Teaminvest Private Group Limited

(ASX:TIP)

ACN 629 045 736

CEO letter

For the year ended 30 June 2021

Noble purpose: *Transferring knowledge between generations*

Mission: *Assist successful business owners to enhance their legacy; and mentor the next generation of business leaders*

Vision: *To build a society where the knowledge we accumulate over a lifetime isn't lost to retirement, forcing the next generation to learn it all again*

Record operating performance in FY21

It is my pleasure to present the CEO report for the year ended 30 June 2021 (**FY21**) for Teaminvest Private Group Limited (**TIP**) and the strong and resilient operating performance it contains.

FY21 was a record Segment Result for the group: a pleasing achievement considering the ongoing coronavirus pandemic and ever-changing restrictions. Our portfolio leadership teams have again risen to the challenge and, as owners of our business, you should be proud of their accomplishments.

Segment Results

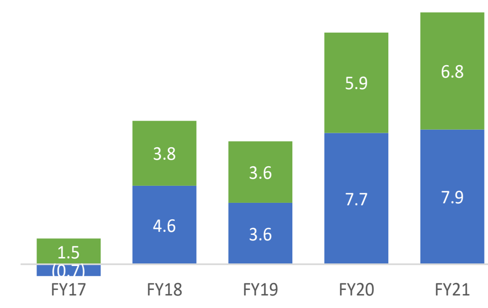
Segment Results are the normalised revenue and EBITDA for each segment of our Group. They provide shareholders with the best approximation of our operating performance, and it is the figure that we (as management) spend most time discussing. Whilst we find Segment Results to be the most useful measure of our performance, they often differ from Statutory Consolidated Income reported in accordance with accounting standards. This is discussed further below.

($m)	Revenue						EBITDA					
Segment	**FY17**	**FY18**	**FY19**	**FY20**	**FY21**	**Δ%**	**FY17**	**FY18**	**FY19**	**FY20**	**FY21**	**Δ%**
Engineering	57.7	61.6	66.0	67.9	66.5	(2%)	(0.7)	4.6	3.6	7.7	7.9	3%
Services	59.6	64.1	69.7	69.6	78.1	12%	1.5	3.8	3.6	5.9	6.8	17%
Pre-abnormal	117.3	125.7	135.7	137.5	144.6	5%	0.8	8.4	7.2	13.6	14.7	9%
Abnormal				3.5	(0.1)					3.5	(2.2)	
Total	117.3	125.7	135.7	141.0	144.5	2%	0.8	8.4	7.2	17.1	12.5	(27%)

Group Segment EBITDA was up 9% on FY20 to $14.7m, a new record for the Group (pre-abnormals). Whilst we regard revenue as less important than profit (as the saying goes: "revenue is vanity while profit is sanity"), Segment Revenue was also a record, growing by 5% to $144.6m.

Segment Revenue
($m)

Segment EBITDA
($m)



■ Engineering ■ Services

Our world-leading trailer engineering business Graham Lusty Trailers (**GLT**) (Engineering Division, 100% owned) delivered a third consecutive record year in FY21. GLT's focus on market-leading innovation, quality and efficiency saw revenue (up 4% compared to FY20) and EBITDA (up 52%) grow substantially from already record highs. GLT's unique designs command a substantial premium in the transport market, and their never-ending quest for innovation continues to enhance their reputation as the "Rolls Royce" of bulk haulage. Happily, the use of a GLT trailer adds so much to most haulage companies' bottom line, that customers now place orders up to a year in advance just to secure a booking in GLT's busy Brisbane facility.

East Coast Traffic Control (**ECT**) (Services Division, 100% owned) similarly delivered a third consecutive record year, achieving excellent improvements in revenue (up 16% compared to FY20) and EBITDA (up 55%). ECT's focus on innovation, safety and client delivery continues to grow their scale and reputation. As ECT looks to grow beyond Queensland, their nimble depot model and strict adherence to the highest ethical standards gives us confidence that the enthusiastic team will continue to deliver scale and profit improvements. It has also been particularly pleasing to watch the leadership team grow and transition over the course of the second half of FY21.

Icon Metal (Engineering Division, 100% owned) also delivered a third consecutive record revenue and earnings in FY21. As in FY20, this growth was primarily driven through improvements in second tier management capability, enabling Icon Metal to take on larger and more complex projects. Revenue (up 21% compared to FY20) and EBITDA (up 28%) continue to grow as Icon Metal impresses their clients whilst securing and training even more talented engineering staff. The successful execution of these projects by Icon Metal's talented and energetic team secures their position as the architectural metalwork firm of choice for Tier 1 construction projects in Sydney.

Multimedia Technology (**MMT**) (Services Division, 30% owned), our only Melbourne headquartered business, pleasingly achieved a third consecutive year of record results in FY21. Despite interruptions from COVID lockdowns, supply constraints and operating limitations, MMT grew revenue (up 4% compared to FY20) and EBITDA (up 30%). Growth was primarily driven by MMT's agility in navigating the stressful and ever-changing environment. The leadership displayed by the company's founder and CEO, John Hassall, cannot be understated in this outstanding result. MMT continues to build this mindset of agility and opportunity beyond John's direct oversight, allowing the business to gain market share and margins at the expense of more hidebound competitors.

Rounding out the fifth of our Portfolio Companies to deliver a third consecutive record result is Colour Capital (Services Division, 33% owned). Colour Capital is a franchise management business that operates the GJ Gardner home building master franchises for NSW/ACT and WA, the Gold's Gym's business in Australia and New Zealand and the Raw Energy café's business in Australia. Despite the impact of COVID on all three arms of the business, Colour Capital delivered record revenue (up 38% compared to FY20) and EBITDA (up 62%).

On the other side of the ledger from these excellent Portfolio Company results was the poor performance of Coastal Energy (Engineering Division, 100% owned). I wrote in my half-yearly letter that we had been disappointed with the former management and had made changes to improve the culture. Unfortunately, these changes came too late to avoid the loss of the company's Energex license in April and the need for a drastic company restructure. The result is that we booked an operating EBITDA loss from Coastal Energy of $1.5m for FY21 and took a further non-operating charge of $5.2m (discussed further below). Whilst the Energex rating has not yet been returned, the new leadership team has successfully restructured the business and our staff are back at work with a strict focus on safety, integrity, and respect. Whilst the learnings of FY21 have been painful, we expect that Coastal Energy will ultimately recover stronger from the experience.

Acquisitions, mergers and disposals

In FY21 we acquired two new Portfolio Companies: Automation Group and Teaminvest. We also merged four of our existing Portfolio Companies (Kitome, DecoGlaze, The Step Ahead Builders Assistant and Forever Glass Art) into one new entity (**TIP Residential Group**, Services Division) with a united leadership to capitalise on synergies between the businesses.

No disposals of Portfolio Companies occurred in FY21.

Automation Group

Automation Group (Engineering Division, 100% owned) is a niche distribution and support business that works to empower a smarter future with state-of-the-art remote industrial monitoring and control technology used in defence, power, gas, mining, rail, transport and water industries. Integrating Automation Group increases our technical abilities in the fast-growing industries of automation, artificial intelligence, robotics and remote management.

Whilst it remains early days, Automation Group generated a pleasing $4.2m in Revenue and $0.5m in EBITDA for the nine months since we acquired the business in September 2020. In addition, Automation Group has begun working with other Portfolio Companies to develop new moats. Some examples of projects in examination include 'smart trailers' in conjunction with GLT, augmented reality applications in conjunction with TIP Residential Group, and advanced traffic management solutions with ECT.

Teaminvest

On the 30th of June 2021, the last day of FY21, we acquired our former 'parent' Teaminvest (Services Division, 100% owned).

Established in 2007, Teaminvest is an educational business founded on the noble purpose of "educating those who wish to manage their wealth wisely, rather than paying others to do it badly for them". Acquiring Teaminvest gives us access to a growing annuity stream of highly profitable revenue from the existing education business; and the ability to leverage the Teaminvest intellectual property to form the foundation of a new financial services division in conjunction with our existing investments in the insurance and trustee/managed fund industries.

Because of the timing of this acquisition our Segment Results include only one day's worth of the $3.9m in revenue and $1.4m in EBITDA generated by Teaminvest during FY21. Commencing in FY22, we expect to see the revenue and EBITDA from this new acquisition contribute to our performance.

TIP Residential Group

In September 2020, we elected to merge the existing Portfolio Companies Kitome, DecoGlaze, The Step Ahead Builders Assistant (TSABA) and Forever Glass Art into one new business called TIP Residential Group (**TIPRG**). TIPRG is now able to offer clients a much broader suite of services from architectural design to manufacture and construction of the home. Moreover, the combined TIPRG now has the financial strength to be able to offer these services to developers and trade customers, not only retail clients.

Whilst it is early days, we expect the decision to merge these businesses will turbocharge growth as we develop a broader residential construction business within the group.

Statutory Comprehensive Income (SCI)

Unlike Segment Results, which are compiled on a normalised (i.e. operating) basis, SCI is calculated in accordance with the technical accounting standards in force at any time. 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%. Because it reflects accounting standards, and not operating performance, SCI is also regularly affected by one-off items, changes in accounting rules, and technical quirks.

Whilst SCI is the official published result of the Group, shareholders should be aware of its limitations when using it to draw conclusions about operating performance. The table below sets out our SCI and a summary balance sheet.

($m)

P&L	FY19	FY20	FY21
Revenue	28.4	89.0	91.4
Operating expenses	(28.4)	(77.3)	(78.4)
EBITDA	(0.0)	11.7	13.1
D&A	(0.3)	(2.5)	(7.1)
EBIT	(0.3)	9.2	5.9
Interest income / (expense)	(2.3)	(0.3)	(0.1)
PBT	(2.7)	8.9	5.8
Tax income / (expense)	0.2	(0.6)	(0.6)
Statutory NPAT	**(2.5)**	**8.3**	**5.2**
Abnormal items	*-*	*(3.3)*	*1.7*
Operating NPAT	*(2.5)*	*5.0*	*6.9*

($m)

Balance Sheet	FY19	FY20	FY21
Current assets	27.0	35.0	38.7
Non-current assets	68.2	72.9	93.8
Total assets	**95.2**	**108.0**	**132.5**
Current liabilities	21.6	23.3	24.8
Non-current liabilities	0.9	3.5	9.1
Total liabilities	**22.5**	**26.8**	**33.9**
Equity	**72.7**	**81.2**	**98.6**
Cash	6.7	10.8	12.3
Total debt (traditional)	5.2	1.5	2.2
Total debt (AASB 16)	5.2	5.6	6.0

Comparing SCI across periods

($m) Comparison	FY20	FY21	Δ%
Statutory NPAT	8.3	5.2	(37%)
- insurance payout	(2.8)	-	
- FY20 windfall gain	(0.5)	-	
- ECT one-off bonus	-	0.4	
- Coastal Energy restructuring charge	-	0.6	
- Coastal Energy non-cash impairment	-	4.3	
- Teaminvest 'bargain purchase'	-	(3.7)	
- Other small items	-	0.2	
Operating NPAT	5.0	6.9	39%

Following the positive response to my half-yearly letter, I have again included a reconciliation of Statutory NPAT with Operating NPAT (left). This shows the after-tax effect of the various 'abnormal' items in FY20 (the insurance payout and windfall gain) and FY21 (the ECT payment, the Coastal Energy restructuring charge and impairment, and the Teaminvest acquisition – all discussed below). Positive abnormal items refer to one-off costs that should be added back to compare Operating NPAT, and negative items refer to one-off gains that should be removed.

From the table you can see that Operating NPAT grew 39% in FY21 to a new record of $6.9m. In contrast, Statutory NPAT reported in our SCI and Appendix 4D shows a 37% decline, after including all non-operating items.

Yet more reason why owners should read our announcements in full, not just the summary front page!

Explanation of one-off items

ECT long-term reward

When TIP was listed in May 2019, we took over the employment agreement in place with the CEO of East Coast Traffic Control (Services Division, 100% owned). Under the terms of that agreement, the CEO of ECT was to be awarded a bonus equivalent to 10% of the share capital in ECT upon achieving a successful turn-around.

After stellar performance the hurdle was met in December, resulting in a one-off payment of $535,000. This welcome payment and its associated costs appear as an 'abnormal' amount in our Segment Results for FY21 (as it was a one-off event), and in full in our SCI.

More information about the ECT long-term reward can be found in my letter for the first half of FY21.

Coastal Energy non-operating charges

As discussed in the operating section of this report, Coastal Energy had its Energex rating suspended in April. The loss of this rating forced the business to undertake an immediate stand-down and restructure. As part of this restructure we incurred one-off costs of $0.9m, predominantly comprising employee redundancies and legal fees.

As the rating had not been returned by 30 June, we also elected to take a non-cash impairment charge of $4.3m. The effect of this impairment is to reduce both goodwill and SCI by this amount. The impairment means that TIP no longer carries any goodwill on our balance sheet associated with Coastal Energy.

These abnormal items totalling $5.2m are excluded from our Segment Results but included in SCI.

Teaminvest acquisition

Whilst the acquisition of Teaminvest had no impact on Segment Results during FY21, it did have a one-off impact on our SCI for the period.

Accounting rules require us to record the fair value of all assets acquired on our balance sheet as of the date of acquisition. The fair value was calculated by EverEdge Global, a global leader in intellectual asset valuation; and audited by KPMG. As the fair value of the intellectual property we acquired exceeded the acquisition value (what the accounting rules eloquently term a 'bargain purchase'), we are required to book a one off gain of $3.7m to our SCI this year.

Like the Coastal Energy impairment, this one-off gain is a non-cash item that appears on our balance sheet and in SCI but is excluded from our Segment Results.

One-off items in FY20

During our comparison period (FY20) the Group recorded one-off abnormal gains associated with an insurance payout and our IPO restructure. If you would like more information about these abnormal items, greater detail can be found in the FY20 CEO letter.

Year ahead

FY22 promises to be exciting. We are confident that our talented Portfolio Company management and boards will again find new ways to enhance their businesses and grow their profits. When challenges inevitably arise, we are lucky that within our Group we have a deep pool of resources available to address them.

As I wrote in FY20: *"My hope is that each future period will also have more ups than downs, but (as we have just seen) the world does not always work that way: and we can't always prepare for momentous unplanned events such as the ongoing global emergencies. Fortunately, in this instance we have been largely unaffected, but this may not always be the case in the future. However, I am confident that the talent, 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."*

Our results in FY21 again bear this out. During the year:

- We acquired two new Portfolio Companies that both increase our stock of valuable intellectual property and should generate substantial and growing profits; and
- Seven of the ten Portfolio Companies we owned for the full year increased earnings by more than 25% despite the challenges of a pandemic, travel restrictions, consumer uncertainty and a shifting set of global rules.

For these outstanding results our leadership teams throughout the Group deserve our praise and admiration.

In the few cases where our teams have struggled, our pool of 88 Selected Shareholders has provided invaluable advice and mentorship; made connections and offered referrals; brainstormed and acted as a sounding board (during the day and well into the night!); and in a demonstration of being prepared to go above and beyond what can be expected of volunteers, some even rolled up their sleeves and assisted in helping to resolve the messy situation at Coastal Energy. For these contributions I know I speak on behalf of everyone at TIP when I say a heartfelt "thank you".

It is this shared philosophy of acquiring great businesses, rewarding talent, creating space for opportunity in adversity, and providing mentorship and support via our Selected Shareholders, that gives TIP our unique edge. It is the "special sauce" that drives our results and generates shareholder wealth. It's also what makes me so proud to be part of this amazing organisation.

Long term goals

In 2019 I wrote that:

> *"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."*

Following the merger of Kitome, DecoGlaze, TSABA and Forever Glass Art into TIP Residential Group during FY21, we now have twelve Portfolio Companies. They span industries as diverse as heavy manufacturing to financial services, but they all share the same goal: to transfer knowledge between generations and enhance our society.

We have taken further steps to promote staff across Portfolio Companies to ensure that we can attract, retain, develop and reward the best talent: and we are looking forward to further advances on this front every year. Creating opportunity and transferring knowledge to the next generation is, after all, embedded in TIP's DNA.

The scale of our noble purpose is large, and this is what makes it so exciting. As our outstanding businesses grow organically, we must continue to support them with an ever-increasing pool of Selected Shareholders who can provide mentorship and support. If we develop the skills of our people, whilst providing space for them to grow into greater roles, then we should comfortably meet our long-term goals.

A final word

Whilst each period 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, achieve our noble purpose and reward our shareholders handsomely for their support.

If you are excited by our noble purpose, and would like to participate in our unique organisation, please apply to become a Selected Shareholder. The application form, followed by our operating philosophy, follows this letter. The knowledge you bring, and the value you add, will accelerate our future growth.

I would also like to remind all 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 financial capacity that TIP provides will 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.

Best wishes,

Andrew Coleman
CEO
Teaminvest Private Group Limited

Application to become a Selected Shareholder

Name of applicant ______________________________

Phone number ______________________________

Email address ______________________________

Qualifications ______________________________

Condensed resume

Areas of interest
- ☐ Analysis of investment opportunities
- ☐ Mentorship of Portfolio Companies
- ☐ Directorship of Portfolio Companies

Acknowledgement

By applying to become a Selected Shareholder, I acknowledge that:

- I have read the Company's Securities Trading Policy and agree to be bound by it if accepted;
- I understand that serving as a mentor or director carries specific legal responsibilities; and
- I understand that there is no guarantee that my application will be accepted.

Signature ______________________________

Date ______________________________

Please send this form, along with a complete copy of your resume, to either:

- By email: andrew.coleman@tipgroup.com.au
- By post: Teaminvest Private Group Limited
  Suite 302, 80 Mount Street
  North Sydney, NSW 2060

teaminvest private

1. GUIDANCE FOR INVESTORS

1.1 Our Noble Purpose drives every decision we make

We have long held the belief that businesses perform best when they act in the service of others. It is why we started Teaminvest Private, and why we developed our unique Selected Shareholder model. Our noble purpose, mission and vision are core to who we are and what we do. They are:

Noble purpose: Transferring knowledge between generations

Mission: Assist successful business owners to enhance their legacy; and mentor the next generation of business leaders

Vision: To build a society where the knowledge we accumulate over a lifetime isn't lost to retirement, forcing the next generation to learn it all again

It is core to our being that we will never take an action that could be detrimental to the long-term delivery of our noble purpose. Similarly, we are always prepared to invest in areas that will see our ability to deliver our noble purpose increase: even if doing so comes at a short-term cost.

Our noble purpose is core to who we are and what we do. As part owners in our business, we trust all our investors share our passion.

1.2 It takes time for share prices to reflect intrinsic value

Time is the enemy of poor businesses, and the friend of the good business. Research by Dr John Price (and Teaminvest) have proven this truism over and over. While the market can move on momentum for a while, in the end price must always tend towards the formula "Price = Earnings * P/E ratio".

Whilst P/E ratios can fluctuate wildly for days, weeks, months or even a few years, over the course of an economic cycle they will (by definition) gravitate towards the market average. In Australia this has usually been around 4x for a private company and 17.5x for a listed company.

Therefore, the only way for a company to dramatically increase its share price in the long-term is through consistently increasing earnings. Any business that grows earnings consistently will, over time, see a corresponding increase in share price and value. Conversely. any company with declining profits will have a decrease in value.

As investors you should therefore be aware that we measure, reward and focus our executives on growing the earnings generated by our Portfolio Companies. We have no rewards based on share price, P/E ratio or "market reputation". We do this because, as long-term investors we want concrete earnings increases: not the value gains driven by sentiment that can come and go with the newest fad.

You will also note that our letters to investors will never talk about moves made to "gain exposure" or "increase institutional awareness": but they will talk about concrete steps taken to increase profits generated. This will mean that our share price may, for long periods, deviate from our intrinsic value as we focus on profits not media exposure. This can create great opportunities for those investors who seek to increase their holdings when Mr Market offers our stock at a price below what they consider is the intrinsic value driven by our earnings. This however is up to you: we don't intend to intervene in the market or put fluff pieces in the press: doing so would just be a distraction from our single focus of delivering our noble purpose and growing our earnings over time.

1.3 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.

1.4 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.

1.5 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.

1.6 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.

1.7 Ways Selected Shareholders can contribute to the Group

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

1.8 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.

2. GUIDANCE FOR TIPREPS

2.1 Introduction

Investing in TIP opens the opportunity for Selected 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.

2.2 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 immediately notify the Strategy Committee so that TIP can 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 up to the amounts set out in the TIP Group Limits of Authority policy. 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.

2.3 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.

2.4 Common learnings

TIPReps have experienced the following common learnings:

1. **You can't have valuable board meetings without best-practice financial reporting:** 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. Since our formation in 2012, we have learned that it is impossible for boards to add value to Executives without the benefit of best-practice financial reporting. Worse, if there are concerns about the veracity of reporting, the board will quickly become dysfunctional, and profits will decline as trust breaks down. TIPReps must therefore work to address this concern as one of their highest priorities by either:

    a. Encouraging the Portfolio Company to hand financial reporting over to TIP head office. This will ensure that Executives and TIPReps can focus on strategy without being concerned or distracted about the preparation, and accuracy, of financial reporting and the six-monthly audit process. It is also likely to be financially beneficial due to the costs saved by harnessing group economies of scale. Portfolio Companies who were not already audited for a number of years prior to partnering with TIP, or who don't already have the benefit of a highly-educated, multi-person, financial team will benefit most from this approach; or

    b. Showing how best practice record keeping, reporting and discussions can increase profits and enhance decision making: enhancing company internal structures and creating an environment where the board can encourage profitable action based on forward looking projections, not just rear-view examination. This approach is best available to Portfolio Companies who already have robust, audit ready, systems in place with a highly-educated CFO leading discussions. TIPReps in this situation can immediately focus on TIPBars and TIPTool, confident that the forward looking analysis is meaningful for strategic discussion.

2. **True leadership rarely extends below one or two key executives:** SME's rarely have top quality executives below the C-level. This is simply a function of their size: supremely talented people are unlikely to be attracted to a smaller organisation with limited career development opportunities. Therefore, in order for the business to grow, or the founder to reduce their hours, a key requirement will be attracting the right kind of talent into the right roles. In particular we have found that:

    a. Existing employees rarely have the drive or skill required to step up to C-level in an SME. This is a function of self-selection, ambitious and talented employees are unlikely to remain in a business where they cannot see opportunities for rapid advancement. In smaller businesses this career path caps out by about the age of 30, so most supremely talented staff either move on to bigger companies, or remain only if their ambition has declined. With ambition being one of the three key requirements for leadership success (the other two being passion and intelligence), fishing in the existing pool is likely to be unrewarding, and may well be why the founder was attracted by TIP's promise to help "transfer knowledge between generations";

    b. When external hires are considered, they are almost always the wrong kind. One of the great hiring fallacies is that we look to hire people with already demonstrated experience in the role for which they are applying. This sounds seductive, but it is a big mistake: someone who has demonstrated success in a role, is almost never looking to take on the same role again in a smaller organisation. The only reason they would be prepared to take such a role is if they know they had failed. Hiring "with experience" is almost certain to result in hiring the wrong calibre of employee.

    c. As we get older we forget just how young we were when we first took a leadership role. Most successful CEO's got their first real leadership break in their 20's, and by their 30's were running teams of 30 or more. Yet when we look for leadership hires these same 20 and 30 year olds (as we once were) often appear brash, uncultured and inexperienced, so we gloss over them for older hires. This plays into two traps: firstly it means that we never hire the best talent – because a supremely talented 30 year old who is passed over for a role at your company is running something far too large by 40 for us to ever get them; and secondly it means we miss out on the well-documented fact that ambition and passion decline from middle-age onwards. Whilst a 50 year old is likely to know more than a 25 year old, they are unlikely to be prepared to throw themselves in with the ambition and passion required to drive transformational growth… and they are certainly unlikely to do so if they still report upwards to another Executive!

3. **Distractions kill.** 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. This can result in a downward spiral unless (and until) TIPReps once again make driving the profits of the business the core focus of the Executive team.
4. **Vendor remorse is normal but must be addressed head-on.** It is natural that after selling part of their baby, founders and executives will 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 address this head on by discussing the issue to give comfort, and immediately working on creating a company-wide Noble Purpose, Mission, Vision and Big Hairy Audacious Goal. By setting these as a team early, we harness the power of passion to drive results and overcome any fear or concern about the decision to sell. A clear path to "growing their baby together" is the fastest and most effective way of motivating Executives and giving comfort that they made the right decision to partner with TIP.
5. **Focus board time on delivering the Noble Purpose, not working on the day to day.** 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 focussing Executives on the steps needed to achieve the company's Noble Purpose. By doing so you will get most out of the board meeting and drive double digit growth. Discussions will focus on major opportunities, new moats and mitigating risks, not the daily grind. A TIPRep who finds themselves involved in day-to-day decision making, is doing a disservice to executives and their fellow shareholders.

2.5 Interacting with executives

Learn what 'makes them tick': Before joining a board, TIPReps should meet with Executives and other board members informally to learn 'what makes them tick'. It is easier to mentor and build profits with people we understand. Meeting in an informal setting allows a prospective TIPRep to see what interests and cultural values they have in common with the Executives (critical for mentoring and driving profit) and their prospective fellow directors (critical for defining long term goals and maintaining passion towards achieving them). You should also use this opportunity to find out more about the business, discuss moats and risks identified during the SMaRT and Due Diligence, and to find out what has already done to strengthen moats and eliminate, mitigate or manage risks. With a good starting point a TIPRep is certain to add more value than coming in blind and learning on the job.

Understanding the business: It takes time for a relative outsider to understand the most important Key Performance Indicators (KPIs) that drive profits. Executives with a history of profitable leadership in the business should already know what is most important to measure: even if they may not always communicate it with clarity. TIPReps would therefore be wise to ask lots of "Why" questions. "Why did we do X?", "Why do you consider Y worth measuring?", "Why do you think this is a good or bad idea?". Asking lots of Why questions (instead of What or How questions) is the fastest way to build a deep and intuitive understanding of the key drivers of the business. And as a board member you need that intuitive understanding to better mentor the CEO and make fast decisions.

Noble Purpose and long-term goals: It is the responsibility of Executives to ensure a profitable business every month. Providing the Executives are doing so, the key responsibility of TIPReps becomes focussing on mentoring and developing executives to achieve the Noble Purpose and long term goals of the Portfolio Company. TIPReps should therefore spend the majority of their time with Executives focussed on exploring how the company can grow it's moats, reduce it's risks and deliver it's Noble Purpose.

Executive remuneration: Executive remuneration is set by the Strategy Committee and follows TIP's principles of handsomely rewarding performance, and penalising failure. In particular, TIPReps should be aware that executives are remunerated with three components:

- A low base salary, of sufficient size to keep the lights on but small enough that a poor performing Executive will quickly look for a job elsewhere;
- A monthly bonus paid for every month that is profitable, to incentivise Executives to design and operate the business in such a way that it never loses money; and
- A share of the audited NPAT of the business, providing an outsized reward for stellar performance.

Any changes in remuneration for Executives is therefore linked entirely to their performance. TIPReps should be aware of this, and take actions that encourage the Executives to achieve their monthly bonus every month (e.g. focussing on BESM), whilst ensuring a path to meaningful long term profit growth. In this way both the Executive and TIP's shareholders will win together.

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.

2.6 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 is covered in detail in the Group Distribution Policy. TIPReps should be familiar with this policy, and in particular its focus on the mix between paying down debt, reinvesting for growth and paying dividends.

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. If debt is needed, it must first be approved by the Strategy Committee.

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.

2.7 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.

2.8 Reporting to TIP

Strategy Committee: TIPReps report to the Strategy Committee. The Strategy Committee meets with each board on a quarterly basis to assess performance and provide advice. In particular, each Portfolio Company is required to fill out a quarterly board self-assessment sheet (focussed on the performance of the board) and a Quarterly Traction Report (focussed on the performance of the company towards it's Noble Purpose and growth targets). The Strategy Committee will use the performance of the Portfolio Company, and the results of these quarterly assessments to tweak the TIPRep mix to achieve the best results for the Group.

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 via the Quarterly Traction Report.

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.

3. GUIDANCE FOR EXECUTIVES

3.1 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. Develop a great 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 who regularly "mines shareholders wallets" will soon find themselves without a role.

Culture and mentoring: Just as it's 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.

3.2 Economic Moats are the Path 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.

3.3 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.

Fast action: 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.

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.

3.4 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.

3.5 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.

3.6 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.

3.7 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.

3.8 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 their board self-assessment and Quarterly Traction Report to the Strategy Committee. 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.

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.

3.9 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.

3.10 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.

3.11 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.

Teaminvest Private Group Limited

ABN 74 629 045 736

Annual Report - 30 June 2021

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Directors	Malcolm Jones - Chair Andrew Coleman Howard Coleman Ian Kadish Regan Passlow
Company secretary	Anand Sundaraj
Registered office	Suite 302 80 Mount Street North Sydney NSW 2060
Share register	Computershare Investor Services Pty Ltd 452 Johnston Street Abbotsford VIC 3067 Tel: 1300 850 505
Auditor	KPMG Level 38, Tower Three, International Towers Sydney 300 Barangaroo Avenue 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
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 for the year ended 30 June 2021 and the Group's corporate governance policies can be found on the Company's website at https://www.teaminvestprivate.com.au/investor-information.

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 year ended 30 June 2021.

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

- Malcolm Jones - Chair
- Andrew Coleman
- Howard Coleman
- Ian Kadish
- Regan Passlow

Principal activities
During the financial period the principal continuing activities of the Group consisted of investing in Australian businesses.

Dividends
There were no dividends paid, recommended, or declared during the current or previous financial year.

Review of operations
The profit for the Group after providing for income tax amounted to $5,201,000 (30 June 2020: $8,306,000).

The Group as a whole has delivered another solid performance increasing NPAT on a comparable basis (excluding insurance recoveries) to FY20. Whilst some individual subsidiaries have been affected by COVID-19, previous years bushfires and trade disruptions from international suppliers, the impact has been to the revenue line. The majority of the Group have effectively managed to increase profit as a result of Management's strategy of capitalising on opportunities that have arisen from the pandemic.

Coastal Energy has been adversely impacted due to being suspended as a rated service provider by Energex Corporation Limited, resulting in a loss of $6,100,000. The portfolio structure of our Group has enabled the results to continue along the growth path expected as a whole. The new management have a key focus on reinvigorating the business model, operations, and safety practices of Coastal Energy. While the performance of Coastal Energy detracted from the Group performance significantly, swift action has been taken to limit the future impact.

Refer to the 'CEO report' for further details of operations and commentary on the results.

Significant changes in the state of affairs
On 17 September 2020, the Group acquired 100% of the shares in Automation Group Investments Pty Ltd for the initial purchase price of $2,660,000 and a contingent consideration of $400,000 based on a percentage of revenue generated under a key contract for financial year 2021 payable after completion of the 2021 financial year audit. Refer to note 34 to the financial statements for further information.

On 30 June 2021, the Group acquired 100% of the shares in Teaminvest Pty Ltd and other related entities, through the issue of shares in the Group, for a non-cash purchase price of $8,110,000. Refer to note 34 to the financial statements for further information.

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

Matters subsequent to the end of the financial year

The impact of the COVID-19 pandemic is ongoing and whilst individual subsidiaries have been impacted differently, the net effect on the Group's results remain within a reasonable bound compared to 30 June 2021. It is not practicable to estimate the potential impact, positive or negative, after the reporting date as the situation attributed to the Delta variant is evolving. Any future estimate is dependent on measures imposed by both State and Australian Governments, such as lockdowns, quarantine, travel restrictions and any economic stimulus that may be provided.

Likely developments and expected results of operations

Refer to the 'CEO letter' 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:	Malcolm Jones
Title:	Independent Chair
Qualifications:	FCA
Experience and expertise:	Malcolm has experience in managing large organisations. He has held positions as a member of the Group Management Board Zurich Financial Services in Switzerland, CEO Zurich Financial Services Asia Pacific, CEO Zurich Financial Services Australia Ltd, CEO NRMA Ltd & NRMA Insurance Ltd and CEO State Government Insurance commission of South Australia. Prior to these executive roles Malcolm was a Partner at Ernst & Young where he had worked for 18 years.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	Member of Strategy Committee and Audit Committee
Interest in shares:	2,169,359
Interest 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
Interest in shares:	12,250,092
Interest 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, publishing, consumer finance, and language and mathematics education in Australia, South Africa and the UK. Howard has held Board positions in a number of private companies in several countries including South Africa, UK, Australia and Canada . 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 has regularly appeared as a guest commentator on Sky Business and Ausbiz. Howard 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 the Strategy Committee
Interest in shares:	17,173,795
Interest in options:	None
Contractual rights to shares:	None

Name:	Ian Kadish
Title:	Independent Non-Executive Director
Qualifications:	MBBCH MBA
Experience and expertise:	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 a Master's 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 and member of Audit Committee
Interest in shares:	236,459
Interest 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 and member of Audit Committee
Interest in shares:	3,622,448
Interest 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 20 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') and of each Board committee held during the year ended 30 June 2021, and the number of meetings attended by each director were:

	Full Board		Investment Committee		Strategy Committee	
	Attended	Held	Attended	Held	Attended	Held
Malcolm Jones	12	12	-	-	12	12
Andrew Coleman	12	12	21	24	12	12
Howard Coleman	12	12	-	-	12	12
Ian Kadish	12	12	-	-	12	12
Regan Passlow	12	12	22	24	-	-

Held: represents the number of meetings held during the time the director held office or was a member of the relevant committee.

Audit Committee

The Company has established an Audit Committee which has three members, two of whom are independent (including an independent Chair):

- Dr Ian Kadish, independent chair of the committee;
- Mr Malcolm Jones, independent member of the committee; and
- Mr Regan Passlow, non-executive member of the committee.

The number of meetings of the Audit Committee held during the year ended 30 June 2021, and the number of meetings attended by each director were:

	Audit Committee	
	Attended	Held
Malcolm Jones	3	3
Ian Kadish	3	3
Regan Passlow	3	3

Held: represents the number of meetings held during the time the director held office or was a member of the relevant committee.

Risk and Compliance Committee

The Company has established a Risk and Compliance Committee which has seven members comprising Mr Dean Robinson, the CFO of the Company and chair of the committee, and six Selected Shareholders. The Risk and Compliance Committee's function is to continuously review the risk, compliance framework and corporate governance policies of the Group's Portfolio Companies to inculcate and improve operations. The Risk and Compliance Committee meets on a monthly basis.

Nomination and Remuneration Committee

The Company has not constituted a Nomination and Remuneration Committee given the nature and scale of the Group's operations. The Board as a whole fulfils the functions normally delegated to a Nomination and Remuneration Committee.

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 Group's earnings and the consequences of the Group'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 their 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
Malcolm Jones	$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. 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
Fixed remuneration, consisting of base salary, superannuation and non-monetary benefits, are reviewed annually by the Board based on individual and business unit performance and the overall performance of the Group. The fixed remuneration is set below comparable market remunerations. A greater percentage of total executive remuneration is available through short term and long term incentives based on performance.

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, annual leave 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 2020, in relation to Andrew Coleman and Dean Robinson STI of $50,000 (inclusive of super) was awarded for successfully managing the Group, enabling a positive collaborative environment and enhancing the growth of the Group through difficult economic times. The STI Program has not been continued in period ended 30 June 2021.

Period up to 30 June 2020
Remuneration for certain individuals is directly linked to the performance of the Group as part of the LTI. After shareholder approval, the Company issued four tranches of $300,000 performance rights to Andrew Coleman and four tranches of $250,000 performance rights to Dean Robinson, over four years. Each tranche of performance rights was converted into ordinary shares upon the achievement of the comprehensive income per share targets set out below. The last two tranches have lapsed due to change in remuneration policy as approved by shareholders in the 2020 annual general meeting.

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

Remuneration under LTI consists of performance shares with an income per share target.

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

Period from 01 July 2020
The Board introduced incentive based on Net Profit After Tax as described below.

An annual bonus equal to 3.5% of the Group's audited comprehensive income for the financial year (before expensing the cost of the bonus) comprising:
- 50% to be paid in cash (Cash Component); and
- 50% to be issued as shares in the Company (Share Component).

The cash component of the bonus is determined twice each financial year:
1. 50% is paid after the half year review; and
2. 50% is paid after the audited full year results.

The share component is to be determined after the audited full year results, the shares are issued at a 10-day VWAP as at 30 June. In addition, any shares issued in satisfaction of the Share Component will be subject to escrow for 30 months from the end of the financial year

Use of remuneration consultants
During the financial period ended 30 June 2021, 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:
- Malcolm Jones - 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 payment		
	Cash salary and fees	Cash bonus	Annual leave	Superannuation	Long service leave	Equity unsettled*	LTI unsettled	Total
30 June 2021	$	$	$	$	$	$	$	$
Non-Executive Directors:								
Malcolm Jones	45,662	-	-	8,676	-	45,662	-	100,000
Howard Coleman	31,963	-	-	6,073	-	31,963	-	70,000
Ian Kadish	31,963	-	-	6,073	-	31,963	-	70,000
Regan Passlow	31,963	-	-	6,073	-	31,963	-	70,000
Executive Directors:								
Andrew Coleman	200,000	97,858	15,385	23,338	3,333	97,858	-	437,772
Other Key Management Personnel:								
Dean Robinson	200,000	97,858	15,385	23,338	-	97,858	-	434,439
	541,552	195,716	30,770	73,571	3,333	337,268	-	1,182,210

* share based payments represent half of non-executive directors' remuneration and half of executive director and other key management personnel's bonuses, that have been accrued and not paid during the financial year. These payments are to be settled in share based payments subject to Board approval and shareholder vote at the AGM. If approval is not granted, these will be paid in cash.

	Short-term benefits		Post-Employment benefits		Long-term benefits	Share-based payments			
30 June 2020	Cash salary and fees $	Cash bonus $	Annual leave $	Superannuation $	Long service leave $	Equity settled**** $	Equity unsettled# $	LTI unsettled $	Total $
Non-Executive Directors:									
Malcolm Jones*	25,077	-	-	4,765	-	-	25,077	-	54,919
Howard Coleman	31,963	-	-	6,073	-	17,500	14,464	-	70,000
Ian Kadish	31,963	-	-	6,073	-	23,333	8,631	-	70,000
Regan Passlow	31,963	-	-	6,073	-	23,333	8,631	-	71,834
Katherine Woodthorpe**	20,642			2,147	-	22,789	-	-	45,578
Executive Directors:									
Andrew Coleman***	200,000	45,662	15,385	23,338	3,333	-	-	600,000	887,718
Other Key Management Personnel:									
Dean Robinson***	200,000	45,662	15,385	23,338	-	-	-	500,000	784,385
	543,276	91,324	30,769	71,974	3,333	86,955	56,803	1,100,000	1,984,435

* Remuneration disclosed is for the period from 13 December 2019 to 30 June 2020.

** Remuneration disclosed is for the period from 1 July 2019 to 13 December 2019.

*** The long-term incentive amounts were met, and the board resolved on 31/08/2020 that the first two tranches were vested.

**** Share based payments – Equity settled portion were approved at the 2019 AGM by Shareholder vote.

\# Share based payments represent half of non-executive directors' remuneration were accrued and not paid during the financial year. Payments were settled in share-based payments subsequent to a Shareholder vote at the AGM.

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:	Malcolm Jones
Title:	Independent Chairperson
Agreement commenced:	13 December 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:	$219,000 per annum

Key management personnel have no entitlement to termination payments in the event of removal for misconduct. Leave entitlements are accrued on top of the annual salary.

Share-based compensation

Issue of shares

Details of shares issued to directors and other key management personnel as part of compensation during the year ended 30 June 2021 are set out below:

	Issue Date	Number of Shares	Issue Price	Total Value
30 June 2021				
Shares issued to KMP	04/09/2020	2,080,181	$0.53	1,100,000
Shares issued to directors	04/12/2020	107,416	$0.53	56,803
30 June 2020				
Shares issued to directors*	27/11/2019	184,259	$0.84	154,999

The shares were issued in lieu of 50% of the directors' fees accrued but not paid to non-executive directors during the 30 June 2019 and 30 June 2020 financial years. There were no options over ordinary shares granted to or vested by directors and other key management personnel as part of compensation during the year ended 30 June 2021.

Additional information

The earnings of the Group for the two years to 30 June 2021 are summarised below:

	2021	2020
EBITDA	$13,058,000	$11,834,000
Statutory comprehensive income/(loss) - pre-bonus	$5,592,000	$9,076,000
Profit/(loss) after tax	$5,201,000	$8,306,000
Statutory comprehensive income/(loss) per share - pre-bonus	n/a	$0.082
LTI % achieved	n/a	50%

Additional disclosures relating to key management personnel

Shareholding

The number of shares in the Company held during the financial year 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 year	Received as part of remuneration	Additions	Disposals/other	Balance at the end of the year
Ordinary shares					
Malcolm Jones	2,121,937	47,422	-	-	2,169,359
Howard Coleman	16,777,525	16,321	12,979,949	(12,600,000)*	17,173,795
Ian Kadish	149,107	27,352	60,000	-	236,459
Regan Passlow	1,077,045	16,321	2,529,082	-	3,622,448
Andrew Coleman	11,022,744	1,134,644	92,704	-	12,250,092
Dean Robinson	132,917	945,538	-	-	1,078,455
	31,281,275	2,187,598	15,661,735	(12,600,000)	36,530,608

* Related to the Teaminvest Pty Ltd and related entities acquisition as per note 34.

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 year ended 30 June 2021 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 year, 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 year, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor.

During the financial year, 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 year by the auditor are outlined in note 29 to the financial statements.

The directors are satisfied that the provision of non-audit services during the financial year, 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 29 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 (including Independence Standards) 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 KPMG
There are no officers of the Company who are former partners of KPMG.

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
KPMG 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
26 August 2021
Sydney

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

To the Directors of Teaminvest Private Group Limited

I declare that, to the best of my knowledge and belief, in relation to the audit of Teaminvest Private Group Limited for the financial year ended 30 June 2021 there have been:

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

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

KPMG

Tony Nimac

Partner

Sydney

26 August 2021

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Consolidated	Note	30 Jun 2021 $'000	30 Jun 2020 $'000
Revenue			
Revenue from contracts with customers	5	91,443	89,002
Share of profits of associates accounted for using the equity method	13	2,867	1,858
Other income	6	6,803	5,747
Interest revenue calculated using the effective interest method		261	93
Expenses			
Raw materials and consumables used		(40,332)	(41,676)
Employee benefits expense		(39,524)	(35,661)
Depreciation and amortisation expense	7	(2,869)	(2,514)
Impairment of goodwill	16	(4,260)	-
Impairment of receivables		(360)	(302)
Net loss on disposal of property, plant and equipment		-	(60)
Occupancy expense		(627)	(1,227)
Initial public offering ('IPO') listing expense		-	(42)
Other expenses		(7,212)	(5,898)
Finance costs	7	(399)	(399)
Profit before income tax		5,791	8,921
Income tax expense	8	(590)	(615)
Profit after income tax for the year attributable to the owners of Teaminvest Private Group Limited		5,201	8,306
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year attributable to the owners of Teaminvest Private Group Limited		5,201	8,306
		Cents	**Cents**
Basic earnings per share	37	4.46	7.47
Diluted earnings per share	37	4.43	7.32

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

Teaminvest Private Group Limited
Statement of financial position
As at 30 June 2021

Consolidated	Note	30 Jun 2021 $'000	30 Jun 2020 $'000
Assets			
Current assets			
Cash and cash equivalents	9	12,346	10,777
Trade and other receivables	10	8,959	8,397
Contract assets	11	8,049	9,033
Inventories	12	8,379	6,612
Prepayments and other deposits		938	228
Total current assets		38,671	35,047
Non-current assets			
Investments accounted for using the equity method	13	21,412	19,124
Other financial assets		111	4
Property, plant and equipment	14	5,618	4,200
Right-of-use assets	15	3,606	3,817
Intangibles	16	63,044	45,770
Total non-current assets		93,791	72,915
Total assets		132,462	107,962
Liabilities			
Current liabilities			
Trade and other payables	17	13,780	15,759
Contract liabilities	18	4,877	3,117
Borrowings	19	1,323	379
Lease liabilities	20	1,997	1,976
Income tax		191	2
Employee benefits	21	2,168	1,790
Provisions		193	248
Deferred consideration		258	-
Total current liabilities		24,787	23,271
Non-current liabilities			
Lease liabilities	23	2,694	3,196
Deferred taxes	8	5,996	6
Employee benefits	24	377	293
Total non-current liabilities		9,067	3,495
Total liabilities		33,854	26,766
Net assets		98,608	81,196
Equity			
Issued capital	25	87,597	75,386
Retained profits		11,011	5,810
Total equity		98,608	81,196

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

Teaminvest Private Group Limited
Statement of changes in equity
For the year ended 30 June 2021

Consolidated	Note	Issued capital $'000	Retained profits/ (accumulated losses) $'000	Total equity $'000
Balance at 1 July 2019		75,231	(2,496)	72,735
Profit after income tax for the year		-	8,306	8,306
Other comprehensive income for the year, net of tax		-	-	-
Total comprehensive income for the year		-	8,306	8,306
Transactions with owners in their capacity as owners:				
Issue of ordinary shares for directors' fees'		155	-	155
Issue of ordinary shares for bonuses		-	-	-
		155	-	155
Balance at 30 June 2020		75,386	5,810	81,196

Consolidated	Note	Issued capital $'000	Retained profits $'000	Total equity $'000
Balance at 1 July 2020		75,386	5,810	81,196
Profit after income tax for the year		-	5,201	5,201
Other comprehensive income for the year, net of tax		-	-	-
Total comprehensive income for the year		-	5,201	5,201
Transactions with owners in their capacity as owners:				
Issue of ordinary shares for settlement of share based payments		1,100	-	1,100
Issue of ordinary shares related to business combinations	34	10,769	-	10,769
Issue of ordinary shares for directors' fees'		57	-	57
Issue of ordinary shares for bonuses		285	-	285
		12,211	-	12,211
Balance at 30 June 2021		87,597	11,011	98,608

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

Consolidated	Note	30 Jun 2021 $'000	30 Jun 2020 $'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		92,745	93,645
Payments to suppliers and employees (inclusive of GST)		(92,311)	(88,180)
Other receipts		3,947	5,221
Interest received		261	93
Dividends received		653	233
Interest and other finance costs paid		(399)	(399)
Income taxes refunded/(paid)		500	(576)
Net cash from operating activities	36	5,396	10,037
Cash flows from investing activities			
Net cash acquired from business combinations	34	1,188	(60)
Payments for investment in associates		(74)	-
Payments for other financial assets		-	(4)
Payments for property, plant and equipment	14	(2,622)	(1,131)
Payments for intangibles	16	(468)	(124)
Proceeds from disposal of property, plant and equipment		95	61
Net cash used in investing activities		(1,881)	(1,258)
Cash flows from financing activities			
Proceeds from borrowings		43	(340)
Repayment of lease liabilities		(2,269)	(1,663)
Loans from/(to) related and other parties		-	(1,375)
Repayment of invoice discounting		(35)	(478)
Net cash used in financing activities		(2,261)	(3,856)
Net increase in cash and cash equivalents		1,254	4,923
Cash and cash equivalents at the beginning of the financial year		10,777	5,854
Cash and cash equivalents at the end of the financial year	9	12,031	10,777
Represented by:			
Cash and cash equivalents		12,346	10,777
Less: bank overdraft		(315)	-
		12,031	10,777

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:

Suite 302, 80 Mount 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.

For the purposes of the consolidated financial statements, Teaminvest Private Pty Ltd has been identified as the accounting parent (legal acquiree) and the Group as the legal parent (accounting acquiree).

The financial statements were authorised for issue, in accordance with a resolution of directors, on 26 August 2021. 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. These policies have been consistently applied to all the years presented, unless otherwise stated.

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.

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 2021. 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.

New Conceptual Framework for Financial Reporting
The revised Conceptual Framework is applicable to annual reporting periods beginning on or after 1 January 2020 and early adoption is permitted. The Conceptual Framework contains new definition and recognition criteria as well as new guidance on measurement that affects several Accounting Standards. Where the Group has relied on the existing framework in determining its accounting policies for transactions, events or conditions that are not otherwise dealt with under the Australian Accounting Standards, the Group may need to review such policies under the revised framework. At this time, the application of the Conceptual Framework is not expected to have a material impact on the Group's financial statements.

Note 2. Significant accounting policies (continued)

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, unless otherwise stated.

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 39.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Teaminvest Private Group Limited as at 30 June 2021 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.

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.

Note 2. Significant accounting policies (continued)

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 is typically recognised at the point in time when the customer obtains control of the goods, which is generally at the time of installation or delivery.
- glass splashbacks, glass bathroom walls and toughened mirrors;
- semi-trailers; and
- automation and remote monitoring products.

Revenue from the design, development and installation of electrical network extensions and upgrades work in exchange for a fixed fee is recognised over time.

Rendering of services
Revenue from a contract to provide 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 and traffic management services in exchange for a fixed fee, are 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 for the effects of financing.

The revenue from subscription and education services is recognised over the respective deemed benefit period.

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.

Note 2. Significant accounting policies (continued)

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.

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.

Note 2. Significant accounting policies (continued)

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.

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 has yet to issue an invoice. 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.

Note 2. Significant accounting policies (continued)

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.

Leasehold improvements 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.

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

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

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

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.

Customer contracts
Customer contracts acquired in a business combination are amortised on a straight-line basis over the period of their expected benefit, being their finite life of 6 to 15 years, unless determined otherwise.

Note 2. Significant accounting policies (continued)

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, unless determined otherwise.

Formation costs
Costs in relation to the formation of the Group are capitalised as an asset. These costs are not subsequently amortised.

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

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 year 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.

Lease liabilities
A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

Note 2. Significant accounting policies (continued)

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.

Share-based payments
Equity-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services. Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

Fair value measurement
When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

Note 2. Significant accounting policies (continued)

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.

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. Acquisition costs are expensed as incurred.

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 acquiree.

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.

When two or more entities combine through an exchange of equity interests, AASB 3 requires one of the entities to be deemed the acquirer under a reverse acquisition. In a ‘reverse acquisitions’, the issuing entity is the deemed to be the acquiree (legal parent) and the acquirer is deemed to be the subsidiary. In identifying the acquirer in a reverse acquisition the consideration is given in facts and circumstances including (a) the relative voting rights in the combined entity after the business combination; (b) the existence of a large minority voting interest in the combined entity if no other owner or organised group of owners has a significant voting interest; (c) the composition of the governing body of the combined entity; (d) the composition of the senior management of the combined entity and (e) the terms of the exchange of equity interests. The acquirer is usually the combining entity whose relative size (measured in, for example, assets, revenues or profit) is significantly greater than that of the other combining entity or entities.

Note 2. Significant accounting policies (continued)

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 year, adjusted for bonus elements in ordinary shares issued during the financial year.

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.

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

Comparative information

Comparatives have been restated, where appropriate, to conform to changes in presentation in the current year and to enhance comparability. There was no net effect on the net asset position.

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.

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.

COVID-19 pandemic
Judgement has been exercised in considering the impacts that the COVID-19 pandemic has had, or may have, on the Group based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the Group operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which has impacted the Group unfavourably as at the reporting date or subsequently as a result of the COVID-19 pandemic.

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, historical collection rates, the impact of the COVID-19 pandemic and forward-looking information that is available

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.

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

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.

Incremental borrowing rate
Where the interest rate implicit in a lease cannot be readily determined, an incremental borrowing rate is estimated to discount future lease payments to measure the present value of the lease liability at the lease commencement date. Such a rate is based on what the Group estimates it would have to pay a third party to borrow the funds necessary to obtain an asset of a similar value to the right-of-use asset, with similar terms, security and economic environment.

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 provides 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 are as follows:

Segment name	Description
Engineering segment	The engineering segment includes three wholly-owned subsidiaries of the Group: Lusty TIP Trailers Pty Ltd; Icon Metal Pty Ltd; Automation Group Investments Pty Ltd and Coastal Energy Pty Ltd.
Services segment	The services segment includes five wholly-owned subsidiaries; East Coast Traffic Controllers Pty Ltd, Teaminvest Private Residential Group Pty Ltd (aggregation of DecoGlaze Holdings Pty Ltd (previously under Engineering segment), Kitome Pty Ltd, Boutique Portraits Pty Ltd, and The Step Ahead Builder's Assistant Pty Ltd), Valuestream Investment Management Limited and Teaminvest Pty Ltd and three associate entities: Colour Capital Pty Ltd, Multimedia Technology Pty Ltd and Teaminvest Private Insurance Services 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 material intersegment transactions.

Intersegment receivables, payables and loans
There were intersegment receivables, payables and loans amounting to $nil (2020 $nil).

Major customers
During the period ended 30 June 2021, the Group had sales to a construction customer that amounted to $13,250,249 (2020: $9,175,000).

Note 4. Operating segments (continued)

Consolidated - 30 June 2021	Engineering $'000	Services $'000	Total $'000
Revenue			
Sales to customers	64,210	26,259	90,469
Other revenue	286	371	657
Total	64,496	26,630	91,126
EBITDA	5,111	3,922	9,033
Depreciation and amortisation expense			(2,869)
Interest revenue			261
Other income			317
Gain on business combinations			3,734
Government grants			2,522
Finance costs			(399)
Impairment of intangibles			(4,294)
Corporate overheads			(2,514)
Profit before income tax expense			5,791
Income tax			(590)
Profit after income tax expense			5,201
Assets			
Segment assets	55,865	70,774	126,639
Unallocated assets:			
Corporate assets			5,823
Total assets			132,462
Liabilities			
Segment liabilities	18,067	7,625	25,692
Unallocated liabilities:			
Provision for income tax			191
Deferred tax liability			5,996
Deferred consideration			258
Corporate liabilities			1,717
Total liabilities			33,854

Note 4. Operating segments (continued)

Consolidated - 30 June 2020	Engineering $'000	Services $'000	Total $'000
Revenue			
Sales to customers	61,895	25,635	87,530
Other revenue	381	363	744
Total	62,276	25,998	88,274
EBITDA	5,963	7,275	13,238
Depreciation and amortisation expense			(2,514)
Interest revenue			93
Other income			728
Gain on business combinations			594
Government grants			1,096
Finance costs			(399)
Corporate overheads			(3,915)
Profit before income tax expense			8,921
Income tax			(615)
Profit after income tax expense			8,306
Assets			
Segment assets	54,826	49,560	104,386
Unallocated assets:			
Corporate assets			3,576
Total assets			107,962
Liabilities			
Segment liabilities	18,395	6,783	25,178
Unallocated liabilities:			
Provision for income tax			2
Deferred tax liability			6
Corporate liabilities			1,580
Total liabilities			26,766

Note 5. Revenue from contracts with customers

Consolidated	30 Jun 2021 $'000	30 Jun 2020 $'000
Revenue from contracts with customers		
Sale of goods	39,805	48,827
Rendering of services	50,664	38,703
	90,469	87,530
Other revenue		
Other sales revenue	974	1,472
Revenue	91,443	89,002

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

Consolidated - 30 June 2021	Engineering $'000	Services $'000	Total $'000
Geographical Regions			
Australia	64,210	26,259	90,469
Timing of Revenue recognition			
Goods transferred at a point in time	35,486	4,319	39,805
Goods transferred over time	6,902	-	6,902
Services transferred at a point in time	604	9,647	10,251
Services transferred over time	21,218	12,293	33,511
	64,210	26,259	90,469

Consolidated - 30 June 2020	Engineering $'000	Services $'000	Total $'000
Geographical Regions			
Australia	61,895	25,635	87,530
Timing of Revenue recognition			
Goods transferred at a point in time	30,242	5,063	35,305
Goods transferred over time	13,523	-	13,523
Services transferred at a point in time	438	10,085	10,523
Services transferred over time	17,692	10,487	28,179
	61,895	25,635	87,530

Note 6. Other income

Consolidated	30 Jun 2021 $'000	30 Jun 2020 $'000
Gain on bargain purchase	3,734	594
Government grants	2,522	1,096
Insurance recoveries	-	4,020
Reimbursement of expenses	84	37
Other	368	-
Net gain on disposal of property, plant, and equipment	95	-
Other Income	6,803	5,747

Government grants (COVID-19)
The Group as a whole has delivered another solid performance increasing NPAT on a comparable basis to FY20. Whilst some individual subsidiaries have been affected by COVID-19, previous years bushfires and trade disruptions from international suppliers, the impact has been to the revenue line. The remainder of the group, due to strength of management have been able to capitalise on the opportunities presented by the pandemic and have grown revenue and managed overheads to be able to increase profits. The portfolio structure of our Group has enabled the results to continue along the growth path expected as a whole.

As the result of the loss of the founder of a subsidiary in July 2019 the group received an insurance payout of $4,020,000 under two keyman policies.

Refer to the 'CEO report' for further details of operations and commentary on the results.

Note 7. Expenses

Consolidated	30 Jun 2021 $'000	30 Jun 2020 $'000
Profit before income tax includes the following specific expenses:		
Depreciation		
Leasehold improvements	98	66
Plant and equipment	470	335
Motor vehicles	360	374
Buildings right-of-use assets	1,419	1,054
Plant and equipment right-of-use assets	32	48
Motor vehicles right-of-use assets	49	32
Total depreciation	2,428	1,909
Amortisation		
Patents and trademarks	94	1
Customer contracts	249	601
Software	66	3
Formation costs	32	-
Total amortisation	441	605
Total depreciation and amortisation	2,869	2,514
Finance costs		
Interest paid on borrowings	159	243
Interest paid on lease liabilities	240	156
Finance costs expensed	399	399
Leases		
Short-term lease payments	68	858
Low-value assets lease payments	-	17
	68	875

Note 8. Income tax

Consolidated	30 Jun 2021 $'000	30 Jun 2020 $'000
Income tax expense		
Current tax	208	(522)
Deferred tax - origination and reversal of temporary differences	590	1,024
Adjustment recognised for prior periods	(208)	113
Aggregate income tax expense	590	615
Numerical reconciliation of income tax expense/(benefit) and tax at the statutory rate		
Profit before income tax	5,791	8,921
Tax at statutory rate of 30%	1,737	2,676
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Insurance recoveries	-	(1,206)
Gain on bargain purchase	(1,120)	(178)
Other non-taxable income	(258)	(281)
Share of profits - associates	(860)	(551)
Non-deductible expenses	1,299	46
	798	502
Adjustment recognised for prior periods	(208)	113
Income tax expense	590	615

Note 8. Income tax (continued)

Consolidated	30 Jun 2021 $'000	30 Jun 2020 $'000
Deferred tax asset/(liability)		
Deferred tax asset/(liability) comprises temporary differences attributable to:		
Amounts recognised in profit or loss:		
Tax losses	767	640
Allowance for expected credit losses	36	91
Rights-of-use	66	79
Contract liabilities	802	1,482
Employee benefits	795	1,074
Provision for warranties and claims	40	60
Accrued expenses	(18)	39
Retention receivable	(683)	(460)
Prepayments	(54)	(41)
Contract assets	(1,558)	(2,150)
Inventories	(11)	(11)
Intangible assets	(5,781)	(707)
Property, plant, equipment	(125)	(102)
Other	(272)	-
Deferred tax asset/(liability)	(5,996)	(6)
Movements:		
Opening balance	(6)	995
Credited/(charged) to profit or loss	(590)	(1,024)
Additions through business combinations (note 34)	(5,128)	-
Other	(272)	23
Closing balance	(5,996)	(6)

Note 9. Current assets – cash and cash equivalents

	30 Jun 2021 $'000	30 Jun 2020 $'000
Cash on hand	4	2
Cash at bank	12,081	8,466
Cash on deposit	261	2,309
	12,346	10,777

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

Balances above	12,346	10,777
Bank overdraft	(315)	-
Balance as per statement of cash flows	12,031	10,777

Note 10. Current assets - trade and other receivables

	30 Jun 2021 $'000	30 Jun 2020 $'000
Trade receivables	9,259	8,215
Allowance for expected credit losses	(398)	(302)
	8,861	7,913
Loan receivable	69	-
Receivable from employees	11	8
	80	8
Receivable from related parties	-	13
Other Receivables	18	463
	8,959	8,397

Note 10. Current assets – trade and other receivables (continued)

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

	Expected credit loss rate	Gross carrying amount	Carrying Amount		Allowance for expected credit losses	
Consolidated	30 June 2021 %	30 June 2020 %	30 June 2021 $'000	30 June 2020 $'000	30 June 2021 $'000	30 June 2020 $'000
Not overdue (less than 1 month)	-	-	7,473	5,768	-	-
Between 1 to 3 months	-	-	1,407	1,512	-	-
Between 3 to 6 months	18.18%	11.45%	110	262	20	30
Over 6 months*	100%	61.12%	269	673	378	272
			9,259	8,215	398	302

*Higher expected credit losses rate attributed to Coastal Energy.

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

Consolidated	30 Jun 2021 $'000	30 Jun 2020 $'000
Opening balance	302	443
Additional provisions recognised	360	26
Additions through business combinations	40	-
Receivables written off during the year as uncollectable	(77)	(165)
Unused amounts reversed	(227)	(2)
Closing balance	398	302

Note 11. Current assets - contract assets

Consolidated	30 Jun 2021 $'000	30 Jun 2020 $'000
Contract assets	8,049	9,033

Opening balance	9,033	5,699
Additions	35,906	34,335
Additions through business combinations	(2)	3
Transfer to trade receivables	(36,888)	(31,004)
Closing balance	8,049	9,033

Note 12. Current assets – inventories

Consolidated	30 Jun 2021 $'000	30 Jun 2020 $'000
Raw materials - at cost	3,687	100
Work in progress - at cost	2,531	3,789
Finished goods - at cost	2,161	2,723
	8,379	6,612

Note 13. Non-current assets - investments accounted for using the equity method

Consolidated	30 Jun 2021 $'000	30 Jun 2020 $'000
Investment in associates	21,412	19,124

Reconciliation
Reconciliation of the Group's carrying amounts at the beginning and end of the current and previous financial year are set out below:

Consolidated	30 Jun 2021 $'000	30 Jun 2020 $'000
Opening carrying amount	19,124	17,499
Profit after income tax	2,867	1,858
Additions	74	-
Dividends received	(653)	(233)
Closing carrying amount	21,412	19,124

Detailed Reconciliation:
A detailed reconciliation of the Group's carrying amounts at the beginning and end of the current and previous financial year are set out below:

	Colour Capital		Multimedia Technology		Teaminvest Private Insurance	
	30 Jun 2021 $'000	30 Jun 2020 $'000	30 Jun 2021 $'000	30 Jun 2020 $'000	30 Jun 2021 $'000	30 Jun 2020 $'000
Reconciliation of the Group's carrying amount						
Beginning balance/acquisition price	8,096	7,677	11,038	9,822	64	-
Share of profit/(loss) after income tax	1,006	502	1,859	1,366	2	(10)
Share of dividends received	(500)	(83)	(150)	(150)	(3)	-
Closing carrying amount	8,602	8,096	12,747	11,038	63	-

Note 13. Non-current assets - investments accounted for using the equity method (continued)

Interest in associates

Name	Principal place of business/Country of incorporation	Ownership interest 30 Jun 2021 %	Ownership interest 30 Jun 2020 %
Colour Capital Pty Ltd	Australia	33.30%	33.30%
Multimedia Technology Pty Ltd	Australia	30.00%	30.00%
Teaminvest Private Insurance Services Pty Ltd	Australia	50.00%	50.00%

Summarised statement of financial position of the current and previous financial year are set out below

	Colour Capital		Multimedia Technology		Teaminvest Private Insurance	
	30 Jun 2021 $'000	30 Jun 2020 $'000	30 Jun 2021 $'000	30 Jun 2020 $'000	30 Jun 2021 $'000	30 Jun 2020 $'000
Summarised statement of financial position						
Current assets	4,417	3,269	37,935	29,520	211	66
Non-current assets	2,391	2,276	3,392	4,048	-	4
Total assets	6,808	5,545	41,327	33,568	211	70
Current liabilities	1,610	1,827	15,754	9,954	137	76
Non-current liabilities	4	41	-	6,396	-	-
Total liabilities	1,614	1,868	15,754	16,350	137	76
Net assets/(liabilities)	5,194	3,677	25,573	17,218	74	(6)

Summarised statement of profit or loss and other comprehensive income are set out below:

	Colour Capital		Multimedia Technology		Teaminvest Private Insurance	
	30 Jun 2021 $'000	30 Jun 2020 $'000	30 Jun 2021 $'000	30 Jun 2020 $'000	30 Jun 2021 $'000	30 Jun 2020 $'000
Summarised statement of profit or loss and other comprehensive income						
Revenue	16,084	11,505	151,025	144,838	105	60
Expenses	(11,976)	(9,071)	(142,170)	(138,354)	99	(74)
Profit/(loss) before income tax	4,109	2,434	8,855	6,484	6	(14)
Income tax (expense)/benefit	(1,091)	(928)	(2,656)	(1,931)	(2)	4
Profit/(loss) after income tax	3,018	1,506	6,199	4,553	4	(10)
Other comprehensive income/(loss)	-	(1)	-	-	-	-
Total comprehensive income/(loss)	3,018	1,505	6,199	4,553	4	(10)

Note 14. Non-current assets - property, plant and equipment

	30 Jun 2021 $'000	30 Jun 2020 $'000
Land - at cost	54	54
Leasehold improvements	673	211
Less: Accumulated depreciation	(138)	(42)
	535	169
Plant and equipment - at cost	4,045	2,458
Less: Accumulated depreciation	(1,026)	(402)
	3,019	2,056
Motor vehicles - at cost	2,596	2,250
Less: Accumulated depreciation	(586)	(329)
	2,010	1,921
	5,618	4,200

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

Consolidated	Land $'000	Leasehold Improvements $'000	Plant and Equipment $'000	Motor Vehicles $'000	Total $'000
Balance at 30 June 2019	54	159	2,013	1,711	3,937
Additions	-	154	803	174	1,131
Disposals	-	(33)	(14)	(14)	(61)
Reclassifications	-	(45)	(411)	456	-
Impairment of assets	-	-	-	(32)	(32)
Depreciation expense	-	(66)	(335)	(374)	(775)
Balance at 30 June 2020	54	169	2,056	1,921	4,200
Additions through business combinations	-	-	19	4	23
Additions	-	495	1,432	695	2,622
Disposals	-	(31)	(16)	(247)	(294)
Reclassifications	-	-	-	-	-
Impairment of assets	-	-	(2)	(3)	(5)
Depreciation expense	-	(98)	(470)	(360)	(928)
Balance at 30 June 2021	54	535	3,019	2,010	5,618

Note 15. Non-current assets - right-of-use assets

Consolidated	30 Jun 2021 $'000	30 Jun 2020 $'000
Land & Buildings - right-of-use	6,445	4,760
Accumulated Depreciation	(2,912)	(1,054)
	3,533	3,706
Plant & Equipment -right-of-use	93	-
Accumulated Depreciation	(35)	-
	58	-
Motor Vehicles-right-of-use	43	159
Accumulated Depreciation	(28)	(48)
	15	111
	3,606	3,817

Additions to the right-of-use assets during the period were $1,788,000

The Group leases land and buildings for its offices, warehouses and retail outlets under agreements of between 1 to 5 years with, in some cases, options to extend. The leases have various escalation clauses. On renewal, the terms of the leases are renegotiated. The Group also leases plant and equipment under agreements of between 1 to 5 years. The Group leases office equipment under agreements of less than 1 year. These leases are either short-term or low-value, so have been expensed as incurred and not capitalised as right-of-use assets.

Note 16. Non-current assets – intangibles

Consolidated	30 Jun 2021 $'000	30 Jun 2020 $'000
Goodwill at cost	42,279	42,619
Patents and trademarks - at cost	575	543
less: accumulated amortisation	(95)	(1)
	480	542
Customer Contracts - at cost	3,420	2,957
less: accumulated amortisation	(884)	(601)
	2,536	2,356
Software - at cost	638	259
less: accumulated amortisation	(159)	(43)
	479	216
Formation costs	302	37
less: accumulated amortisation	(32)	-
	270	37
Other intangibles	17,000	-
	63,044	45,770

Note 16. Non-current assets – intangibles (continued)

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

Consolidated	Goodwill $'000	Patents and Trademarks $'000	Customer Relationships $'000	Software $'000	Formation Costs $'000	Other Intangibles $'000	Total $'000
Balance at 30 June 2019	42,619	78	2,957	132	-	-	45,786
Additions	-	-	-	87	37	-	124
Additions through business combinations	-	465	-	-	-	-	465
Amortisation expense	-	(1)	(601)	(3)	-	-	(605)
Balance as at 30 June 2020	42,619	542	2,356	216	37	-	45,770
Additions	-	32	-	171	265	-	468
Additions through business combinations	3,920	-	463	158	-	17,000	21,541
Impairment	(4,260)	-	(34)	-	-	-	(4,294)
Amortisation expense	-	(94)	(249)	(66)	(32)	-	(441)
Balance at 30 June 2021	42,279	480	2,536	479	270	17,000	63,044

Other intangible assets include:

Intangible Asset	Fair value $'000
Confidential information and know-how	5,926
Technology-based intangible asset - website	6,702
Content	150
Regulatory approval	300
Networks and relationships	2,166
Brand	1,756
Separately Identified Assets Acquired	17,000

Note 16. Non-current assets – intangibles (continued)

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

Consolidated	30 Jun 2021 $'000	30 Jun 2020 $'000
Goodwill allocated to engineering segment:		
Coastal Energy	-	4,260
Icon Metal	8,595	8,595
Lusty TIP Trailers	10,462	10,462
Automation Group Investments	3,689	-
Engineering segment	22,746	23,317
Goodwill allocated to services segment:		
East Coast Traffic Controllers	3,057	2,826
Teaminvest Private Residential Group	16,476	16,476
Services Segment	19,533	19,302

Coastal Energy has been adversely impacted due to being suspended as a rated provider by Energex Corporation Limited. However, in light of the adverse effect on the Coastal Energy operations and outlook, the directors have impaired Coastal Energy's goodwill of $4,260,000 and carrying value of the customer relationship intangibles of $34,000.

Note 16. Non-current assets – intangibles (continued)

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:

	2021 Revenue growth rate %	2021 Discount rate (pre-tax) %	2021 Terminal growth rate %	2020 Revenue growth rate %	2020 Discount rate (pre-tax) %	2020 Terminal growth rate %
Icon Metal	5.61%	10.60%	2.75%	10.00%	11.05%	2.75%
Lusty TIP Trailers	4.56%	10.00%	2.75%	5.80%	9.52%	2.75%
Automation Group Investments	7.64%	11.00%	2.75%	-	-	-
East Coast Traffic Controllers	4.94%	9.90%	2.75%	9.20%	9.35%	2.75%
Teaminvest Private Residential Group	8.13%	10.60%	2.75%	-	-	-
Kitome	-	-	-	8.00%	10.54%	2.75%
DecoGlaze	-	-	-	5.40%	11.04%	2.75%

The Group performed a restructure of business operations of DecoGlaze and Kitome during the year ended 30 June 2021. The restructure included combining product offerings from Kitome and DecoGlaze into a single contract and a single management overseeing Teaminvest Private Residential Group Pty Ltd. As a result, impairment testing was performed treating Teaminvest Private Residential Group Pty Ltd as a single cash generating unit.

Key assumption	*Approach used to determine values*
Revenue growth rate	Management believes revenue growth is appropriate based on market conditions and outlook with businesses being driven by top line results with limited fixed costs, stable cost of goods sold when considering 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, other than Coastal Energy which has been fully impaired, the recoverable amount of the remaining CGUs exceed the carrying amount and therefore, goodwill is not considered to be further impaired.

Note 16. Non-current assets – intangibles (continued)

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:

	2021 Revenue growth rate decrease by %	2021 Discount rate increases by %	2020 Revenue growth rate decrease by %	2020 Discount rate increases by %
Icon Metal	23.89%	10.88%	18.57%	12.32%
Lusty TIP Trailers	18.86%	20.81%	14.65%	15.02%
Automation Group Investments	22.77%	19.18%	-	-
East Coast Traffic Controllers	31.60%	20.29%	20.75%	23.72%
Teaminvest Private Residential Group	18.27%	17.39%	-	-
Kitome	-	-	4.80%	3.12%
DecoGlaze	-	-	3.87%	3.77%

Note 17. Current liabilities - trade and other payables

Consolidated	30 Jun 2021 $'000	30 Jun 2020 $'000
Trade payables	7,009	6,138
Accrued expenses	4,682	6,848
BAS payable	981	966
Other payables	1,108	1,807
	13,780	15,759

Refer to note 27 for further information on financial instruments.

Note 18. Current liabilities – contract liabilities

Consolidated	30 Jun 2021 $'000	30 Jun 2020 $'000
Contract Liabilities	4,877	3,117
Opening balance	3,117	1,489
Payments received in advance	11,012	15,415
Additions through business combinations	1,919	14
Transfer to revenue - from additions through business combinations	-	(5)
Transfer to revenue - from advance payments received during the period	(11,171)	(13,796)
Closing balance	4,877	3,117

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 $4,877,000 as at 30 June 2021 ($3,117,000 as at 30 June 2020) and is expected to be recognised as revenue in future periods as follows:

Consolidated	30 Jun 2021 $'000	30 Jun 2020 $'000
Within 6 months	2,564	2,911
6 to 12 months	2,313	206
Total	4,877	3,117

Note 19. Current liabilities – borrowings

Consolidated	30 Jun 2021 $'000	30 Jun 2020 $'000
Bank overdraft	315	-
Bank loans	422	379
Invoice discounting	(35)	-
Payable to other parties	621	-
	1,323	379

Refer to note 27 for further information on financial instruments.

Invoice discounting is secured by the trade receivables.

Note 20. Current liabilities - lease liabilities

Consolidated	30 Jun 2021 $'000	30 Jun 2020 $'000
Lease liability	495	680
Lease liability (under AASB 16)	1,502	1,296
	1,997	1,976

Refer to note 27 for further information on financial instruments.

Note 21. Current liabilities - employee benefits

Consolidated	30 Jun 2021 $'000	30 Jun 2020 $'000
Annual leave	1,693	1,428
Long service leave	475	362
	2,168	1,790

Note 22. Financing facilities

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

Consolidated	30 Jun 2021 $'000	30 Jun 2020 $'000
Total facilities		
Bank overdraft	2,150	4,400
Bank loan	2,154	700
Invoice discounting	500	800
	4,804	5,900
Used at the reporting date		
Bank overdraft	315	-
Bank loan	422	379
Invoice discounting	(35)	-
	702	379
Unused at the reporting date		
Bank overdraft	1,835	4,400
Bank loan	1,732	321
Invoice discounting	535	800
	4,102	5,521

Note 23. Non-current liabilities - lease liabilities

Consolidated	30 Jun 2021 $'000	30 Jun 2020 $'000
Lease liability	372	461
Lease liability (under AASB 16)	2,322	2,735
	2,694	3,196

Note 24. Non-current liabilities - employee benefits

Consolidated	30 Jun 2021 $'000	30 Jun 2020 $'000
Long service leave	377	293

Note 25. Equity - issued capital

	30 Jun 2021 Shares	30 Jun 2020 Shares	30 Jun 2021 $'000	30 Jun 2020 $'000
Ordinary shares - fully paid	130,499,310	111,230,952	87,597	75,386

Movements in ordinary share capital

Details	Date	Shares	Issue Price	$'000
Balance	01-Jul-20	111,230,952		75,386
Issue of ordinary shares for settlement of share based payments	04-Sep-20	2,080,181	0.5288	1,100
Issue of ordinary shares related to business combinations	17-Sep-20	4,001,708	0.6644	2,659
Issue of ordinary shares for directors' fees'	04-Dec-20	107,416	0.5288	57
Issue of ordinary shares for bonuses	29-Dec-20	388,072	0.7344	285
Issue of ordinary shares related to business combinations	30-Jun-21	12,690,981	0.6390	8,110
Balance	30-Jun-21	130,499,310		87,597

Ordinary Shares
Ordinary shares entitle the holder to participate in any dividends declared and any proceeds attributable to shareholders should the Company be wound up, in proportions that consider both the number of shares held and the extent to which those shares are paid up. The fully paid ordinary shares have no par value and the Company does not have a limited amount authorized capital.

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.

Note 25 – Equity issued capital (continued)

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 actively looking for accretive acquisitions to grow in alignment with the Group's investment mandate.

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 year.

Note 26. Equity – dividends

Dividends
There were no dividends paid, recommended or declared during the current or previous financial year.

Consolidated	30 Jun 2021 $'000	30 Jun 2020 $'000
Franking credits available for subsequent financial years based on a tax rate of 30%	2,339	1,454

The above amounts represent the balance of the franking account as at the end of the financial year, adjusted for:

- franking credits that will arise from the payment of the amount of the provision for income tax at the reporting date
- franking debits that will arise from the payment of dividends recognised as a liability at the reporting date
- franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date

Note 27. 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') in conjunction with the Risk and Compliance committee ('RCC'). 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 its 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.

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

Consolidated	30 June 2021 Weighted average interest rate %	Balance $'000	30 June 2020 Weighted average interest rate %	Balance $'000
Bank overdraft and bank loans	4.23%	702	5.95%	379
		702		379

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

For the Group, the bank overdraft and loans outstanding, totalling $702,000 (2020: $379,000), are principal and interest payment loans. An official increase/decrease in interest rates of 100 (2020: 100) basis points would have an adverse/favourable effect on profit before tax of $7,020 (2020: $3,790) per annum. The percentage change is based on the expected volatility of interest rates using market data and analysts' forecasts.

Note 27 – Financial instruments (continued)

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:

	30 Jun 2021 $'000	30 Jun 2020 $'000
Bank overdraft	1,835	4,400
Bank loan	1,732	321
Invoice discounting	535	800
	4,102	5,521

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.

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.

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

Note 27 – Financial instruments (continued)

Consolidated - 30 Jun 2021	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	-	7,009	-	-	-	7,009
Other payables	-	6,771	-	-	-	6,771
Interest-bearing - variable						
Bank loans	2.95%	422	-	-	-	422
Bank overdraft	5.95%	315	-	-	-	315
Invoice discounting	4.21%	(35)	-	-	-	(35)
Other loans	4.00%	621				621
Lease liability	6.65%	495	164	208	-	867
Lease liability (AASB 16)	4.50%	1,502	1,090	1,232	-	3,824
Total non-derivatives		17,100	1,254	1,440	-	19,794

Consolidated - 30 Jun 2020	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	-	6,138	-	-	-	6,138
Other payables	-	1,807	-	-	-	1,807
Interest-bearing - variable						
Bank loans	5.45%	379	-	-	-	379
Bank overdraft	-	-	-	-	-	-
Invoice discounting	7.20%	-	-	-	-	-
Lease liability	5.00%	680	354	107	-	1,141
Lease liability (AASB 16)	5.00%	1,296	1,305	1,271	159	4,031
Total non-derivatives		10,300	1,659	1,378	159	13,496

Note 28. 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 29. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by KPMG, the auditor of the Company:

	30 Jun 2021 $	30 Jun 2020 $
Audit Services - KPMG		
Audit or review of financial statements	181,000	153,675
Other services - KPMG		
Tax compliance services	25,000	-
Non-Audit Services - Software license charges	-	58,759
	25,000	58,759
	206,000	212,434

Note 30. Contingent liabilities

The Group has given bank guarantees $1,368,643 as at 30 June 2021 (2020: $498,000).

Contingent liability for unsettled claims against the Group is $nil as at 30 June 2021 (2020: $nil).

Note 31. Commitments

Consolidated	30 Jun 2021 $'000	30 Jun 2020 $'000
Lease commitments - operating		
Within one year	68	31
Total	68	31
Lease commitments - finance (repayments)		
Within one year	269	727
One to five years	679	488
Total commitment	948	1,215
Less: Future finance charges	(81)	(74)
Net commitment recognised as liabilities	867	1,141

Note 31 – Commitments (continued)

Operating lease commitments represent short term and low value leases only.

Finance lease commitments includes contracted amounts for various plant and equipment with a written down value of $867,000 as of 30 June 2021 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.

With the application of AASB 16, these are now recognised as right-of-use assets with corresponding current and non-current lease liabilities (see note 15, note 20 and note 23).

Note 32. Related party transactions

Parent entity
Teaminvest Private Group Limited is the parent entity.

Subsidiaries
Interests in subsidiaries are set out in note 35.

Associates
Interests in associates are set out in note 13.

Key management personnel
Disclosures relating to key management personnel are set out in note 33 and the remuneration report included in the directors' report.

Transactions with related parties
There were no transactions with related parties during the current year (30 June 2020: 13,218).

Receivable from and payable to related parties

Consolidated	30 Jun 2021 $	30 Jun 2020 $
Current receivables:		
Receivables from other related parties	-	13,218

Note 33. Key management personnel disclosures

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

Consolidated	30 Jun 2021 $	30 Jun 2020 $
Short-term employee benefits	768,038	665,369
Post employment benefits	73,571	71,974
Long-term benefits	3,333	3,333
Share based payments	337,268	143,758
Long-term incentives - settled	-	-
Long-term incentives - unsettled	-	1,100,000
	1,182,210	1,984,434

Note 34. Business Combinations

Acquisition of Automation Group Investments Pty Ltd
On 17 September 2020, the Group acquired 100% of the shares in Automation Group Investments Pty Ltd for the non-cash purchase price of $2,660,000 through the issue of Company shares and a contingent consideration of $400,000, based on a percentage of revenue generated under a key contract for financial year 2021 payable after completion of the 2021 financial year. This operates in the Engineering segment of the Group. The acquired business contributed revenues of $4,213,761 and profit after tax of $290,022 to the Group for the period from 18 September 2020 to 30 June 2021. If the acquisition occurred on 1 July 2020, the full-year contributions would have been revenues of $5,360,271 and income after tax of $388,776. The values identified in relation to the acquisition are finalised as at 30 September 2020.

Acquisition of Teaminvest Pty Ltd
On 30 June 2021, the Group acquired 100% of the shares in Teaminvest Pty Ltd and related entities for the non-cash purchase price of $8,110,000 through the issue of Company shares. This business operates in the Services segment of the Group. The acquired business contributed revenues of $10,650 and profit after tax of $1,653 to the Group for the period on 30 June 2021. If the acquisition occurred on 1 July 2020, the full-year contributions would have been revenues of $3,890,496 and profit after tax of $1,375,000. The values identified in relation to the acquisition are finalised as at 30 June 2021.

The transaction was completed in two steps:

1. the acquisition of Teaminvest Pty Ltd; and
2. the “pass-through” of 12.6 million shares owned by Teaminvest Pty Ltd. to the vendors, via a selective buy-back, cancellation and issuance of new shares.

Both steps were approved at the EGM on 29 June 2021.

	Automation Group Fair value $'000	Teaminvest Pty Ltd Fair value $'000
Cash and cash equivalents	39	1,149
Trade and other receivables	613	95
Inventories	745	-
Financial assets	51	472
Plant and equipment	23	-
Right-of-use assets	30	-
Customer contracts	463	-
Other intangibles*	3	17,155
Other financial assets	-	101
Trade payables and other payables	(587)	(178)
Contract liabilities	(116)	(1,803)
Employee benefits	(220)	(49)
Borrowings	(1,531)	-
Lease liability	(31)	-
Deferred tax liability	(30)	(5,098)
Other liabilities	(81)	-
Net (liabilities)/assets acquired	(629)	11,844
Goodwill/(gain on bargain purchase)	3,689	(3,734)
Acquisition-date fair value of the total consideration transferred	3,060	8,110
Representing:		
Teaminvest Private Group Limited shares issued to vendor	2,660	8,110
Deferred consideration	400	-
	3,060	8,110

Note 34 – Business Combinations (continued)

*The income approach / excess earning method was used to determine the fair value of Teaminvest Pty Ltd's intangible assets. Within the income method, it used the discounted cash flow (DCF), the Relief-from-Royalty and the with-or-without (based on DCF) methods. The asset-based approach (replication method) was utilised as a secondary cross-check for technology-based intangible asset.

External valuer was engaged to assist with the valuation of Teaminvest Pty Ltd. The value in use was determined by discounting the future cash flows to be generated from the Teaminvest Pty Ltd and is based on the following key assumptions:

- Average net annual membership growth of 5.12% was used for revenue projections. This growth was referenced against the average annual historical growth rates over the past 5 years;
- Average churn rate of 15% was used as part the revenue projection forecast. This rate was referenced against the average annual historical churn rates over the past 5 years;
- Long term growth rate of 2.50% was used in reference to the average growth forecast of the industry;
- A pre-tax discount rate of 12% based on the weighted average cost of capital.

Note 35. 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 2021 %	Ownership interest 30 Jun 2020 %
Teaminvest Private Pty Ltd	Australia	100%	100%
Coastal Energy Pty Ltd	Australia	100%	100%
DecoGlaze Holdings Pty Ltd and its controlled entities:	Australia		
-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%	100%
Icon Metal Pty Ltd	Australia	100%	100%
Kitome Pty Ltd	Australia	-	100%
Lusty TIP Trailers Pty Ltd	Australia	100%	100%
Boutique Portraits Pty Ltd	Australia	-	100%
The Step Ahead Builder's Assistant Pty Ltd	Australia	-	100%
Valuestream Investment Management Limited	Australia	100%	100%
Teaminvest Private Residential Group Pty Ltd	Australia	100%	-
Automation Group Investments Pty Ltd	Australia	100%	-
Automation Group Limited	New Zealand	100%	-
Radtel Engineering Pty Ltd	Australia	100%	-
Teaminvest Pty Ltd	Australia	100%	-
Conscious Investor Pty Ltd	Australia	100%	-
Teaminvest Limited (NZ)	New Zealand	100%	
Teaminvest Australia Pty Ltd	Australia	100%	-

Teaminvest Private Residential Group Pty Ltd is aggregation of DecoGlaze Holdings Pty Ltd (previously under Engineering segment), Kitome Pty Ltd, Boutique Portraits Pty Ltd, and The Step Ahead Builder's Assistant Pty Ltd.

Note 36. Reconciliation of profit/(loss) after income tax to net cash from/(used in) operating activities

Consolidated	30 Jun 2021 $'000	30 Jun 2020 $'000
Profit after income tax expense	5,201	8,306
Adjustments for:		
Depreciation, amortisation and impairment	7,129	2,514
Share based payments	285	155
Dividends received - associates	653	233
Net gain on disposal of PPE	(95)	-
Share of profit - associates	(2,867)	(1,858)
Gain on bargain purchase	(3,734)	(594)
Change in operating assets and liabilities:		
Change in trade and other receivables	(562)	(641)
Change in contract assets	984	(3,334)
Change in inventories	(1,767)	408
Change in deferred tax assets	-	995
Change in prepayments	(710)	(107)
Change in other operating assets	-	(41)
Change in trade and other payables	(1,979)	4,007
Change in contract liabilities	1,760	1,628
Change in provision for income tax	189	(1,070)
Change in deferred tax liabilities	862	6
Change in employee benefits	462	(156)
Change in other provisions	(55)	(414)
Working capital adjustments from business combinations	(360)	-
Net cash from operating activities	5,396	10,037

Note 37. Earnings per share

	30 Jun 2021 $'000	30 Jun 2020 $'000
Profit after income tax attributable to the owners of Teaminvest Private Group Limited	5,201	8,306

	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	116,701,908	111,230,952
Adjustments for calculation of diluted earnings per share:		
Shares issued for bonuses and fees	652,892	2,188,475
Weighted average number of ordinary shares used in calculating diluted earnings per share	117,354,800	113,419,427

	Cents	Cents
Basic earnings per share	4.46	7.47
Diluted earnings per share	4.43	7.32

Note 38. Share-based payments

Details of shares issued to directors and other key management personnel as part of compensation during the year ended 30 June 2021 and 30 June 2020 are set out below:

	Issue Date	Number of Shares	Issue Price	Total Value
30 June 2021				
Shares issued to KMP	04/09/2020	2,080,181	$0.53	1,100,000
Shares issued to directors	04/12/2020	107,416	$0.53	56,803
30 June 2020				
Shares issued to directors*	27/11/2019	184,259	$0.84	154,999

Note 39. Parent entity information

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

Statement of profit or loss and other comprehensive income

	30 Jun 2021 $'000	30 Jun 2020 $'000
Profit/(loss) after income tax	(6,444)	(2,475)
Total comprehensive profit/(loss)	(6,444)	(2,475)

Statement of financial position

	30 Jun 2021 $'000	30 Jun 2020 $'000
Total current assets	5,354	3,288
Total assets	77,895	74,891
Total current liabilities	463	3,529
Total liabilities	894	3,657
Equity		
Issued Capital	87,597	75,386
Accumulated losses	(10,596)	(4,152)
Total Equity	77,001	71,234

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries
The parent entity had guarantees of $1,368,643 in relation to the debts of its subsidiaries as at 30 June 2021 ($498,000 as at 30 June 2020).

Contingent liabilities
The parent entity had no contingent liabilities as at 30 June 2021 and 30 June 2020.

Capital commitments - Property, plant and equipment
The parent entity had no capital commitments for property, plant and equipment as at 30 June 2021 and 30 June 2020.

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, or fair value should a bargain purchase be acquired 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 40. Events after the balance date

The impact of the COVID-19 pandemic is ongoing and whilst individual subsidiaries have been impacted differently, the net effect on the Group's results remain within a reasonable bound compared to 30 June 2021, it is not practicable to estimate the potential impact, positive or negative, after the reporting date as the situation attributed to COVID-19 and its Delta variant is evolving and is dependent on measures imposed by the State Governments, Australian Government and other countries, such as lockdowns, quarantine, travel restrictions and any economic stimulus that may be provided.

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 2021 and of its performance for the financial year 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

26 August 2021
Sydney

Independent Auditor's Report

To the shareholders 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).

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

- giving a true and fair view of the ***Group***'s financial position as at 30 June 2021 and of its financial performance for the year ended on that date; and
- complying with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The ***Financial Report*** comprises:

- *Statement of financial position* as at 30 June 2021
- *Statement of profit or loss and other comprehensive income, Statement of changes in equity, and Statement of cash flows* for the year then ended
- Notes including a summary of significant accounting policies
- *Directors' Declaration.*

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

Basis for opinion

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

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

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

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Key Audit Matters

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

- Revenue recognition
- Carrying value of intangibles
- Business combinations

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.

Revenue recognition

Refer to note 5 of the Financial Report ($91.4m)

The key audit matter	How the matter was addressed in our audit
Recognition of revenue is a key audit matter due to: • The significance of revenue to the Financial Report; and • The Group has entered a large number of contracts across its different businesses, operating in multiple industries, with a wide range of customers. These contracts may have numerous performance measurement events which occur over the course of the contract's life. This may also result in judgmental revenue recognition from rendering of services contracts and therefore significant audit effort is required to gather sufficient audit evidence.	Our procedures included: • We obtained an understanding of the Group's process of recognising revenue for rendering of services and sale of goods; • We evaluated the appropriateness of the Group's revenue recognition policies against the requirements of AASB 15 *Revenue from contracts with customers*; • We selected a sample of contracts for testing, across businesses, industries and customer types, focusing on key revenue streams where revenue is recognised over time. For each contract selected, we read the contract terms and conditions to evaluate the individual characteristics of each contract for consistency with the Group's method of measuring performance and revenue to date; • We used statistical sampling to select a sample of transactions recognising revenue through rendering of services and examined either progress claim certificates or management's assessment of progress against project plans. We obtained signed contracts and checked the performance milestones against the value of service revenue recognised. • We used statistical sampling to select a sample of sale of goods transactions and examined delivery dockets and sales invoices;

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	• We selected a sample of revenue transactions from rendering of services immediately before and immediately after year end. We examined the underlying contract, project plan and other supporting documentation and compared this to the timing of the revenue recognised; • We selected a sample of revenue transactions from sale of goods immediately before and immediately after year end. We examined the supporting documentation including date of delivery and compared this to the timing of the revenue recognised.

Carrying value of intangibles	
Refer to note 16 of the Financial Report ($63.1m)	
The key audit matter	**How the matter was addressed in our audit**
A key audit matter was the Group's annual testing of intangibles for impairment, given the size of the balance (being 46% of total assets) and the impairment charge recorded in respect of the Coastal Energy business of $4.3m. We focused on the significant forward-looking assumptions the Group applied in its value in use models, including: • forecast cash flows and growth rates (including terminal growth rates) applied to the forecasts in light of market conditions in the current year and the impacts of COVID-19. These conditions increase the both the possibility of goodwill being impaired, as well as the risk of inaccurate forecasts or a wider range of outcomes. We focused on the Group's business model when assessing the feasibility of the Group's forecast cashflows. • discount rates, as they can be complex in nature and vary according to the conditions and environment in which the Cash Generating Unit (CGU's) operate. The Group operates in various industries	Working with our valuation specialists, our procedures included: • We considered the appropriateness of the value-in-use method applied by the Group to perform its annual impairment testing of intangibles against the requirements of the relevant accounting standards. • We assessed the integrity of the value in use models used, including the accuracy of the underlying calculation formulas. • We inquired with management to understand the impact of COVID-19 to the Group, the impact to the FY21 results, and implications for forecasting. • We compared the forecast cash flows and capital expenditure contained in the value in use models to Board approved 2022 forecasts. For subsequent years, we have compared growth rates applied to historical results and management's plans for the business. • We challenged the Group's forecast cash flow and growth assumptions in light of market conditions. We assessed key assumptions such as what the Group considers as its future

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and is therefore subject to different discount rates for each CGU. This drives additional audit effort in challenging the assumptions used by the Group in determining the discount rate for each CGU. We involved our valuations specialist with the assessment. • the models' sensitivity to assumptions adopted by the Group, including forecast growth rates and terminal growth rates applied to each identified CGU. Such assumptions have a significant impact on the recoverable amount of the assets within the identified CGUs. This drives additional audit effort specific to their feasibility and consistency of application to the Group's strategy. In addition to the above: • The Group has a large number of operating businesses necessitating our consideration of the Group's determination of CGUs, based on the smallest group of assets to generate largely independent cash inflows. • The Group uses complex models to perform its annual impairment testing of goodwill. The models are largely manually prepared and use a range of internal and external sources as inputs to the assumptions. Complex modelling, particularly those containing highly judgemental forward-looking assumptions tend to be prone to greater risk of potential bias, error and inconsistent application. Such conditions necessitate additional scrutiny by us, in particular to address the objectivity of sources used to derive assumptions, and their consistent application.	business model. We used our knowledge of the Group, business and customers, and our industry experience. We sourced authoritative and credible inputs from our specialists. • We assessed the Group's underlying methodology and documentation for the allocation of corporate costs to the forecast cash flows in the value in use model, for consistency with our understanding of the business and the criteria in the accounting standards. • We assessed the Group's determination of its CGUs based on our understanding of the operations of the Group's business, including how independent cash inflows are generated, against the requirements of the accounting standards. • We considered the sensitivity of the models by varying key assumptions, such as the Group's forecast growth rates, terminal growth rates and discount rates, within a reasonably possible range. We considered the interdependencies of key assumptions when performing the sensitivity analysis and what the Group consider to be reasonably possible. We did this to identify those CGUs at higher risk of impairment and to focus our further procedures. • We assessed the disclosures in the financial report using our understanding obtained from our testing against the requirements of the accounting standards.

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Business combinations	
Refer to note 34 of the Financial Report	
The key audit matter	**How the matter was addressed in our audit**

During the year, the Group acquired two businesses, Automation Group Investments Pty Limited and its controlled entities and Teaminvest Pty Ltd and related entities.
 	
Accounting for the acquisition of a business can be complex and accounting standards require the Group to identify all assets and liabilities of the newly acquired businesses and estimate the fair value of each item.
 	
We determined that the acquisitions were a key audit matter because of the size of the transactions and the high level of judgment used by the Group in determining:
 	
• consideration payable for the acquisition including the fair value of the contingent consideration;
• the identification of acquired intangible assets;
• the assumptions and estimates used when performing intangible assets valuations, including estimated future cash flows, growth rates and discount rates;
• in respect of the Teaminvest Pty Ltd acquisition a bargain purchase gain of $3.8m; and
• appropriate disclosure in the financial statements.
 	
Management used external experts to assist with the identification and valuation of the intangible assets acquired.
	Our procedures included:
	
	• We obtained an understanding of the acquisitions during the year through reading the transaction documents related to the acquisitions to understand the structure, key terms and conditions;
	• We considered the appropriateness of the business combination performed by the Group against the requirements of AASB 3 *Business Combinations*;
	• We worked with our valuation specialists to assess and challenge key assumptions used in the Group's external valuation of acquired intangible assets by:
	  o assessing the scope, objectivity and competency of the independent valuer engaged by the Group;
	  o comparing key assumptions, such as growth rates, membership and customer churn, discount rates and costs assumptions, used by the Group's independent valuer against historical performance and external evidence; and
	  o challenging the Group's independent valuer's approach and methodology to valuing their assets by comparing to the requirements of the accounting standards.
	• We considered the sensitivity of the external valuation by varying key assumptions, such as the Group's forecast growth rates, membership and customer churn rates, discount rates and costs assumptions, within a reasonably possible range. We considered the interdependencies of key assumptions when performing the sensitivity analysis and what the Group consider to be reasonably possible;
	• We audited the opening balance sheet of the businesses acquired as at acquisition dates; and

	• We assessed the disclosures in the financial report using our understanding obtained from our testing and against the requirements of the accounting standards.

Other Information

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

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

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

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

Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

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

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

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

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

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

A further description of our responsibilities for the audit of the Financial Report is located at the *Auditing and Assurance Standards Board* website at: https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf. This description forms part of our Auditor's Report.

Report on the Remuneration Report

Opinion

In our opinion, the Remuneration Report of Teaminvest Private Group Limited for the year ended 30 June 2021, complies with *Section 300A of the Corporations Act 2001*.

Directors' responsibilities

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

Our responsibilities

We have audited the Remuneration Report included in pages 7 to 15 of the Directors' report for the year ended 30 June 2021.

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

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Tony Nimac

Partner

Sydney

26 August 2021

The shareholder information set out below was applicable as at 20 August 2021.

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	Percentage
1 to 1,000	43	27,940	0.02%
1,001 to 5,000	123	378,031	0.30%
5,001 to 10,000	87	748,982	0.57%
10,001 to 100,000	271	12,325,347	9.44%
100,001 and over	151	117,019,010	89.67%
	675	130,499,310	100%
Holding less than a marketable parcel	23	9,343	

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
ELECTRONIC MARKETING PTY LTD (COLFAM A/C)	14,680,285	11.25
V MARK PTY LTD (MORELAND PROPERTY A/C)	7,555,345	5.79
MR ANDREW COLEMAN	6,624,644	5.08
ONE FUNDS MANAGEMENT LIMITED (TDGF A/C)	5,625,448	4.31
CROOKS PTY LTD	4,363,049	3.34
CS THIRD NOMINEES PTY LIMITED (HSBC CUST NOM AU LTD 13 A/C)	3,361,599	2.58
PLUTO MINING PTY LTD	3,361,599	2.58
PRICE VALUE PTY LIMITED (PRICE VALUE A/C)	2,821,615	2.16
KITOME PASTORAL PTY LIMITED	2,696,117	2.07
PRIBULA FAMILY PTY LTD (PRIBULA FAMILY A/C)	2,671,709	2.05
REGAN GEORGE PASSLOW	2,612,010	2.00
BNP PARIBAS NOMINEES PTY LTD (IB AU NOMS RETAILCLIENT DRP)	1,642,443	1.26
LE GRAND PTY LTD	1,633,395	1.25
DECOGLAZE AUSTRALIA PTY LTD	1,615,900	1.24
BAXTERO PTY LIMITED (CARMICHAEL SUPERFUND A/C)	1,504,862	1.15
MALONGA PTY LTD (THE G DOOLAN FAMILY A/C)	1,491,923	1.14
MR MALCOLM OLIVER THOMPSON + MS ELIZABETH THOMPSON	1,485,067	1.14
MR MALCOLM MURRAY JONES + MRS LYNNETTE ANNE JONES (RELM A/C)	1,421,541	1.09
ROBERT BREIT	1,380,628	1.06
PENMARK SUPER PTY LTD (PENMARK SUPER FUND A/C)	1,318,546	1.01
	69,867,725	53.54

Equity securities

Ordinary securities (quoted): 130,499,310
Performance rights (unquoted): Nil

Substantial holders

Substantial holders in the Company are set out below:

	Ordinary shares	
	Number held	% of total shares issued
Mark Moreland	9,229,868	7.07
Graham Lusty	6,733,198	5.15
Howard Harry Coleman	17,173,795	13.16
Andrew Joseph Coleman	12,250,092	9.39

Securities subject to escrow

Type of escrow	Escrow period	Number of shares
Nil	Nil	Nil

Voting rights

The voting rights attached to equity securities 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.

Performance rights
Performance rights do not have voting rights.