lease commitments as disclosed in note 29. A preliminary assessment indicates that these arrangements will meet the definition of a lease under AASB 16, and hence the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases upon the application of AASB 16. The Group assessed that, using the transitional rules available, operating lease commitments as disclosed in note 29 will be recognised as right-of-use assets and related lease liabilities at the date of adoption on 1 July 2019.

New Conceptual Framework for Financial Reporting

A revised Conceptual Framework for Financial Reporting has been issued by the AASB and is applicable for annual reporting periods beginning on or after 1 January 2020. This release impacts for-profit private sector entities that have public accountability that are required by legislation to comply with Australian Accounting Standards and other for-profit entities that voluntarily elect to apply the Conceptual Framework. Phase 2 of the framework is yet to be released which will impact for-profit private sector entities. The application of new definition and recognition criteria as well as new guidance on measurement will result in amendments to several accounting standards. The issue of AASB 2019-1 'Amendments to Australian Accounting Standards – References to the Conceptual Framework', also applicable from 1 January 2020, includes such amendments. The Group will apply the revised conceptual framework from 1 July 2020 and is yet to assess its impact.

Note 3. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Revenue recognition over time
For performance obligations satisfied over time, management uses judgement to select a method for measuring its progress towards complete satisfaction of that performance obligation. In exercising that judgement, management selects a method that depicts its performance in transferring control of goods or services to the customer. For the provision of architectural metal work, management has determined that progress should be measured by internally predetermined project milestones (an output method). Specifically this method involves estimating the progress towards satisfying performance obligations within the contract and contract costs expected to be incurred to satisfy the performance obligations.

Allowance for expected credit losses
The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience and historical collection rates.

Provision for impairment of inventories
The provision for impairment of inventories assessment requires a degree of estimation and judgement. The level of the provision is assessed by taking into account the recent sales experience, the ageing of inventories and other factors that affect inventory obsolescence.

Estimation of useful lives of assets
The Group determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Goodwill
The Group tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill has suffered any impairment, in accordance with the accounting policy stated in note 2. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions, including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows.

Income tax
The Group is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Group recognises liabilities for anticipated tax audit issues based on the Group's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

Recovery of deferred tax assets
Deferred tax assets are recognised for deductible temporary differences only if the Group considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Note 3. Critical accounting judgements, estimates and assumptions (continued)

Business combinations
As discussed in note 2, business combinations are initially accounted for on a provisional basis. The fair value of assets acquired, liabilities and contingent liabilities assumed are initially estimated by the Group taking into consideration all available information at the reporting date. Fair value adjustments on the finalisation of the business combination accounting is retrospective, where applicable, to the period the combination occurred and may have an impact on the assets and liabilities, depreciation and amortisation reported.

Note 4. Operating segments

Identification of reportable operating segments
The Group is organised into two operating segments based on the whether it manufactures ('Engineering') or provide services ('Services'). These operating segments are based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources. Further details is as follows:

Segment name	Description
Engineering segment	The engineering segment includes four wholly-owned subsidiaries of the Group: DecoGlaze Holdings Pty Ltd; Lusty TIP Trailers Pty Ltd; Icon Metal Pty Ltd; and Coastal Energy Pty Ltd.
Services segment	The services segment includes two wholly-owned subsidiaries; East Coast Traffic Controllers Pty Ltd and Kitome Pty Ltd and two associate entities: Colour Capital Pty Ltd and Multimedia Technology Pty Ltd.

There is no aggregation of operating segments.

The CODM reviews EBITDA (earnings before interest, tax, depreciation and amortisation). The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the financial statements.

The information reported to the CODM is on a monthly basis.

Intersegment transactions
There were no intersegment transactions.

Intersegment receivables, payables and loans
There were no intersegment receivables, payables and loans.

Major customers
During the period ended 30 June 2019, the Group did not have sales to a single external customer that amounted to 10% or more of the Group's revenues.

Note 4. Operating segments (continued)

Operating segment information

Consolidated - Period from 26 Sep 2018 to 30 Jun 2019	Engineering $'000	Services $'000	Total $'000
Revenue			
Sales to external customers	20,211	7,796	28,007
Other revenue	164	213	377
Total revenue	20,375	8,009	28,384
EBITDA	151	448	599
Depreciation and amortisation			(323)
Interest revenue			3
Finance costs			(144)
Corporate overheads			(1,917)
Loss before income tax benefit			(1,782)
Income tax benefit			158
Loss after income tax benefit			(1,624)
Material items include:			
Share of profits of associates	-	270	270
Assets			
Segment assets	74,112	23,743	97,855
Unallocated assets:			
Deferred tax asset			1,416
Corporate assets			6,466
Total assets			105,737
Total assets includes:			
Investments in associates	-	17,499	17,499
Liabilities			
Segment liabilities	14,704	4,714	19,418
Unallocated liabilities:			
Provision for income tax			1,051
Corporate liabilities			295
Total liabilities			20,764

Note 5. Revenue

	Consolidated Period from 26 Sep 2018 to 30 Jun 2019 $'000
Revenue from contracts with customers	
Sale of goods	15,600
Rendering of services	12,407
	28,007
Other revenue	
Other revenue	377
Revenue	28,384

Note 5. Revenue (continued)

Disaggregation of revenue
The disaggregation of revenue from contracts with customers is as follows:

Consolidated - Period from 26 Sep 2018 to 30 Jun 2019	Engineering $'000	Services $'000	Total $'000
Geographical regions			
Australia	20,211	7,796	28,007
Timing of revenue recognition			
Goods transferred at a point in time	15,600	-	15,600
Services transferred at a point in time	472	7,796	8,268
Services transferred over time	4,139	-	4,139
	20,211	7,796	28,007

Note 6. Expenses

	Consolidated Period from 26 Sep 2018 to 30 Jun 2019 $'000
Loss before income tax includes the following specific expenses:	
Depreciation	
Leasehold improvements	5
Plant and equipment	62
Motor vehicles	216
Total depreciation	283
Amortisation	
Software	40
Total depreciation and amortisation	323
Finance costs	
Interest and finance charges paid/payable	121
Interest and finance charges paid/payable on lease liabilities	23
Finance costs expensed	144
Rental expense relating to operating leases	
Minimum lease payments	710
Superannuation expense	
Defined contribution superannuation expense	667

Note 7. Income tax benefit

	Consolidated Period from 26 Sep 2018 to 30 Jun 2019 $'000
Income tax benefit	
Current tax	67
Deferred tax - origination and reversal of temporary differences	(225)
Aggregate income tax benefit	(158)
Deferred tax included in income tax benefit comprises:	
Increase in deferred tax assets (note 15)	(225)
Numerical reconciliation of income tax benefit and tax at the statutory rate	
Loss before income tax benefit	(1,782)
Tax at the statutory tax rate of 30%	(535)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:	
Non-deductible expenses	377
Income tax benefit	(158)

Note 8. Current assets - cash and cash equivalents

	Consolidated 30 Jun 2019 $'000
Cash on hand	4
Cash at bank	6,352
Cash on deposit	338
	6,694

Reconciliation to cash and cash equivalents at the end of the financial period
The above figures are reconciled to cash and cash equivalents at the end of the financial period as shown in the statement of cash flows as follows:

Balances as above	6,694
Bank overdraft (note 18)	(840)
Balance as per statement of cash flows	5,854

Note 9. Current assets - trade and other receivables

	Consolidated 30 Jun 2019 $'000
Trade receivables	7,823
Less: Allowance for expected credit losses	(208)
	7,615
Loan receivable	15
Receivable from employees	9
	24
Other receivables	80
Receivable from related parties	1
	7,720

Allowance for expected credit losses
The ageing of the receivables and allowance for expected credit losses provided for above are as follows:

Consolidated	Expected credit loss rate 30 Jun 2019 %	Gross carrying amount 30 Jun 2019 $'000	Allowance for expected credit losses 30 Jun 2019 $'000
Not overdue	-	5,492	-
Under three months overdue	0.11%	1,676	2
Three to six months overdue	0.33%	303	1
Over six months overdue	58.24%	352	205
		7,823	208

Movements in the allowance for expected credit losses are as follows:

	Consolidated 30 Jun 2019 $'000
Opening balance	-
Additional provisions recognised	117
Additions through business combinations (note 32)	229
Unused amounts reversed	(138)
Closing balance	208

Note 10. Current assets - contract assets

	Consolidated 30 Jun 2019 $'000
Contract assets	5,699

Reconciliation
Reconciliation of the written down values at the beginning and end of the current financial period are set out below:

Opening balance	-
Additions	258
Additions through business combinations (note 32)	5,441
Closing balance	5,699

Note 11. Current assets - inventories

	Consolidated 30 Jun 2019 $'000
Raw materials - at cost	94
Work in progress - at cost	4,868
Finished goods - at cost	2,535
	7,497

Note 12. Non-current assets - investments accounted for using the equity method

	Consolidated 30 Jun 2019 $'000
Investment in associates	17,499

Reconciliation
Reconciliation of the carrying amounts at the beginning and end of the current financial period are set out below:

Opening carrying amount	-
Profit after income tax	270
Additions	17,396
Dividends received	(167)
Closing carrying amount	17,499

Note 12. Non-current assets - investments accounted for using the equity method (continued)

Interests in associates

Interests in associates are accounted for using the equity method of accounting. Information relating to associates that are material to the Group are set out below:

Name	Principal place of business / Country of incorporation	Ownership interest 30 Jun 2019 %
Colour Capital Pty Ltd*	Australia	33.30%
Multimedia Technology Pty Ltd**	Australia	30.00%

* On 28 February 2019, the Company purchased 33.30% of Colour Capital Pty Ltd for a total consideration of $7,887,000. This is a franchise management business and operates as franchisor of Raw Energy Café brand and master franchisor or GJ Gardner Homes (NSW, ACT and WA).

** On 28 February 2019, the Company purchased 30.00% of Multimedia Technology Pty Ltd for a total consideration of $9,509,000. Multimedia Technology Pty Ltd is an importer of information technology hardware to approximately 10,000 qualified resellers across Australia.

Note 12. Non-current assets - investments accounted for using the equity method (continued)

Summarised financial information for the year ended 30 June 2019 is as follows:

	Colour Capital 30 Jun 2019 $'000	Multimedia Technology 30 Jun 2019 $'000
Summarised statement of financial position		
Current assets	675	32,752
Non-current assets	2,535	676
Total assets	3,210	33,428
Current liabilities	460	15,106
Non-current liabilities	332	5,083
Total liabilities	792	20,189
Net assets	2,418	13,239
Summarised statement of profit or loss and other comprehensive income		
Revenue	11,146	140,219
Expenses	(9,800)	(135,602)
Profit before income tax	1,346	4,617
Income tax expense	(608)	(1,386)
Profit after income tax	738	3,231
Other comprehensive income	-	-
Total comprehensive income	738	3,231
Reconciliation of the Group's carrying amount		
Acquisition price	7,887	9,509
Share of profit/(loss) after income tax (from date of acquisition)	(43)	313
Share of dividends received	(167)	-
Closing carrying amount	7,677	9,822

Note 13. Non-current assets - property, plant and equipment

	Consolidated 30 Jun 2019 $'000
Land - at cost	144
Leasehold improvements - at cost	164
Less: Accumulated depreciation	(5)
	159
Plant and equipment - at cost	2,298
Less: Accumulated depreciation	(62)
	2,236
Motor vehicles - at cost	1,875
Less: Accumulated depreciation	(216)
	1,659
	4,198

Reconciliations
Reconciliations of the written down values at the beginning and end of the current financial period are set out below:

Consolidated	Land $'000	Leasehold improvements $'000	Plant and equipment $'000	Motor vehicles $'000	Total $'000
Balance at 26 September 2018	-	-	-	-	-
Additions	-	-	32	719	751
Additions through business combinations (note 32)	144	164	2,266	1,156	3,730
Depreciation expense	-	(5)	(62)	(216)	(283)
Balance at 30 June 2019	144	159	2,236	1,659	4,198

Property, plant and equipment secured under finance leases
Refer to note 29 for further information on property, plant and equipment secured under finance leases.

Note 14. Non-current assets - intangibles

	Consolidated 30 Jun 2019 $'000
Goodwill - at cost	54,724
Patents and trademarks - at cost	78
Software - at cost	172
Less: Accumulated amortisation	(40)
	132
	54,934

Note 14. Non-current assets - intangibles (continued)

Reconciliations
Reconciliations of the written down values at the beginning and end of the current financial period are set out below:

Consolidated	Goodwill $'000	Patents and trademarks $'000	Software $'000	Total $'000
Balance at 26 September 2018	-	-	-	-
Additions	-	8	-	8
Additions through business combinations (note 32)	54,724	70	172	54,966
Amortisation expense	-	-	(40)	(40)
Balance at 30 June 2019	54,724	78	132	54,934

Impairment testing
Goodwill has been allocated to the cash-generating units ('CGUs') as follows:

	Consolidated 30 Jun 2019 $'000
Goodwill allocated to engineering segment:	
Coastal Energy	5,929
DecoGlaze	8,738
Icon Metal	11,553
Lusty TIP Trailers	13,735
Engineering segment	39,955
Goodwill allocated to services segment:	
East Coast Traffic Controllers	3,968
Kitome	10,801
Services segment	14,769
Total goodwill	54,724

The recoverable amount of the Group's goodwill has been determined by a value-in-use calculation using a discounted cash flow model, based on management approved budget and the application of a growth rate for a 5 year projection period , together with a terminal value.

The following assumptions were used in the discounted cash flow models for the period subsequent to management's approved budget:

	Earnings growth rate %	Discount rate (pre-tax) %	Terminal growth rate %
Coastal Energy	4.0%	12.4%	2.7%
DecoGlaze	6.3%	10.8%	2.7%
Lusty TIP Trailers	3.0%	11.5%	2.7%
Icon Metal	3.0%	11.8%	2.7%
East Coast Traffic Controllers	3.7%	12.3%	2.7%
Kitome	7.0%	10.7%	2.7%

Note 14. Non-current assets - intangibles (continued)

Key assumption	Approach used to determine values
Earnings growth rate	Management believes the projected weighted average earnings growth rate is prudent and justified, based on the general market, in which the relevant CGU operates.
Discount rate	Pre-tax discount rate reflects management's estimate of the time value of money and the relevant portfolio company's weighted average cost of capital adjusted for the risk free rate and the volatility of the relevant portfolio company's industry relative to market movements.
Terminal growth rate	Management have estimated that the terminal growth rate will be in line with the Reserve Bank of Australia ('RBA') expected gross domestic products ('GDP') growth rate.

Based on the above the recoverable amount exceeds the carrying amount and therefore, goodwill is not considered to be impaired.

Sensitivity
As disclosed in note 3, the directors have made judgements and estimates in respect of impairment testing of goodwill. Should these judgements and estimates not occur the resulting goodwill carrying amount may decrease. The recoverable amount of the CGU would equal its carrying amount if the key assumptions were to change as follows:

	Earnings growth rate decrease by %	Discount rate increase by %
Coastal Energy	6.0%	1.7%
DecoGlaze	4.0%	1.0%
Lusty TIP Trailers	12.0%	2.9%
Icon Metal	9.0%	2.2%
East Coast Traffic Controllers	11.5%	3.0%
Kitome	3.3%	1.5%

This sensitivity analysis assumes all other assumptions remain constant.

Management believes that other reasonable changes in the key assumptions on which the recoverable amount of goodwill is based would not cause the CGU's carrying amount to exceed its recoverable amount.

Note 15. Non-current assets - deferred tax

	Consolidated 30 Jun 2019 $'000
Deferred tax asset comprises temporary differences attributable to:	
Amounts recognised in profit or loss:	
Tax losses	215
Allowance for expected credit losses	663
Employee benefits	448
Provision for warranties	6
Accrued expenses	61
Borrowing costs	13
Formation expenses	271
Inventories	(313)
Contract assets	52
Deferred tax asset	1,416
Movements:	
Opening balance	-
Credited to profit or loss (note 7)	225
Additions through business combinations (note 32)	353
Additional deferred tax on entering tax consolidated group	838
Closing balance	1,416

Note 16. Current liabilities - trade and other payables

	Consolidated 30 Jun 2019 $'000
Trade payables	6,883
Accrued expense	2,872
BAS payable	484
Other payables	1,147
	11,386

Refer to note 25 for further information on financial instruments.

Note 17. Current liabilities - contract liabilities

	Consolidated 30 Jun 2019 $'000
Contract liabilities	1,489

Reconciliation
Reconciliation of the written down values at the beginning and end of the current financial period are set out below:

Opening balance	-
Payments received in advance	6,709
Additions through business combinations (note 32)	1,993
Transfer to revenue - from additions through business combinations	(1,705)
Transfer to revenue - from advance payments received during the period	(5,508)
Closing balance	1,489

Unsatisfied performance obligations
The aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied at the end of the reporting period was $1,489,000 as at 30 June 2019 and is expected to be recognised as revenue in future periods as follows:

	Consolidated 30 Jun 2019 $'000
Within 6 months	1,111
6 to 12 months	378
	1,489

Note 18. Current liabilities - borrowings

	Consolidated 30 Jun 2019 $'000
Bank overdraft	840
Bank loans	719
Invoice discounting	478
Payable to related parties	1,363
Lease liability	1,154
	4,554

Refer to note 21 for further information on assets pledged as security and financing arrangements.

Refer to note 25 for further information on financial instruments.

Note 19. Current liabilities - income tax

	Consolidated 30 Jun 2019 $'000
Provision for income tax	1,051

Note 20. Current liabilities - employee benefits

	Consolidated 30 Jun 2019 $'000
Annual leave	911
Long service leave	451
	1,362

Note 21. Non-current liabilities - borrowings

	Consolidated 30 Jun 2019 $'000
Lease liability	598

Refer to note 25 for further information on financial instruments.

Total secured liabilities
The total secured liabilities (current and non-current) are as follows:

	Consolidated 30 Jun 2019 $'000
Bank overdraft	840
Bank loans	719
Invoice discounting	478
Lease liability	1,752
	3,789

Assets pledged as security
The bank loans are secured by first mortgages over certain specific plant and equipment.

The lease liabilities are effectively secured as the rights to the leased assets, recognised in the statement of financial position, revert to the lessor in the event of default.

Invoice discounting is secured by the trade receivables.

Note 21. Non-current liabilities - borrowings (continued)

Financing arrangements
Unrestricted access was available at the reporting date to the following lines of credit:

	Consolidated 30 Jun 2019 $'000
Total facilities	
Bank overdraft	2,700
Bank loans	2,000
	4,700
Used at the reporting date	
Bank overdraft	840
Bank loans	719
	1,559
Unused at the reporting date	
Bank overdraft	1,860
Bank loans	1,281
	3,141

Note 22. Non-current liabilities - employee benefits

	Consolidated 30 Jun 2019 $'000
Long service leave	304

Note 23. Equity - issued capital

	Consolidated 30 Jun 2019 Shares	Consolidated 30 Jun 2019 $'000
Ordinary shares - fully paid	111,046,693	86,597

Movements in ordinary share capital

Details	Date	Shares	$'000
Balance	26 September 2018	-	-
Issue of shares - founding shares	26 September 2018	1,000,000	-
Issue of shares - acquisition of associates	28 February 2019	20,494,549	16,396
Issue of shares - acquisition of subsidiaries	28 February 2019	81,766,977	63,180
Issue of shares - wholesale	24 May 2019	3,815,417	3,052
Issue of shares - IPO	24 May 2019	3,969,750	3,969
Balance	30 June 2019	111,046,693	86,597

Ordinary shares
Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

Note 23. Equity - issued capital (continued)

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Share buy-back
There is no current on-market share buy-back.

Capital risk management
The Group's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group would look to raise capital when an opportunity to invest in a business or company was seen as value adding relative to the current Company's share price at the time of the investment. The Group is not actively pursuing additional investments in the short term as it continues to integrate and grow its existing businesses in order to maximise synergies.

The Group is subject to certain financing arrangements covenants and meeting these is given priority in all capital risk management decisions. There have been no events of default on the financing arrangements during the financial period.

Note 24. Equity - dividends

There were no dividends paid, recommended or declared during the current financial period.

Note 25. Financial instruments

Financial risk management objectives
The Group's activities expose it to a variety of financial risks: market risk (including interest rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate and ageing analysis for credit risk.

Risk management is carried out by senior finance executives ('finance') under policies approved by the Board of Directors ('the Board'). These policies include identification and analysis of the risk exposure of the Group and appropriate procedures, controls and risk limits. Finance identifies, evaluates and hedges financial risks within the Group's operating units. Finance reports to the Board on a monthly basis.

Market risk

Foreign currency risk
The Group is not exposed to any significant foreign currency risk.

Price risk
The Group is not exposed to any significant price risk.

Interest rate risk
The Group's main interest rate risk arises from long-term borrowings. Borrowings obtained at variable rates expose the Group to interest rate risk. Borrowings obtained at fixed rates expose the Group to fair value interest rate risk.

Note 25. Financial instruments (continued)

As at the reporting date, the Group had the following variable rate borrowings outstanding:

Consolidated	30 Jun 2019 Weighted average interest rate %	30 Jun 2019 Balance $'000
Bank overdraft and bank loans	8.28%	1,559
Net exposure to cash flow interest rate risk		1,559

An analysis by remaining contractual maturities in shown in 'liquidity risk' below.

For the Group the bank overdraft and loans outstanding, totalling $1,559,000, are principal and interest payment loans. An official increase/decrease in interest rates of 100 basis points would have an adverse/favourable effect on profit before tax of $16,000 per annum. The percentage change is based on the expected volatility of interest rates using market data and analysts forecasts.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has a strict code of credit, including obtaining agency credit information, confirming references and setting appropriate credit limits. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any expected credit losses of those assets, as disclosed in the statement of financial position and notes to the financial statements. The Group does not hold any collateral.

The Group has adopted a lifetime expected loss allowance in estimating expected credit losses to trade receivables through the use of a provisions matrix using fixed rates of credit loss provisioning. These provisions are considered representative across all customers of the Group based on recent sales experience, historical collection rates and forward-looking information that is available.

Generally, trade receivables are written off when there is no reasonable expectation of recovery. Indicators of this include the failure of a debtor to engage in a repayment plan, no active enforcement activity and a failure to make contractual payments for a period greater than one year.

Liquidity risk

Vigilant liquidity risk management requires the Group to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

The Group manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

Financing arrangements
Unused borrowing facilities at the reporting date:

	Consolidated 30 Jun 2019 $'000
Bank overdraft	1,860
Bank loans	1,281
	3,141

The bank overdraft facilities may be drawn at any time and may be terminated by the bank without notice. Subject to the continuance of satisfactory credit ratings, the bank loan facilities may be drawn at any time.

Note 25. Financial instruments (continued)

Remaining contractual maturities
The following tables detail the Group's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

Consolidated - 30 Jun 2019	Weighted average interest rate %	1 year or less $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000	Over 5 years $'000	Remaining contractual maturities $'000
Non-derivatives						
Non-interest bearing						
Trade payables	-	6,883	-	-	-	6,883
Other payables	-	1,147	-	-	-	1,147
Interest-bearing - variable						
Bank overdraft	8.61%	840	-	-	-	840
Bank loans	7.49%	719	-	-	-	719
Invoice discounting	7.72%	478	-	-	-	478
Lease liability	6.51%	1,160	564	37	-	1,761
Total non-derivatives		11,227	564	37	-	11,828

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

Note 26. Fair value measurement

The carrying amounts of trade and other receivables and trade and other payables are assumed to approximate their fair values due to their short-term nature.

Note 27. Remuneration of auditors

During the financial period the following fees were paid or payable for services provided by HLB Mann Judd, the auditor of the Company:

	Consolidated Period from 26 Sep 2018 to 30 Jun 2019 $
Audit services - HLB Mann Judd	
Audit or review of the financial statements	182,500
Other assurance services - HLB Mann Judd	
Other assurance services	48,000
Other audit services	223,914
	271,914
	454,414

Note 28. Contingent liabilities

The Group has given bank guarantees of $65,000 as at 30 June 2019.

Contingent liability for unsettled claims against the Group is $130,000 as at 30 June 2019.

Note 29. Commitments

	Consolidated 30 Jun 2019 $'000
Lease commitments - operating	
Committed at the reporting date but not recognised as liabilities, payable:	
Within one year	1,562
One to five years	2,562
More than five years	27
	4,151
Lease commitments - finance	
Committed at the reporting date and recognised as liabilities, payable:	
Within one year	1,160
One to five years	564
More than five years	37
Total commitment	1,761
Less: Future finance charges	(9)
Net commitment recognised as liabilities	1,752
Representing:	
Lease liability - current (note 18)	1,154
Lease liability - non-current (note 21)	598
	1,752

Operating lease commitments includes contracted amounts for various retail outlets, warehouses, offices and plant and equipment under non-cancellable operating leases expiring within one to six years with, in some cases, options to extend. The leases have various escalation clauses. On renewal, the terms of the leases are renegotiated.

Finance lease commitments includes contracted amounts for various plant and equipment with a written down value of $1,199,000 under finance leases expiring within one to six years. Under the terms of the leases, the Group has the option to acquire the leased assets for predetermined residual values on the expiry of the leases.

Note 30. Related party transactions

Parent entity
Teaminvest Private Group Limited is the parent entity.

Subsidiaries
Interests in subsidiaries are set out in note 33.

Associates
Interests in associates are set out in note 12.

Key management personnel
Disclosures relating to key management personnel are set out in note 31 and the remuneration report included in the directors' report.

Note 30. Related party transactions (continued)

Transactions with related parties
There were no transactions with related parties during the financial period.

Receivable from and payable to related parties

	Consolidated 30 Jun 2019 $
Current receivables:	
Receivables from other related party	1,001
Current payables:	
Payables to other related party	1,363,712

Loans to/from related parties
There were no loans to or from related parties at the reporting date.

Note 31. Key management personnel disclosures

Compensation
The aggregate compensation made to directors and other members of key management personnel of the Group is set out below:

	Consolidated Period from 26 Sep 2018 to 30 Jun 2019 $
Short-term employee benefits	289,626
Post-employment benefits	18,016
Share-based payments	73,000
	380,642

Note 32. Business combinations

Acquisition of management entity

On 28 February 2019, the Company acquired 100% of the ordinary shares of Teaminvest Private Pty Ltd ('TIP') for the total consideration transferred of $14,400,000. This is an investment management business and operates in the corporate and managed investments division of the Group. The acquired business contributed revenues of $nil and loss after tax of $nil to the Group for the period from 1 March 2019 to 30 June 2019. If the acquisition occurred on 1 July 2018, the full year contributions would have been revenues of $399,000 and income after tax of $6,000. The values identified in relation to the acquisition are provisional as at 30 June 2019.

Details of the acquisition are as follows:

	Fair value $'000
Plant and equipment	3
Net assets acquired	3
Goodwill	14,397
Acquisition-date fair value of the total consideration transferred	14,400
Representing:	
Teaminvest Private Group Limited shares issued to vendor	14,400

The goodwill is attributable to the workforce and the assembled management know-how within one reporting structure, in addition to the synergies obtainable as a Group as a whole. The goodwill has been allocated to the CGUs as detailed in note 14. It will not be deductible for tax purposes.

Note 32. Business combinations (continued)

Acquisition of six portfolio entities
On 28 February 2019, the Company acquired 100% of the ordinary shares (directly or indirectly) of six portfolio entities below:

Entity	Details
Coastal Energy Pty Ltd ('Coastal Energy')	Acquired for the total consideration transferred of $5,968,000. This entity designs and installs underground and overhead electrical network extensions and upgrades for major government and corporate clients (including property developers) in South East Queensland and operates in the engineering segment of the Group. The acquired business contributed revenues of $4,337,000 and profit after tax of $64,000 to the Group for the period from 1 March 2019 to 30 June 2019.
DecoGlaze Holdings Pty Ltd and controlled entities ('DecoGlaze')	Acquired for the total consideration transferred of $7,837,000. This entity is a premier manufacturer and installer of glass splashbacks, glass bathroom walls and toughened mirrors throughout New South Wales and Victoria and operates in the engineering segment of the Group. The acquired business contributed revenues of $1,634,000 and loss after tax of $170,000 to the Group for the period from 1 March 2019 to 30 June 2019.
East Coast Traffic Controllers Pty Ltd ('ECT')	Acquired for the total consideration transferred of $4,114,000. This entity provides traffic management services to government, local council and corporate clients in Queensland and operates in the services segment of the Group. The acquired business contributed revenues of $3,341,000 and loss after tax of $134,000 to the Group for the period from 1 March 2019 to 30 June 2019.
Icon Metal Pty Ltd ('Icon Metal')	Acquired for the total consideration transferred of $10,285,000. This entity designs, engineers, fabricates and installs architectural metalwork, miscellaneous metalwork, balustrades and structural metal features and glass for Tier 1 clients in New South Wales and operates in the engineering segment of the Group. The acquired business contributed revenues of $4,151,000 and loss after tax of $442,000 to the Group for the period from 1 March 2019 to 30 June 2019.
Kitome Pty Ltd ('Kitome')	Acquired for the total consideration transferred of $7,475,000. This entity is a provider of logistics support to owner builders and rural and regional building firms across Australia and operates in the services segment of the Group. The acquired business contributed revenues of $4,671,000 and profit after tax of $13,000 to the Group for the period from 1 March 2019 to 30 June 2019.
Lusty TIP Trailers Pty Ltd ('Lusty TIP')	Acquired for the total consideration transferred of $13,101,000. This entity designs and manufactures aluminium semi-trailers including tippers, fracking tankers, performance based standards ('PBS') body and dogs, bottom dumps, belly tankers, flat tops, dollies, racing car transporters and horizontal discharge trailers and operates in the engineering segment of the Group. The acquired business contributed revenues of $10,253,000 and loss after tax of $421,000 to the Group for the period from 1 March 2019 to 30 June 2019.

Note 32. Business combinations (continued)

Details of the acquisitions are as follows:

	Coastal Energy Fair value $'000	DecoGlaze Fair value $'000	ECT Fair value $'000	Icon Metal Fair value $'000	Kitome Fair value $'000	Lusty TIP Fair value $'000	Total Fair value $'000
Cash and cash equivalents	575	863	55	-	1,399	2,769	5,661
Trade receivables *	2,299	300	1,418	860	346	369	5,592
Other receivables	-	2	-	-	1	89	92
Contract assets	35	-	-	5,356	50	-	5,441
Raw materials	-	74	-	30	-	-	104
Work in progress	270	23	-	-	-	5,360	5,653
Finished goods	253	30	-	-	20	1,834	2,137
Prepayments and other assets	-	2	22	21	61	97	203
Land and buildings	-	-	-	-	144	-	144
Leasehold improvements	-	-	-	52	80	32	164
Plant and equipment	229	423	992	183	78	358	2,263
Motor vehicles	696	29	35	156	23	217	1,156
Patents and trademarks	-	-	-	-	2	68	70
Software	-	94	-	-	78	-	172
Deferred tax asset	-	84	-	(11)	63	217	353
Trade payables	(1,256)	(121)	(272)	(457)	(952)	(3,631)	(6,689)
Other payables	(169)	(93)	(337)	(466)	(1,441)	(1,616)	(4,122)
Contract liabilities	(273)	(23)	-	-	(573)	(1,124)	(1,993)
Provision for income tax	(78)	(82)	223	268	(152)	(716)	(537)
Employee benefits	(177)	(193)	(36)	(228)	(347)	(562)	(1,543)
Warranty provision	-	-	-	-	-	(20)	(20)
Bank overdraft	-	-	-	(310)	-	-	(310)
Finance facility	-	-	(215)	-	-	-	(215)
Lease liability	(604)	-	(441)	(233)	-	(508)	(1,786)
Other liabilities	-	-	(83)	(3,454)	-	-	(3,537)
Net assets/(liabilities) acquired	1,800	1,412	1,361	1,767	(1,120)	3,233	8,453
Goodwill	4,168	6,425	2,753	8,518	8,595	9,868	40,327
Acquisition-date fair value of the total consideration transferred	5,968	7,837	4,114	10,285	7,475	13,101	48,780
Representing:							
Teaminvest Private Group Limited shares issued to vendors	5,968	7,837	4,114	10,285	7,475	13,101	48,780
Cash used to acquire business, net of cash acquired:							
Add: bank overdraft	-	-	-	310	-	-	310
Less: cash and cash equivalents	(575)	(863)	(55)	-	(1,399)	(2,769)	(5,661)
Net cash used/(received)	(575)	(863)	(55)	310	(1,399)	(2,769)	(5,351)

* The fair value of trade receivables is $5,592,000. The gross contractual amount for trade receivables due is $5,821,000, of which $229,000 is not expected to be collected.

The fair values identified in relation to the above portfolio entity acquisitions are provisional as at 30 June 2019.

Note 32. Business combinations (continued)

The goodwill is attributable to the workforce and the high profitability of the acquired businesses. It will not be deductible for tax purposes.

Fair value of Teaminvest Private Group Limited shares issued to vendors
The Group issued 81,766,977 shares as consideration for the acquisitions made during the period. The fair value of the shares at the date of acquisitions was $0.80 per share and was based on the most recent capital raise.

Note 33. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 2:

Name	Principal place of business / Country of incorporation	Ownership interest 30 Jun 2019 %
Teaminvest Private Pty Ltd	Australia	100%
Coastal Energy Pty Ltd	Australia	100%
DecoGlaze Holdings Pty Ltd and its controlled entities:	Australia	100%
-DecoGlaze Franchising Pty Ltd	Australia	100%
-DecoGlaze Intellectual Property Pty Ltd	Australia	100%
-DecoGlaze Pty Limited	Australia	100%
-DecoGlaze Surface Cleaner Pty Ltd	Australia	100%
-DecoGlaze Surface Cleaner Unit Trust	Australia	100%
East Coast Traffic Controllers Pty Ltd	Australia	100%
Icon Metal Pty Ltd	Australia	100%
Kitome Pty Ltd	Australia	100%
Lusty TIP Trailers Pty Ltd	Australia	100%
TIP CC Newco Pty Ltd	Australia	100%
TIP CE Newco Pty Ltd	Australia	100%
TIP DG Newco Pty Ltd	Australia	100%
TIP DG 2 Newco Pty Ltd	Australia	100%
TIP ECT Newco Pty Ltd	Australia	100%
TIP GLT Newco Pty Ltd	Australia	100%
TIP Icon Newco Pty Ltd	Australia	100%
TIP KTM Newco Pty Ltd	Australia	100%
TIP MMT Newco Pty Ltd	Australia	100%

Note 34. Reconciliation of loss after income tax to net cash used in operating activities

	Consolidated Period from 26 Sep 2018 to 30 Jun 2019 $'000
Loss after income tax benefit for the period	(1,624)
Adjustments for:	
Depreciation and amortisation	323
Net loss on disposal of property, plant and equipment	16
Share of profit - associates	(270)
Dividends received - associates	167
Change in operating assets and liabilities:	
Increase in trade and other receivables	(2,036)
Increase in contract assets	(258)
Decrease in inventories	397
Increase in deferred tax assets	(1,063)
Decrease in prepayments	138
Increase in other operating assets	(15)
Decrease in trade and other payables	(1,921)
Decrease in contract liabilities	(132)
Increase in provision for income tax	514
Increase in employee benefits	123
Net cash used in operating activities	(5,641)

Note 35. Changes in liabilities arising from financing activities

Consolidated	Bank loan $'000	Lease liabilities $'000	Invoice discounting $'000	Total $'000
Balance at 26 September 2018	-	-	-	-
Net cash from/(used in) financing activities	719	(34)	263	948
Changes through business combinations (note 32)	-	1,786	215	2,001
Balance at 30 June 2019	719	1,752	478	2,949

Note 36. Earnings per share

	Consolidated Period from 26 Sep 2018 to 30 Jun 2019 $'000
Loss after income tax attributable to the owners of Teaminvest Private Group Limited	(1,624)

	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	47,309,367
Weighted average number of ordinary shares used in calculating diluted earnings per share	47,309,367

	Cents
Basic earnings per share	(3.43)
Diluted earnings per share	(3.43)

Note 37. Parent entity information

Set out below is the supplementary information about the parent entity.

Statement of profit or loss and other comprehensive income

	Parent Period from 26 Sep 2018 to 30 Jun 2019 $'000
Loss after income tax	(805)
Total comprehensive loss	(805)

Statement of financial position

	Parent 30 Jun 2019 $'000
Total current assets	4,567
Total assets	86,088
Total current liabilities	296
Total liabilities	296
Equity	
Issued capital	86,597
Accumulated losses	(805)
Total equity	85,792

Note 37. Parent entity information (continued)

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries
The parent entity had no guarantees in relation to the debts of its subsidiaries as at 30 June 2019.

Contingent liabilities
The parent entity had no contingent liabilities as at 30 June 2019.

Capital commitments - Property, plant and equipment
The parent entity had no capital commitments for property, plant and equipment as at 30 June 2019.

Significant accounting policies
The accounting policies of the parent entity are consistent with those of the Group, as disclosed in note 2, except for the following:
- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Investments in associates are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.

Note 38. Events after the reporting period

No matter or circumstance has arisen since 30 June 2019 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;

- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 2 to the financial statements;

- the attached financial statements and notes give a true and fair view of the Group's financial position as at 30 June 2019 and of its performance for the financial period ended on that date; and

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

The directors have been given the declarations required by section 295A of the Corporations Act 2001.

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

On behalf of the directors

Andrew Coleman
Managing Director and Chief Executive Officer

27 September 2019
Sydney

Independent Auditor's Report to the Members of Teaminvest Private Group Limited

REPORT ON THE AUDIT OF THE FINANCIAL REPORT

Opinion

We have audited the financial report of Teaminvest Private Group Limited ("the Company") and its controlled entities ("the Group"), which comprises the statement of financial position as at 30 June 2019, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the period from 26 September 2018 to 30 June 2019 of the consolidated group, 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:

(a) giving a true and fair view of the Group's financial position as at 30 June 2019 and of its financial performance for the period from 26 September 2018 to 30 June 2019; and

(b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* ("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.

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.

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Key Audit Matter	How our audit addressed the key audit matter
Business combinations Note 32: Business Combinations	
During the period the Group acquired 100% of the equity interests in a number of entities for total consideration of $63,180,000. As detailed in Note 32 the acquisitions are accounted for on a provisional basis at 30 June 2019. Accounting for these acquisitions is a complex and judgemental exercise, requiring management to calculate the fair value of consideration applied and identify and determine the fair value of the identifiable assets and liabilities acquired. Management was also required to determine and allocate purchase consideration to identified intangible assets and goodwill. We have identified the business combinations as a key audit matter given the significance of the acquisitions and the degree of complexity and judgement involved in the application of the accounting standards.	Our audit procedures included but were not limited to the following: • Assessed the Group's determination and application of the business combination accounting standards to the acquisition transactions. • Assessed the reasonableness of the adopted acquisition date and the fair value of purchase consideration by agreeing to the relevant purchase deeds and supporting documents. • Performed audit procedures to evaluate the reasonableness of the identification and fair value of the acquisition date assets acquired liabilities assumed. • Assessed the accuracy of the allocation of purchase consideration in excess of the identifiable assets acquired and liabilities assumed. • Assessed the adequacy of the Group's disclosures in the financial statements relating to the business combinations.
Carrying amount of intangible assets Note 14: Intangibles	
As a result of the business combinations that occurred during the period, goodwill has been recognised to reflect the excess of the purchase consideration over the fair value of the identified assets acquired and liabilities assumed. On acquisition goodwill was allocated to identified Cash Generation Units ("CGUs"). The Group's goodwill balance as at 30 June 2019 is $54,724,000. As required by Australian Accounting Standards an impairment assessment of the recoverable amount of the CGU's to which the Goodwill relates has been performed by management. Management's impairment assessment of the CGU recoverable amounts utilises value in use calculations, which involve a significant level of judgement in respect of factors such as: • Estimated future operating revenue and costs; • Appropriate discount and growth rates; and • Terminal values of CGU. We considered this to be a key audit matter due to the significant judgement involved in estimating the carrying amount of the goodwill assets and the potentially material impact on the financial statements.	Our audit procedures included but were not limited to the following: • Assessed the identification and determination of the Group's CGUs based on our understanding of the nature of the Group's business and the allocations of assets and liabilities to the CGU's, including goodwill. • Tested the integrity and mathematical accuracy of the discounted cash flow models used by management for value in use assessments. • Evaluated and assessed key assumptions and methodologies applied to the underlying cashflow forecasts with reference to representations from management, documented business plans and historical results of the business operations. • Assessed the Group's assumptions in developing the discount and terminal growth rates with reference to external sources. • Performed sensitivity analysis and evaluated whether a reasonably possible change in assumptions could cause the carrying amount of a CGU to exceed its recoverable amount. • Assessed the adequacy of disclosures included in Note 14 to the financial statements.

Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the period from 26 September 2018 to 30 June 2019, but does not include the financial report and our auditor's report thereon.

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

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

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

Responsibilities of the Directors for the Financial Report

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

Auditor's Responsibilities for the Audit of the Financial Report

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

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

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

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

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

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

REPORT ON THE REMUNERATION REPORT

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 25 to 30 of the directors' report for the period from 26 September 2018 to 30 June 2019.

In our opinion, the Remuneration Report of Teaminvest Private Group Limited for the period ended 30 June 2019 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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

HLB Mann Judd

HLB Mann Judd Assurance (NSW) Pty Ltd
Chartered Accountants

N J Guest
Director

Sydney, Australia
27 September 2019

The shareholder information set out below was applicable as at 18 September 2019.

Distribution of equitable securities

Analysis of number of equitable security holders by size of holding:

	Number of holders of ordinary shares	Number of ordinary shares
1 to 1,000	21	16,548
1,001 to 5,000	100	317,849
5,001 to 10,000	65	575,157
10,001 to 100,000	193	7,913,316
100,001 and over	119	102,223,823
	498	111,046,693
Holding less than a marketable parcel	3	1,207

Equity security holders

Twenty largest quoted equity security holders

The names of the twenty largest security holders of quoted equity securities are listed below:

	Ordinary shares	
	Number held	% of total shares issued
Teaminvest Pty Ltd	12,600,000	11.35
Pluto Mining Pty Ltd	6,723,198	6.05
Kitome Pastoral Pty Limited	5,601,113	5.04
Mr Andrew Coleman	5,425,000	4.89
Theta Asset Management Ltd (TDGF A/C)	5,276,919	4.75
Crooks Pty Ltd	4,363,049	3.93
Pribula Family Pty Ltd	2,671,709	2.41
DecoGlaze Australia Pty Ltd	2,449,116	2.21
Electronic Marketing Pty Ltd	2,176,659	1.96
Le Grand Pty Ltd	1,633,395	1.47
BNP Paribas Nominees Pty Ltd (IB AU Noms RetailClient DM)	1,503,570	1.35
Hunters Hill Consulting and Counselling Pty Ltd	1,502,835	1.35
Malonga Pty Ltd	1,491,923	1.34
Willberg Investments Pty Ltd	1,491,923	1.34
Josamba Pty Ltd (WR&P Gibson Super Fund A/C)	1,425,435	1.28
Mr Malcolm Oliver Thompson + Ms Elizabeth Thompson	1,392,363	1.25
Mr Malcolm Murray Jones + Mrs Lynnette Anne Jones (Relm A/C)	1,386,541	1.25
Robert Breit	1,380,628	1.24
Baxtero Pty Limited (Carmichael Superfund A/C)	1,319,455	1.19
Penmark Super Pty Ltd (Penmark Super Fund A/C)	1,318,546	1.19
	63,133,377	56.84

Unquoted equity securities

There are no unquoted equity securities.

Substantial holders

Substantial holders in the Company are set out below:

	Ordinary shares Number held	% of total shares issued
Teaminvest Pty Ltd	12,600,000	11.35
Pluto Mining Pty Ltd	6,723,198	6.05
Kitome Pastoral Pty Ltd	5,601,113	5.04

Voting rights

The voting rights attached to ordinary shares are set out below:

Ordinary shares
On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

There are no other classes of equity securities.

Securities subject to escrow

Type of escrow	Escrow period	Number of shares
Voluntary escrow - ordinary shares	From the period commencing on the date of official quotation (24 May 2019) and ending 12 months after the date of quotation	24,076,424
Voluntary escrow - ordinary shares	From the period commencing on the date of official quotation (24 May 2019) and ending 24 months after the date of quotation	24,076,433
		48,152,857