

EXCELSIOR
CAPITAL LIMITED

2021 ANNUAL REPORT

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MESSAGE FROM THE CHAIR

Dear Shareholders,

I am delighted to report the financial results for FY21 representing the underlying strength of Excelsior Capital Limited (ECL).

The Group performed consistently throughout FY21. The Electrical Business performance was outstanding with continued growth throughout the mining and infrastructure sectors. One of the primary focuses was on domestic and international client relationships whilst maintaining the quality and reliability of its mining and infrastructure products.

The COVID-19 pandemic continues to have a profound impact both domestically and throughout markets around the world.

Despite the unpredictable nature of the pandemic, ECL and in particular the Electrical Business has remained strong.

Our staff stepped up and quickly adopted measures to keep themselves, their families and the communities where we operate, safe and well with zero cases of COVID-19 across the entire workforce.

Their steadfast commitment and the responsive actions of management in changing and challenging conditions meant we have been able to keep our operations running safely as well as maintaining continued growth throughout FY20 and FY21.

The Group remains committed to continue to invest and plan for the future while at the same time delivering strong returns to our shareholders.

FY21 Financial Results

The Group achieved revenues of \$75.3 million, with a pre-tax profit of \$7.6 million (FY20, \$4.5 million). Net Profit After Tax (NPAT) for FY21 was \$5.4 million (FY20, \$3.6 million), representing a 49% increase compared to the prior comparative year.

FY22 Outlook

The Group remains committed to the delivery of project expansion within the Electrical Business, specifically in the areas of infrastructure and the industrial and renewable sectors. The Group outlook remains positive for FY22 and we anticipate strong growth in the Electrical Business and the Investment Portfolio both domestically and internationally.

AGM

We will announce the date of the AGM shortly. This AGM will be held as a virtual meeting in view of COVID-19 pandemic protocols. Shareholders will have the ability to participate remotely via an online platform or by lodging a directed proxy or direct vote in advance of the meeting.

With thanks

On behalf of the Board, I would like to thank ECL shareholders for their continued support and the Company management's dedication throughout the year.

Yours faithfully,



D. Herceg
Non-Executive Chair



DIRECTORS' REPORT

Your directors submit their report for the year ended 30 June 2021.

DIRECTORS

The names and details of the Company's directors in office during the financial year and until the date of this report are set out below. Directors were in office for this entire period unless otherwise stated.

Names, qualifications, experience and special responsibilities

D. Herceg, LL.B (Non-executive Director & Acting Chairman)

Re-appointed 9 April 2021

Danny re-joined the Board in April 2021 having previously served as a Director of the company from 2007 to 2014 and again from 2019 as Chairman. Danny stepped down as full-time Chairman and Director on the 9 March 2020 for a short period of time due to commitments before re-joining the Board on the 9 April 2021 as a Non-Executive Director and Acting Chairman.

Danny is a senior corporate and commercial lawyer. Danny's practice is focused on initial public offerings, secondary market capital raisings, capital market divestments, public and private M&A, strategic divestments and restructures, demergers / spin-offs, takeover defences and commercial negotiations. He has been advising Australian and international enterprises for over 20 years.

Danny has been a partner in several major Australian law firms, as well as working as a foreign lawyer in the head office of an international law firm in Chicago, gaining experience in US capital markets. He now leads his own boutique firm. Danny has been on the board of several ASX listed companies.

L.J. Catelan (Executive Director)

Ms Catelan is a member of the Australian Institute of Company Directors. She is an experienced company director with exposure to both listed and private companies. Ms Catelan is also a director of Catelan Securities Pty Ltd.

Ms Catelan has experience in property development and mezzanine debt financing. She has been involved in asset sales, corporate restructuring and a range of activities within private and public companies.

O. Schweizer (Non-executive Director)

Appointed 13 January 2020

Mr Schweizer joined the Board in January 2020 as Non-Executive Director for finance and Chairs the Audit, Remuneration and Investment Committee's. Mr Schweizer has over 20 years' experience in the corporate advisory and investment industry and has held senior positions at a number of large advisory and investment firms.

Mr Schweizer has an economics degree from the University of California, Irvine. Oliver is a Chartered Financial Analyst.

J. Males (Executive-Director)

Appointed 25 January 2021, resigned 9 April 2021

Company Secretary

O. Schweizer

O Schweizer was appointed as Company Secretary on 23 November 2020

B. Hofman resigned as Company Secretary on 23 November 2020 and is assisting the Company on a contract basis.

INTERESTS IN THE SHARES AND OPTIONS OF THE COMPANY AND RELATED BODIES CORPORATE

As at the date of this report, the interests of the directors in the shares and options of Excelsior Capital Limited were:

	Number of ordinary shares	Number of options over ordinary shares
D. Herceg	60,702	Nil
L.J. Catelan	14,561,102	Nil
O. Schweizer	Nil	

PRINCIPAL ACTIVITIES

The principal activities during the year of entities within the consolidated group were:

- Manufacture and distribution of electrical cables, connectors and associated components for industrial, mining, infrastructure, commercial, petrochemical and information technology applications throughout South East Asia and Oceania; and
- Management of an investment portfolio via a Listed Investment Company.

There have been no significant changes in the nature of these activities during the year.

Operating and financial review

The purpose of this section is to:

- Provide an overview of our business model;
- Discuss our strategy (including the risks associated with our strategy);
- Outline any significant changes in the state of affairs; and
- Provide a review of our financial condition.

DIRECTORS' REPORT

Excelsior Capital Limited – Expertise and precision is our purpose

CMI Operations Pty Limited, a subsidiary of Excelsior Capital Limited has a long and proud history of providing innovative electrical cables, connectors and components. From our beginnings in 1991, as a local manufacturer of electrical cable serving the Queensland market, we have expanded to supply a range of innovative electrical products to customers around the globe. Today, we have operations in four states and employ close to 65 people, supplying the industrial, mining, infrastructure, commercial, petrochemical and information technology sectors with electrical solutions.

High value coupler and receptacle products are exported to the mining sectors in Indonesia, Mongolia, Papua New Guinea, and China. Operations are conducted from several manufacturing and distribution facilities in Australia. The division's primary manufacturing plant is located at Meadowbank in Sydney. This plant operates to international quality standards ISO9001 and ISO14001, AS/NZS 4801.

The CMI Operations business is divided into two key product categories:

1. Electrical cables

Leading cable brands dedicated to the requirements of all segments of the electrical industry including:

- **XLPE Cables:** supplying power in low and high voltage applications such as commercial and industrial sub-mains, factories, utility infrastructure, and variable speed drive (VSD) motors and control systems.
- **Hartland Cables:** synonymous in Australia since 1954 for its leading range of Audio, Coaxial, Control, Data, Instrumentation, UL Approved Connecting Wire, Copper Braid, Screened and Unscreened Multicore and Multipair cables.
- **Aflex Cables:** offering flexible cables for use in applications where tight or difficult access is restrictive or where movement occurs. These cables are generally supplied for switchboards, generators, sound & lighting, batteries, VSD motors, submersible pumps and low voltage control systems.
- The Group's customised cable division also manufactured locally flexible cords and cable assemblies to cover a comprehensive range of types for applications such as medical, technology, lighting & entertainment as well as traditional original manufacture equipment (OEM) markets. This includes combining wiring and connectors such as basic cable assemblies and complex wiring harnesses to customised requirements.

2. Minto Industrial Products

Minto Industrial Products is synonymous with the mining industry in particular with its existing class leading underground couplers and receptacle products. When power and safety are required in a complex and hazardous environment Minto is the class leader in most applications. The reputation of Minto is now global with the exports to mining installations in Indonesia, Mongolia, Papua New Guinea, and China.

CMI Operations Pty Ltd is also launching an upgraded version of its Minto Plug range specifically designed to be used in above ground applications including open cut surface mining, infrastructure tunnelling, construction and industrial operations. The new Minto plug will diversify the existing plug product range and broadens the market for above ground applications both domestically and internationally while also offering the same high quality of safety and technology.

Market drivers

Technological change: drives demand for continuous new and improved technology and creates the possibility for lower cost mass market electrical solutions. There is the potential for disruptive market entrants from the technology sector.

Increased safety expectations: new regulatory requirements in domestic and overseas markets drive demand for mass market solutions. Requirement for mining and infrastructure to maintain best practice solutions drive demand for innovative tailored products. This also means that existing solutions become obsolete more quickly and innovation and speed to market are now necessities, while price pressures continue to grow.

Globalisation: allows access to new, high growth markets. There is the potential for competition from new market entrants from developing countries, with lower cost base.

Strategic pillars

Innovation

We need to stay at the forefront of technology if we are to find new ways of staying ahead of the competition, and to meet emerging risks in the mining and construction industry. To help us meet this challenge, we have a substantial research and development (R&D) program that creates innovative solutions to electrical issues.

For the value of that innovation to be realised for our customers and our shareholders, solutions need to be developed and brought to market as quickly as possible. Our business is focused on building a pipeline of solutions from our leading edge, tailored offerings to affordable, mass market products.

DIRECTORS' REPORT

Client focus

CMI Operations Pty Ltd has a proud history of collaboration with our clients in mining and infrastructure to create cutting-edge solutions. Through our involvement in industry sector associations, including our support of the Mine Electrical Safety Association (MESA), we continue to build strong relationships across these sectors backed by our own client relationship program.

Efficiency

To meet the challenges of a rapidly changing market, in 2019 the Board announced the investment to develop a new mining plug. We have implemented a set of initiatives focusing our business on continuous improvement and enabling us to adapt to the changing needs of our customers for new, lower cost products. Key initiatives are:

- Engagement with external consultants to develop more effective management of our working capital; and
- Improving our product development processes to increase our speed to market for new mass market products.

Enablers

People

Our people, their experience, enthusiasm and dedication, are the foundation of our business.

Technology

We ensure our people have the tools they need to deliver value.

Relationships

Strong relationships with suppliers and business partners help us to deliver on our promise of expertise and precision.

The market opportunity

Electrical components continue to be a growing market both domestically through private companies and government's commitments to infrastructure project spending and globally, driven by rapidly changing technology, increasingly stringent regulation, and continuing expectation from our clients and their stakeholders that they will be provided with expertise and precision in each product we design and manufacture. In particular, we see great opportunities in emerging markets as consumption of our products increase in line with economic growth.

At the same time, electrical componentry is a highly competitive business. We now compete on a global basis with manufacturers from emerging markets such as China and India. We also face the potential of disruptive market entrants from the technology sector, building on their existing customer base and technology platforms to deliver electrical products.

Our strategy

Operational

In order to respond to these challenges, we are focusing our business on the development of our Minto Industrial product. We are building our future product pipeline through a combination of strategic acquisitions and a strong R&D program.

We consider our strategy to be sufficiently agile to deal with the increasing demand for sophisticated electrical products. Our R&D programs are set to deliver customised and mass market products to our customers on a timely basis.

As we begin to recognise revenue from products developed in previous years, we are confident that our ongoing investment in R&D will continue to deliver sustainable returns in the future.

Risks relating to Electrical and divested operations:

- Exposure to the domestic resource industry impacting revenues and margin;
- Key third party suppliers interrupting the supply chain;
- Failure of the product designs to meet a specified level of quality or conformance; and

Investment portfolio

The Group's primary investment strategy is to achieve long term growth and capital appreciation, whilst managing risk through a portfolio approach to investing. The Group invests in a diversified portfolio of businesses where the Group may provide capital and strategic advice to those businesses to gain long term investment returns and capital appreciation. The capital can be allocated to both listed and unlisted businesses, in the form of equity, debt or a combination of the two.

Risks relating to the investment portfolio:

- Termination of Management Agreement or Sub-Management Agreement;
- Loss of Australian financial service licence by the Sub-Manager;
- Manager and Sub-Manager performance;
- The market risk of investments declining in value because of economic developments or other events that affect the share market;
- The liquidity risk of being unable to sell investments at a fair price at times the Group requires cash; and
- Share price volatility caused by lack of diversity within the portfolio.

The Group manages risk by identifying risks and mitigating them through a combination of internal controls and management of a diversified portfolio of investments and businesses.

DIRECTORS' REPORT

Significant changes in the state of affairs

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

Review of financial condition

Profit from continuing operations

The Group reported a profit before tax of \$7.6 million for the year ended 30 June 2021, an increase of 69% from the prior year. The increase in profit before tax was a combination of a result of the Investment Fund moving to a conservative position predominately to cash in volatile markets and significant sales growth from the Electrical Business. Net profit before tax from the Electrical Components division was \$8.8 million.

Liquidity and capital resources

The consolidated cash flow statement illustrates that there was a decrease in cash and cash equivalents in the year ended 30 June 2021 of \$3.8 million (2020: \$14.5 million increase). Operating activities generated \$1.8 million (2020: \$8 million) of net cash flows.

The decrease in cash inflow in comparison with the prior year is largely due to increases in inventory and trade and other receivables as a result of an increase in sales and order book for the Electrical Business which largely occurred in the second half of FY21. It is also consistent with the current phase of Excelsior Capital's working capital cycle, with the company funding the growth in sales of the Electrical Business with revenues resulting from the development of products in previous years now beginning to be realised. This primarily includes revenues from the sale of Minto Industrial products and increased cables sales.

Cash outflows from investing activities of \$2.8 million (2020: \$9.3 million inflows). This reflects the purchase of relatively low risk units in a Managed Fund following a repositioning of the investment portfolio and liquidation of hybrid securities in 2020.

There was also a \$2.9 million cash outflow (2020: \$2.8 million cash outflow) from financing activities, during the current period relating mostly to lease and dividend payments.

Business divisions

Electrical Business

The Group continues to be assertive player in the electrical components market over the last 12 months. Revenue in the electrical component segment was \$75.1 million (net of rebates) for the year compared to \$60.0 million in the previous year and segment profit before tax of \$8.8 million (2020: \$6.5 million).

Investment portfolio

The investment portfolio had revenue of \$0.2 million and produced a pre-tax and post-tax net loss, with the inclusion of all corporate and administration costs of the parent entity, of \$1.19 million and \$0.8 million, respectively.

Review of Investments

As announced to the Australian Stock Exchange (ASX) on 19 August 2020, the Company advised shareholders that it is undertaking a review of its investments within the group. As part of that review it has appointed advisors to assist with both potential divestment and or acquisition growth opportunities. This process remains on-going throughout 2022 and the Board will update shareholders of any material changes as a result of this process.

Environmental regulation and performance

The Group holds licences issued by the relevant environmental protection authorities in Australia. These licences specify the conditions imposed by the licence or regulation. The Group has an Environmental Management System at the Meadowbank operations and is certified to AS-NZS ISO 14001:2004.

There have been no know breaches of the consolidated entity's licence conditions or any environmental regulations to which it is subject.

Indemnification of auditors

To the extent permitted by law, the Company has agreed to indemnify its auditors, Hall Chadwick, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Hall Chadwick during or since the financial year.

Share Options

There were no share options on issue at balance date or since year end.

COVID-19 Statement

The Company is continuing to review the ongoing situation relating to the COVID-19 pandemic and the implications for the health and wellbeing of our employees, contractors, customers and suppliers. The Company has been pro-active with respect to its response to COVID-19 and has developed operational procedures and plans in line with official health advice and government directives. Excelsior Capital Limited will continue to operate within these guidelines and will adapt its procedures as required. The impact on the Company's operations to date has not been material and whilst the situation with regards to COVID-19 remains uncertain, the Company remains mostly unaffected by COVID-19 and does not foresee, at this time, that it will have a material impact on future operations.

DIRECTORS' REPORT

Indemnification and insurance of directors and officers

During or since the financial year, the Company has paid premiums in respect of a contract insuring all the directors of Excelsior Capital Limited against legal costs incurred in defending proceedings for conduct other than:

- (a) A wilful breach of duty; or
- (b) A contravention of sections 182 or 183 of the *Corporations Act 2001*, as permitted by section 199B of the *Corporations Act 2001*.
- (c) To the extent permitted by law, the Group has agreed to indemnify its Directors against a liability incurred as such a director to the extent permitted by the *Corporations Act 2001* [Cth].

No payment has been made in relation to that indemnity during or since the financial year.

The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Significant events after the balance date

Final dividend declared

On 30 August 2021, the directors of Excelsior Capital Limited declared a final dividend on ordinary shares in respect of the 2021 financial year. The total amount of the dividend is \$579,889 which represents a fully franked dividend of 2.0 cents per share. The dividend has not been provided for in the 30 June 2021 financial statements.

Likely developments and expected results

Information on the strategy, prospects and risks of the Group is included in the Operating and Financial review.

Rounding off of amounts

The amounts contained in the financial report have been rounded to the nearest \$1,000 (where rounding is applicable) where noted (\$000) under the option available to the Company under ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191. The Company is an entity to which this legislative instrument applies.

Directors' meetings

The number of meetings of directors (including meetings of committees of directors) held during the year and the number of meetings attended by each director were as follows:

MEETINGS OF COMMITTEES				
	Directors' meetings	Audit	Remuneration	Investment
Number of meetings held:	12	2	2	12
Number of meetings attended:				
L.J. Catelan	12	2	2	12
D. Herceg	11	2	2	11
O. Schweizer	12	2	2	12
J. Males	3	1	1	3

All directors attended meetings set by the Company where they were eligible to attend.

DIRECTORS' REPORT

Committee membership

As at the date of this report, the Company had an:

- audit committee, and
- a remuneration committee, and
- an investment committee of the board of directors.

Members acting on the committees of the board during the year were:

Audit	Remuneration	Investment
O. Schweizer ^(c)	O. Schweizer ^(c)	O. Schweizer ^(c)
D. Herceg	D. Herceg	D. Herceg
J. Males*	J. Males*	J. Males* ^(c)
L.J. Catelan	L.J. Catelan	L.J. Catelan

Notes

(c) Designates the chair of the committee during the year

* Appointed on 25 January 2021, resigned 9 April 2021

Dividends

	Cents	\$'000
Final dividend recommended:		
<i>Ordinary shares</i>	2.00	580
Dividends paid in the year:		
<i>Interim for the year</i>		
• on ordinary shares	2.00	580
<i>Final for 2020 shown as recommended in the 2020 financial report</i>		
• on ordinary shares	2.00	580

DIRECTORS' REPORT

Auditor's independence declaration and non-audit services

The directors received the following declaration from the auditor of Excelsior Capital Limited.

HALL CHADWICK  (NSW)

EXCELSIOR CAPITAL LIMITED
ABN 98 050 542 553
AND ITS CONTROLLED ENTITIES
AUDITOR'S INDEPENDENCE DECLARATION UNDER S 307C OF
THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF
EXCELSIOR CAPITAL LIMITED

SYDNEY
Level 40
2 Park Street
Sydney NSW 2000
Australia
Ph: (612) 9263 2600
Fx: (612) 9263 2800

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of Excelsior Capital Limited. As the lead audit partner for the audit of the financial report of Excelsior Capital Limited for the year ended 30 June 2021, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- i. the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- ii. any applicable code of professional conduct in relation to the audit.



HALL CHADWICK (NSW)
Level 40, 2 Park Street
Sydney NSW 2000



DREW TOWNSEND
Partner
Dated: 30 August 2021

Non-audit services

The following non-audit services were provided by the entity's auditors. The directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The nature and scope of each type of non-audit service provided means that auditor independence was not compromised.

Auditors received or are due to receive the following amounts for the provision of non-audit services:

As at 30 June	\$
Tax compliance services	6,000
Total Non-audit services	6,000

REMUNERATION REPORT

CONTENTS

Section	Details	Page
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1. REMUNERATION REPORT OVERVIEW

The Directors of Excelsior Capital Limited (Excelsior) present the Remuneration Report (the Report) for the Company and its controlled entities (the Group) for the year ended 30 June 2021. This Report forms part of the Directors' Report and has been audited in accordance with section 300A of the *Corporations Act 2001*. The Report details the remuneration arrangements for Excelsior Capital Limited's key management personnel (KMP):

- Non-executive directors (NEDs); and
- Executive directors and senior executives (collectively the executives).

KMP are those persons who, directly or indirectly, have authority and responsibility for planning, directing and controlling the major activities of the Company and Group.

The table below outlines the KMP of the Group and their movements during FY21:

Name	Position	Term as KMP
Non-Executive directors		
D. Herceg	Non-Executive Director / Chair ¹	Reappointed 9 April 2021
D. Herceg	Non-Executive Director / Chair	Appointed on the 4 October 2019, Ceased 9 March 2021 and Reappointed on 9 April 2021
O. Schweizer	Non-Executive Director	Appointed 13 January 2020
Executive director		
L.J. Catelan	Executive Director	Full financial year
J. Males	Executive Director	Appointed 25 January 2021, Ceased 9 April 2021
Senior executives		
J.E. Johnson	General Manager – Electrical	Full financial year
B. Hofman	Company Secretary	Ceased 23 November 2020
O. Schweizer	Company Secretary	Appointed 23 November 2020

1. Danny Herceg became Acting Chair from 9 April 2021.

REMUNERATION REPORT

2. OVERVIEW OF EXECUTIVE REMUNERATION

2A. How we determine executive remuneration policies and structures

Four principles guide our decisions about executive remuneration at Excelsior Capital:

- *Fairness*: provide a fair level of reward to all employees;
- *Transparency*: build a culture of achievement by transparent links between reward and performance; and
- *Alignment*: promote mutually beneficial outcomes by aligning employee, customer and shareholder interests
- *The Excelsior Capital Culture*: drive leadership performance and behaviours that create a culture that promotes safety, diversity and employee satisfaction.

2B. Our executive remuneration policies and structures

We reward executives with a level and mix of remuneration appropriate to their position, responsibilities and performance, in a way that aligns with the business strategy.

Executives receive fixed remuneration and variable remuneration consisting of short-term incentive opportunities. Executive remuneration levels are reviewed annually by the Remuneration Committee with reference to the remuneration guiding principles and market movements.

2C. Elements of remuneration

Fixed remuneration

Fixed remuneration consists of base salary, superannuation and other non-monetary benefits and is designed to reward for:

- The scope of the executive's role;
- The executive's skills, experience and qualifications; and
- Individual performance.

It is set with reference to comparable roles in similar companies.

REMUNERATION REPORT

Short-term incentive (STI)

Under the STI, the General Manager – Electrical has the opportunity to earn an annual incentive award which is delivered in cash. The STI recognises and rewards annual performance.

How is it paid?	100% of any STI award is paid in cash after the assessment of annual performance.														
How much can the executive earn?	A maximum STI opportunity of 20% of fixed remuneration. Target STI is awarded for achieving the challenging objectives set prior to the beginning of each year.														
How is performance measured?	The STI performance measures were chosen as they reflect the core drivers of short-term performance and also provide a framework for delivering sustainable value to the Group, its shareholders and customers. We measure four key performance indicators (KPIs) covering financial and non-financial, Group and business unit measures of performance. For each KPI, a target and stretch objective is set. A summary of the measures and weightings are set out in the table below: <table> <tr> <th></th><th colspan="2">FINANCIAL</th><th>NON- FINANCIAL</th></tr> <tr> <th></th><th>Business Unit PBT</th><th>Growth¹</th><th>Business unit KPIs</th></tr> <tr> <td>Business unit leader</td><td>50%</td><td>25%</td><td>25%</td></tr> </table> <i>1. Net revenue and gross margin</i> Business unit profit before tax (PBIT) is the measures against which management and the Board assess the short-term financial performance of the General Manager – Electrical. The non-financial measures in the STI plan are: • Safety • Implementation of key growth and diversification initiatives • Merger and acquisition opportunities				FINANCIAL		NON- FINANCIAL		Business Unit PBT	Growth ¹	Business unit KPIs	Business unit leader	50%	25%	25%
	FINANCIAL		NON- FINANCIAL												
	Business Unit PBT	Growth ¹	Business unit KPIs												
Business unit leader	50%	25%	25%												
When is it paid?	The STI award is determined after the end of the financial year following a review of performance over the year against the STI performance measures by the Board. The Board approves the final STI award based on this assessment of performance and 100% is paid in cash three months after the end of the performance period.														
What happens if the executive leaves?	If an executive resigns or is terminated for cause before the end of the financial year, no STI is awarded for that year. If an executive ceases employment during the performance period by reason of redundancy, ill health, death, or other circumstances approved by the Board, the executive will be entitled to a pro-rata cash payment based on assessment of performance up to the date of ceasing employment for that year (subject to Board discretion).														
What happens if there is a change of control?	In the event of a change of control, a pro-rata cash payment will be made based on assessment of performance up to the date of the change of control.														

REMUNERATION REPORT

2. OVERVIEW OF EXECUTIVE REMUNERATION (CONTINUED)

2C. Elements of remuneration (continued)

Long-term incentives (LTI)

The LTI is an equity arrangement of either options or performance shares and an allocation is considered each year. The aim of the LTI is both:

- Retention; and
- To align to long term company performance.

No LTI was provided with respect to the full year ended 30 June 2021 (2020: nil).

2D. Changes for FY21

The Board does not anticipate any changes to the STI and LTI Plans for FY21.

Further details will be provided in the FY21 remuneration report.

3. PERFORMANCE AND EXECUTIVE REMUNERATION OUTCOMES IN FY21

3A. Actual remuneration earned by executives in FY21

The actual remuneration earned by executives in FY21 is set out in section 6 of this Remuneration report. This provides shareholders with a view of the remuneration actually paid to executives for performance in FY21.

3B. Performance against STI measures

A combination of financial and non-financial measures is used to measure performance for STI awards.

Business unit performance against those measures is as follows for FY21:

		FINANCIAL		NON- FINANCIAL	
		Business Unit PBT	Growth	Safety	Discretionary
Electrical Business		▲	▲	▲	▲
Below threshold hurdle	✖				
At target	○				
Between threshold and target	■				
Between target and stretch	▲				

3C. Overview of company performance

The table below sets out information about Excelsior Capital's earnings and movements in shareholder wealth for the past five years up to and including the current financial year.

	2021	2020	2019	2018	2017
NPAT (\$'000)	5,400	3,629	4,132	4,245	2,754
Share price at year end (\$)	1.63	1.18	1.21	1.36	1.03
Basic EPS (cents)	17.84	12.69	14.21	13.53	8.27
Total dividends (cents per share)	4.00	5.00	6.00	6.00	6.00

REMUNERATION REPORT

4. HOW REMUNERATION IS GOVERNED

4A. Remuneration decision making

The following diagram represents the Group's remuneration decision making framework:



The composition of the Remuneration Committee is set out on page 8 of this Remuneration report. Further information on the Remuneration Committee's role, responsibilities and membership can be seen at www.cmilimited.com.au

4B. Use of remuneration advisors

The Remuneration Committee may engage external advisers to provide remuneration recommendations regarding the remuneration mix and quantum for executives.

Any remuneration recommendations are provided to the Committee as an input into decision making only. The Remuneration Committee considers the recommendations, along with other factors, in making its remuneration decisions.

There were no fees paid during the year to remuneration advisers (2020: \$nil).

4C. Clawback of remuneration

In the event of serious misconduct or a material misstatement in the Group's financial statements, the Board has the discretion to reduce, cancel or clawback any unvested STI.

4D. Share trading policy

The Group securities trading policy applies to all NEDs and executives. The policy prohibits employees from dealing in Excelsior Capital Limited securities while in possession of material non-public information relevant to the Group.

The Group would consider a breach of this policy as gross misconduct, which may lead to disciplinary action and potentially dismissal.

REMUNERATION REPORT

4. HOW REMUNERATION IS GOVERNED (CONTINUED)

4E. Executive employment agreements

Remuneration arrangements for executives are formalised in employment agreements. The following outlines the details of contracts with executives:

General Manager – Electrical Business

The General Manager is employed on an individual open-ended employment contract which can be terminated with notice by either the Group.

Under the terms of the present contract:

- Receives fixed remuneration of \$306,183 per annum (gross, inclusive of superannuation); and
- Maximum STI opportunity is 20% of fixed remuneration.

Termination provisions

	Resignation	Termination for cause	Termination in case of death, disablement, redundancy or notice without cause	Termination payment
GM	3 months	None	6 months	3 months

5. OVERVIEW OF NON-EXECUTIVE DIRECTOR REMUNERATION

Excelsior Capital's NED fee policy is designed to attract and retain high calibre directors who can discharge the roles and responsibilities required in terms of good governance, strong oversight, independence and objectivity. NEDs receive fees only and do not participate in any performance-related incentive awards. NED fees reflect the demands and responsibilities of the directors.

The Remuneration Committee reviews NED remuneration annually against comparable companies. The Board also considers advice from external advisors when undertaking the review process.

NED fees consist of base fees and committee fees. The chair of the Board attends all committee meetings but does not receive any additional committee fees in addition to base fees.

The table below summarises Board and Committee fees payable to the Chairman and NEDs for FY21 (inclusive of superannuation):

Board fees		2021	2020
Chair ¹		108,679	124,704
NED		139,139	180,227
Committee fees			
Audit ²	Chair	N/A	N/A
	Member	N/A	N/A
Remuneration ²	Chair	N/A	N/A
	Member	N/A	N/A
Investment ²	Chair	N/A	N/A
	Member	N/A	N/A

1. Chairman fees for Danny Herceg relate to the period from 1 July 2020 to 6 March 2021 at which time the Chair position became a rotating Chairmanship. Danny Herceg Salary was reduced from \$120,000 to \$70,000 per annum from 9 April 2021 at which time he became Acting Chair.

2. NEDs do not receive additional fees for participation in the Audit, Remuneration or Investment Committees.

REMUNERATION REPORT

NEDs may be reimbursed for expenses reasonably incurred in attending to the Group's affairs.

The Board has confirmed there will be no increases in Board or committee fees for FY21.

Maximum aggregate NED fee pool

NED fees are determined within an aggregate NED fee pool limit, which is periodically approved by shareholders. The maximum aggregate amount that may be paid to NEDs for their services is \$390,000 during any financial year, as approved by shareholders at a general meeting.

The Board will not seek an increase to the aggregate NED fee pool limit at the 2021 AGM.

6. STATUTORY REPORTING

6A. Executive KMP remuneration for the years ended 30 June 2021 and 30 June 2020

	SHORT-TERM BENEFITS			POST-EMPLOYMENT	LONG-TERM BENEFITS			
	Salary & fees (\$)	Short-term incentive (\$)	Other (\$)	Superannuation (\$)	Employee Entitlement (\$)	Termination payments (\$)	Total remuneration (\$)	Performance related (%)
M. Copeland¹								
2021	-	-	-	-	-	-	-	-
2020	83,381	-	-	7,710	-	-	91,091	-
O. Schweizer²								
2021	42,192	-	-	4,008	-	-	46,200	-
2020	-	-	-	-	-	-	-	-
L.J. Catelan								
2021	150,000	-	-	14,250	-	-	164,250	-
2020	70,000	-	-	6,650	-	-	76,650	-
J.E. Johnson								
2021	252,408	50,481	25,000	28,775	18,763	-	375,427	13%
2020	252,408	49,491	25,000	28,680	4,416	-	359,995	14%
J. Males³								
2021	40,320	-	-	3,830	-	-	44,150	-
2020	-	-	-	-	-	-	-	-
B. Hofman⁴								
2021	73,459	-	-	6,979	-	-	80,438	-
2020	70,313	-	-	6,680	-	-	76,993	-
Totals								
2021	558,379	50,481	25,000	57,842	18,763	-	710,465	-
2020	476,102	49,491	25,000	49,720	4,416	-	604,729	-

1. M. Copeland ceased employment on 3 January 2020.

2. O. Schweizer was appointed as Company Secretary on 23 November 2020 and included as KMP from that date including a pro-rate of his annual director fees.

3. J. Males ceased employment on 9 April 2021.

4. B. Hofman ceased employment on 23 November 2020 moving to contracting role with the Company.

REMUNERATION REPORT

6. STATUTORY REPORTING (CONTINUED)

6A. Executive KMP remuneration for the years ended 30 June 2021 and 30 June 2020 (continued)

The following table outlines the proportion of maximum STI earned in relation to the FY21 financial year.

	Maximum STI opportunity [% of fixed remuneration]	% of maximum earned
J.E. Johnson	20%	100%

6B. NED remuneration for the years ended 30 June 2021 and 30 June 2020

	SHORT-TERM BENEFITS	POST- EMPLOYMENT	
	Board and committee fees \$	Super-annuation \$	Total \$
O. Schweizer¹			
2021	27,808	2,642	30,450
2020	33,205	3,155	36,360
D. Herceg²			
2021	99,250	9,429	108,679
2020	90,000	8,550	98,550
M.X. Glennon³			
2021	-	-	-
2020	23,885	2,269	26,154
C.D. Green⁴			
2021	-	-	-
2020	17,500	1,663	19,163
Total			
2021	127,058	12,071	139,129
2020	164,590	15,637	180,227

1. O. Schweizer was appointed as a Non-Executive Director on 13 January 2020 and appointed as Company Secretary on 23 November 2020.

2. D. Herceg stepped down from the Board on 9 March 2021, before rejoining the Board as Non-Executive Director and Acting Chair from 9 April 2021.

3. M.X. Glennon moved from Executive Chairman to Non-Executive Chairman on 8 April 2019 and ceased employment on 4 October 2019.

4. C.D. Green ceased acting as Non-Executive Director on 21 September 2019.

6C. Options awarded, vested and lapsed during the year

No options were awarded or vested during the year.

REMUNERATION REPORT

6D. Option holdings of KMP

There are no option holdings of any KMP.

6E. Shareholdings of KMP¹

Shares held in Excelsior Capital Limited (number) at 30 June 2021:

	Balance at 1 July 2020	Net change other ²	Held nominally 30 June 2021
NEDs and KMPs			
D. Herceg	60,702	-	60,702
Executive director			
L.J. Catelan	14,561,102	-	14,561,102
Senior executives			
J.E. Johnson	-	-	-
Total	14,621,804	-	14,621,804

1. Includes share and options held directly, indirectly and beneficially by KMP.

All equity transactions with KMP other than those arising from the exercise of remuneration options have been entered into under terms and conditions no more favourable than those the Group would have adopted if dealing at arm's length.

6F. Loans from KMP and their related parties

(i) *Details of aggregate of loans from KMP and their related parties:*

Name	Balance at 1 July 2020 \$	Interest charged during the year \$	Balance at end of period \$	Highest balance during period \$
M.X. Glennon	87,000	-	-	87,000

(ii) *Terms and conditions of other transactions with KMP and their related parties:*

A short-term trading cash flow facility of \$87,000 previously provided from Glennon Capital Pty Ltd, a company controlled by M.X. Glennon (former KMP) to Excelsior Asset Management Pty Ltd, a subsidiary of Excelsior Capital Limited was written off during the year ended 30 June 2021 with no amount payable by Excelsior Asset Management Pty Ltd to Glennon Capital Pty Ltd.

REMUNERATION REPORT

6. STATUTORY REPORTING (CONTINUED)

6G. Other transactions and balances with KMP and their related parties

(i) *Details and terms and conditions of other transactions with KMP and their related parties:*

Purchases

During the year, no additional management or performance fees were paid to Glennon Capital Pty Ltd (GC) of which M.X. Glennon was a director, controlling shareholder of GC and former KMP of Excelsior Capital Limited. During the prior year ended 30 June 2020, management and performance fees totalling \$516,646 (excluding GST) were pre-paid to Glennon Capital Pty Ltd. The amounts were paid under a Management Agreement entered into in December 2016 which is to run for 5 years to December 2021. \$433,316 was pre-paid by Excelsior Capital Limited which includes \$133,328 relating to the year ended 2020, \$199,992 for the year ended 2021 and a final amount of \$99,996 for year ended 2022.

Excelsior Asset Management Pty Ltd also paid \$83,330 in the prior year, to Glennon Capital Pty Ltd for the period July 2019 to October 2019, of which M.X. Glennon was a director and controlling shareholder. No additional amounts were paid by Excelsior Asset Management Pty Ltd during the current year ended 30 June 2021 and the Company has now been deregistered in May 2021 with the ASIC.

Signed in accordance with a resolution of the directors



D. Herceg

Non-Executive Chair

Sydney

30 August 2021

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For The Year Ended 30 June

	Note	2021 \$'000	2020 \$'000
Revenue from contracts with customers	1	75,064	59,952
Changes in inventories of finished goods and costs to fulfil a contract		1,570	671
Raw materials and consumables used		(57,334)	(43,245)
Gross profit		19,300	17,378
Other income	2	277	(391)
Employee benefits expense	3	(6,475)	(6,417)
Repairs, maintenance and consumables expense		(244)	(215)
Occupancy expense	3	(351)	(708)
Travel and communication expense		(242)	(295)
Freight and cartage expense		(1,525)	(1,333)
Depreciation and amortisation expense	3	(1,771)	(2,052)
Finance costs		(206)	(123)
Investment portfolio management and administration expenses		(198)	(123)
Other expenses	3	(962)	(1,216)
Profit before tax		7,603	4,505
Income tax expense	4	(2,203)	(876)
PROFIT FOR THE YEAR		5,400	3,629
Attributable to:			
• Equity holders of the parent		5,173	3,679
• Non-controlling interests		227	(50)
		5,400	3,629

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For The Year Ended 30 June

	Note	2021 \$'000	2020 \$'000
PROFIT FOR THE YEAR		5,400	3,629
Other comprehensive income			
<i>Other comprehensive income that will not be reclassified to profit or loss in subsequent periods (net of tax):</i>			
Net loss on non-current equity investments designated at fair value, net of tax		[23]	[709]
Other comprehensive income, net of tax		[23]	[709]
TOTAL COMPREHENSIVE INCOME, NET OF TAX		5,377	2,920
Attributable to:			
• Equity holders of the parent		5,150	2,970
• Non-controlling interests		227	[50]
		5,377	2,920
Earnings per share			
Basic and diluted earnings per share attributable to ordinary equity holders of the parent	16	\$0.18	\$0.13

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June

	Note	2021 \$'000	2020 \$'000
ASSETS			
Current assets			
Cash and cash equivalents	5	15,394	19,233
Trade and other receivables	6	15,893	11,827
Inventories	7	18,631	16,333
Current tax assets		-	251
		49,918	47,644
Non-current assets			
Financial assets	18	3,248	867
Plant and equipment	8	1,833	1,930
Goodwill	9	6,850	6,850
Intangible assets	9	1,634	1,536
Deferred tax assets	4	85	248
		13,650	11,431
TOTAL ASSETS		63,568	59,075
LIABILITIES			
Current liabilities			
Trade and other payables	10	7,372	6,987
Current tax liabilities		258	-
Lease liabilities	11	1,040	1,332
Provisions	12	962	893
		9,632	9,212
Non-current liabilities			
Lease liabilities	11	589	527
Provisions	12	45	32
		634	559
TOTAL LIABILITIES		10,266	9,771
NET ASSETS		53,302	49,304
EQUITY			
Issued capital	15	28,270	28,270
Retained earnings		25,359	21,287
Reserves		(327)	(245)
Equity attributable to equity holders of the parent		53,302	49,312
Non-controlling interests	15	-	(8)
TOTAL EQUITY		53,302	49,304

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For The Year Ended 30 June

	Issued capital \$'000	Retained earnings \$'000	Reserves \$'000	Attributable to owners of the parent \$'000	Non- controlling interests \$'000	Total \$'000
As at 1 July 2019	28,270	19,692	(170)	47,792	42	47,834
Profit after tax	-	3,679	-	3,679	(50)	3,629
Other comprehensive income	-	(634)	(75)	(709)	-	(709)
Total comprehensive income	-	3,679	(75)	2,970	(50)	2,920
Dividends paid	-	(1,450)		(1,450)	-	(1,450)
At 30 June 2020	28,270	21,287	(245)	49,312	(8)	49,304
As at 1 July 2020	28,270	21,287	(245)	49,312	(8)	49,304
Profit after tax for the period	-	5,173	-	5,173	227	5,400
Other comprehensive income	-	59	(82)	(23)	-	(23)
Total comprehensive income	-	5,232	(82)	5,150	227	5,377
Dividends paid	-	(1,160)	-	(1,160)	-	(1,160)
Derecognition of non-controlling interest upon deregistration of entity ¹	-	-	-	-	(219)	(219)
At 30 June 2021	28,270	25,359	(327)	53,302	-	53,302

1. Excelsior Asset Management Pty Ltd was deregistered in May 2021

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June

	Note	2021 \$'000	2020 \$'000
Operating activities			
Receipts from customers		71,126	61,534
Payments to suppliers		(67,811)	(53,870)
Interest received		149	246
Dividends received		-	86
Purchase of debt financial instruments		-	(8,105)
Proceeds from sale of debt financial instruments		-	9,660
Income tax paid		(1,636)	(1,529)
Net cash from operating activities	5	1,828	8,022
Investing activities			
Payment for plant and equipment		(70)	(48)
Purchase of equity financial instruments		(3,000)	(1,080)
Proceeds from sale of equity financial instruments		651	10,695
Development expenditures	9	(351)	(311)
Net cash (used in) / from investing activities		(2,770)	9,256
Financing activities			
Lease payments		(1,737)	(1,413)
Loan from related parties		-	67
Dividends paid to equity holders of the parent	14	(1,160)	(1,450)
Net cash used in financing activities		(2,897)	(2,796)
Net (decrease) / increase in cash and cash equivalents		(3,839)	14,482
Cash and cash equivalents at 1 July		19,233	4,751
Cash and cash equivalents at 30 June	5	15,394	19,233

The accompanying notes form part of these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS | ABOUT THIS REPORT

For the year ended 30 June 2021

1. CORPORATE INFORMATION

The consolidated financial statements of Excelsior Capital Limited and its subsidiaries (collectively, the Group) for the year ended 30 June 2021 were authorised for issue in accordance with a resolution of the directors on 30 August 2021.

Excelsior Capital Limited (the Company or the parent) is a for profit company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Stock Exchange (ASX).

The Group is principally engaged in the design and distribution of electrical components and cables for resource infrastructure applications and the management of an investment portfolio (see segment information note).

The registered office is located at Level 29, Chifley Tower, 2 Chifley Square, Sydney, NSW, Australia.

Further information on the nature of the operations and principal activities of the Group is provided in the directors' report. Information on the Group's structure is provided in Note 19. Information on other related party relationships of the Group is provided in Note 23.

2. BASIS OF PREPARATION

The financial report is a general purpose financial report which:

- Has been prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board;
- Has been prepared on a historical cost basis, except for debt and equity financial instruments which have been measured at fair value;
- Is presented in Australian dollars and all values are rounded to the nearest thousand (\$000), except when otherwise indicated under the option available to the company under ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191. The Company is an entity to which this legislative instrument applies and

Compliance with International Financial Reporting Standards (IFRS)

The financial report also complies with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Other disclosures relating to the Group's exposure to risks and uncertainties includes:

- Financial instruments risk management and policies **(Note 18.5)**
- Sensitivity analyses disclosures **(Note 18.5)**

Judgements, estimates and assumptions

In the process of applying the Group's accounting policies, management has made judgements, estimates and assumptions which have the most significant effect on the amounts recognised in the consolidated financial statements.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described in the disclosures below.

- Impairment of non-financial assets **(Note 9)**
- Provision for expected credit losses of trade receivables and financial assets **(Note 18)**
- Taxes **(Note 4)**
- Fair value measurement of financial instruments **(Note 17.4)**
- Development costs **(Note 9)**

The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS | ABOUT THIS REPORT

For the year ended 30 June 2021

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 30 June 2021. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and
- The Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary.

Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of OCI are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

Current versus non-current classification

The Group presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current.

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

Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST except:

- where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the costs of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS | ABOUT THIS REPORT

For the year ended 30 June 2021

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)

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

Other accounting policies

Significant and other accounting policies that summarise the measurement basis used are relevant to an understanding of the financial statements and are provided throughout the notes to the financial statements.

The notes to the financial statements

The notes include information which is required to understand the financial statements and is material and relevant to the operations, financial position and performance of the Group. Information is considered material and relevant if, for example:

- the amount in question is significant because of its size or nature;
- it is important for understanding the results of the Group;
- it helps to explain the impact of significant changes in the Group's business – for example, acquisitions and impairment write-downs; or
- it relates to an aspect of the Group's operations that is important to its future performance.

The notes are organised into the following sections:

Key numbers: provides a breakdown of individual line items in the financial statements that the Directors consider most relevant and summarises the accounting policies, judgements and estimates relevant to understanding these line items;

Capital: provides information about the capital management practices of the Group and shareholder returns for the year;

Risk: discusses the Group's exposure to various financial risks, explains how these affect the Group's financial position and performance and what the Group does to manage these risks;

Group structure: explains aspects of the Group structure and how changes have affected the financial position and performance of the Group;

Unrecognised items: provides information about items that are not recognised in the financial statements but could potentially have an impact on the Group's financial position and performance; and

Other disclosures: provides information on items which require disclosure to comply with Australian Accounting Standards and other regulatory pronouncements however, are not considered critical in understanding the financial performance or position of the Group.

For management purposes, the Group is organised into business units based on its products and services and has two reportable segments, as follows:

- The electronics segment, which is a supplier of electronic equipment for defence, aviation, electrical safety markets and consumer electronic equipment for home use. It offers products and services in the areas of electronics, safety, thermal and electrical architecture; and
- The investment portfolio segment, which invests in listed and unlisted equity instruments and quoted debt instruments.

No operating segments have been aggregated to form the above reportable operating segments.

The Group's reportable segments under AASB 114 are therefore as follows:

Electrical components

Represents the design and distribution of electrical components and cables. The business is divided into two key areas:

1) Electrical cables

This is currently captured under the following primary brands:

- XLPE Cables;
- Hartland Cables; and
- Aflex Cables.

2) Minto Industrial Products

This specialises in couplers and receptacle products in the mining and construction industry.

Investment portfolio

Represents investing in listed and unlisted equity instruments, quoted debt instruments and or investment trusts to achieve long term dividend returns and capital appreciation.

Investments are acquired for long term holding for dividends and short term holding for revenue generation.

The Board of Directors is the Chief Operating Decision Maker (CODM) and monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the consolidated financial statements.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS | SEGMENT INFORMATION

For the year ended 30 June 2021

The following table presents revenue and results information for the Group's operating segments at 30 June 2021 and 30 June 2020, respectively:

	ELECTRICAL COMPONENTS		INVESTMENT PORTFOLIO		ADJUSTMENTS AND ELIMINATIONS		CONSOLIDATED	
Year ended 30 June:	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Revenue								
External customers	75,064	59,952	-	-	-	-	75,064	59,952
Other income	119	80	158	(471)	-	-	277	(391)
Total revenue and other income	75,183	60,032	158	(471)	-	-	75,341	59,561
Results								
Segment profit before tax	8,791	6,508	(1,188)	(1,931)	-	(72)	7,603	4,505

The following table presents assets and liabilities information for the Group's operating segments at 30 June 2021 and 30 June 2020, respectively:

	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Total assets	44,863	38,252	18,705	18,705	-	2,118	63,568	59,075
Total liabilities	(16,931)	(16,511)	(380)	(76)	7,045	6,816	(10,266)	(9,771)

Adjustments and eliminations

Finance costs, certain employee benefits and operating expenses are not allocated to individual segments as these are managed on an overall group basis.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS | KEY NUMBERS

For the year ended 30 June 2021

1. REVENUE FROM CONTRACTS WITH CUSTOMERS

Disaggregated revenue information

Set out below is the disaggregation of the Group's revenue from contracts with customers:

SEGMENTS:	ELECTRICAL COMPONENTS	
	2021 \$'000	2020 \$'000
Type of goods or service		
Sale of electrical components and cables	75,064	59,952
Total revenue from contracts with customers	75,064	59,952
Geographical markets		
New South Wales	17,740	14,600
Victoria	13,599	9,337
Queensland	26,235	22,028
Western Australia	17,490	13,987
Total revenue from contracts with customers	75,064	59,952
Timing of revenue recognition		
Goods transferred at point in time	75,064	59,952
Total revenue from contracts with customers	75,064	59,952

2. OTHER INCOME

	2021 \$'000	2020 \$'000
Gain on foreign exchange	18	-
Gain on sale of debt and equity instruments	-	(803)
Interest received	149	246
Dividend income from equity instruments	-	86
Sale of off-cuts (operations)	101	80
Other	9	-
	277	(391)

Recognition and measurement

Interest received

Interest received is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Dividends income from equity instruments

Dividend income is recorded when the Group's right to receive the dividend is established.

(Loss)/gain on sale of debt and equity instruments

Net gain/ (loss) on financial assets held at fair value through profit and loss are calculated as the difference between the fair value at the end of the reporting period and the fair value at the previous valuation point. Net gains/(losses) do not include interest or dividend / distribution income.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS | KEY NUMBERS

For the year ended 30 June 2021

3. EXPENSES

	NOTE	2021 \$'000	2020 \$'000
Employee benefits			
Wages and salaries		6,034	5,946
Pension costs		441	471
		6,475	6,417
Occupancy expense			
Short-term and low value asset leases expense		123	170
Variable lease payment expense		228	538
		351	708
Depreciation and amortisation			
Depreciation of plant and equipment	8	1,518	1,525
Amortisation of intangible assets	9	253	527
		1,771	2,052
Other			
Legal expenses		187	22
Insurances, professional services and IT		710	723
Management and performance fees		199	133
Other administrative expenses ¹		(134)	338
		962	1,216

¹ Included other administrative expenses are amounts related to debt forgiveness of \$222,000 (2020: \$nil) upon deregistration of entity.

Recognition and measurement

Employee benefits

Employee benefits expenses includes wages and salaries including bonuses, annual and long service leave and associated on-costs as incurred, pensions costs, and termination benefits.

Occupancy expense

Occupancy expenses premises operating leases and other occupancy expenses (e.g. utilities, cleaning and security which are expensed as incurred).

Other administrative expenses

This mainly comprises:

- bank fees;
- licence fees and permits;
- custodian fees;
- ASX and share registry expenses; and
- general administration expenses.

These items are expensed when incurred.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS | KEY NUMBERS

For the year ended 30 June 2021

4. INCOME TAX

The major components of income tax expense for the years ended 30 June 2021 and 2020 are:

	2021 \$'000	2020 \$'000
Consolidated profit or loss		
Current income tax:		
Current income tax charge	2,145	1,482
Adjustments in respect of current income tax of previous year	-	(75)
Franking credit from investments	-	(17)
Deferred tax:		
Relating to origination and reversal of temporary differences	54	(138)
Adjustments in respect of deferred tax of previous year	4	(376)
Income tax expense reported in the statement of profit or loss	2,203	876
Consolidated statement of other comprehensive income		
Deferred tax related to items recognised in OCI during the year	-	32
	-	32
Reconciliation of tax expense and the accounting profit multiplied by Australia's domestic tax rate for 2021 and 2020:		
Accounting profit before tax	7,603	4,505
At Australia's statutory income tax rate of 30% (2020: 30%)	2,281	1,351
Adjustments in respect of current income tax and deferred tax of previous year	-	(481)
Other items	(78)	6
Income tax expense reported in the statement of profit or loss	2,203	876

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS | KEY NUMBERS

For the year ended 30 June 2021

Deferred tax

Deferred tax relates to the following:

	OPENING BALANCE	CURRENT YEAR REC- OGNISED IN PROFIT OR LOSS	CHARGED TO OCI	CLOSING BALANCE
2021	\$'000	\$'000	\$'000	\$'000
DTA in relation to:				
Receivables	[3]	[4]	-	[7]
Plant and equipment	74	18	-	92
Provisions	390	13	-	403
Accrued expenses	28	25	-	53
Other	88	[88]	-	-
	577	[36]	-	541
DTL in relation to:				
Unrealised gains	105	-	[105]	-
Intangible assets	[434]	[22]	-	[456]
	[329]	[22]	[105]	[456]
Net deferred tax balances assets (liabilities)	248	[58]	[105]	85
	OPENING BALANCE	CURRENT YEAR REC- OGNISED IN PROFIT OR LOSS	CHARGED TO OCI	CLOSING BALANCE
2020	\$'000	\$'000	\$'000	\$'000
DTA in relation to:				
Receivables	[10]	7	-	[3]
Inventories	-	-	-	-
Plant and equipment	65	9	-	74
Provisions	364	26	-	390
Accrued expenses	[2]	30	-	28
Other	73	15	-	88
	490	87	-	577
DTL in relation to:				
Unrealised gains	[290]	363	32	105
Intangible assets	[498]	64	-	[434]
	[788]	427	32	[329]
Net deferred tax balances assets (liabilities)	[298]	514	32	248

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS | KEY NUMBERS

For the year ended 30 June 2021

4. INCOME TAX (CONTINUED)

Reflected in the statement of financial position as follows:

	2021 \$'000	2020 \$'000
Deferred tax assets	541	577
Deferred tax liabilities	(456)	(329)
Net deferred tax assets (liabilities)	85	248

Recognition and measurement

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

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

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change.

The adjustment is either treated as a reduction in goodwill (as long as it does not exceed goodwill) if it reflects new information obtained about facts and circumstances that exist at the acquisition date that, if known, would have affected the amount recognised at that date where recognised during the measurement period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS | KEY NUMBERS

For the year ended 30 June 2021

4. INCOME TAX (CONTINUED)

The Group offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Tax consolidation

(i) Members of the tax consolidated group and the tax sharing arrangement

Excelsior Capital Limited and its 100% owned Australian resident subsidiaries formed a tax consolidated group with effect from 1 July 2002. Excelsior Capital Limited is the head entity of the tax consolidated group. Members of the tax consolidated group have entered into a tax sharing agreement that provides for the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations. No amounts have been recognised in the financial statements in respect of this agreement on the basis that the possibility of default is remote.

(ii) Tax effect accounting by members of the tax consolidated group

Measurement method adopted under AASB Interpretation 1052 Tax Consolidation Accounting

The head entity and the controlled entities in the tax consolidated group continue to account for their own current and deferred tax amounts. The Group has applied the group allocation approach in determining the appropriate amount of current taxes and deferred taxes to allocate to members of the tax consolidated group. The current and deferred tax amounts are measured in a systematic manner that is consistent with the broad principles in AASB 112 Income Taxes. The nature of the tax funding agreement is discussed further below.

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

Nature of the tax funding agreement

Members of the tax consolidated group have entered into a tax funding agreement. Under the funding agreement, the funding of tax within the Group is based on accounting profit. The tax funding agreement requires payments to/ from the head entity to be recognised via an inter-entity receivable (payable) which is at call. To the extent that there is a difference between the amount charged under the tax funding agreement and the allocation under AASB Interpretation 1052, the head entity accounts for these as equity transactions with the subsidiaries.

The amounts receivable or payable under the tax funding agreement are due upon receipt of the funding advice from the head entity, which is issued as soon as practicable after the end of each financial year. The head entity may also require payment of interim funding amounts to assist with its obligations to pay tax instalments.

Key estimates and assumptions

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies.

The Group has \$33.2 million (2020: \$33.0 million) of capital losses carried forward. These losses relate to subsidiaries that have a history of losses, do not expire, and may not be used to offset taxable income elsewhere in the Group. The subsidiaries neither have any taxable temporary difference nor any tax planning opportunities available that could partly support the recognition of these losses as deferred tax assets. On this basis, the Group has determined that it cannot recognise deferred tax assets on the tax losses carried forward.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS | KEY NUMBERS

For the year ended 30 June 2021

5. CASH AND CASH EQUIVALENTS

For the purpose of the statement of cash flows, cash and cash equivalents comprise the following at 30 June:

	2021 \$'000	2020 \$'000
Cash at bank and on hand	2,595	4,645
Investment trading account	12,799	14,588
	15,394	19,233

Cash at bank earns interest at floating rates based on daily bank deposit rates.

At 30 June 2021, the Group had available \$3,549,000 (FY20: \$3,535,000) of undrawn committed borrowing facilities.

	Note	2021 \$'000	2020 \$'000
Cash flow reconciliation			
Reconciliation of profit after tax to net cash flows from operations			
Profit after tax		5,400	3,629
<i>Adjustments to reconcile profit after tax to net cash flows</i>			
Depreciation of plant and equipment	3	1,518	1,525
Amortisation of intangible assets	3	253	527
Finance costs		206	123
<i>Changes in assets and liabilities:</i>			
Financial assets		-	2,358
Deferred tax assets and liabilities		58	(441)
Current tax assets and liabilities		509	(212)
Provisions		82	154
<i>Working capital adjustments:</i>			
Trade and other receivables and prepayments		(4,066)	1,502
Inventories		(2,298)	(503)
Trade and other payables		166	(640)
Net cash flows from operating activities		1,828	8,022

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS | KEY NUMBERS

For the year ended 30 June 2021

6. TRADE AND OTHER RECEIVABLES

	2021 \$'000	2020 \$'000
Current		
Trade receivables	15,643	11,370
Allowance for expected credit losses	(25)	(25)
	15,618	11,345
Prepayments	275	482
	15,893	11,827

Recognition and measurement

A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in Note 18 Financial instruments – initial recognition and subsequent measurement.

Terms and conditions relating to the above

As at 30 June 2021, the Group has trade receivables of \$15,618,000 (2020: \$11,345,000) which is net of an allowance for expected credit losses of \$25,000 (2020: \$25,000).

Set out below is the movement in the allowance for expected credit losses of trade receivables:

	2021 \$'000	2020 \$'000
As at 1 July	25	21
Provision for expected credit losses	-	4
Utilisation of provision	-	-
As at 30 June	25	25

The significant changes in the balances of trade receivables are disclosed in Note 18.1 while the information about the credit exposures are disclosed in Note 18.5.

Past due but not impaired

There was a past due balance greater than 90 days at 30 June 2021, however this has been assessed as not being impaired. This balance is expected to be fully recoverable (\$23,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS | KEY NUMBERS

For the year ended 30 June 2021

7. INVENTORIES

	2021 \$'000	2020 \$'000
Raw materials	1,117	980
Work in progress	237	138
Finished goods	17,277	15,215
Total inventories at the lower of cost and net realisable value	18,631	16,333

Recognition and measurement

Inventories are valued at the lower of cost and net realisable value.

Costs incurred in bringing each product to its present location and condition are accounted for, as follows:

- *Raw materials*: purchase cost on a first-in/first-out basis; and
- *Finished goods and work in progress*: cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs.

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

There was no write down of net realisable value during the year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS | KEY NUMBERS

For the year ended 30 June 2021

8. PLANT AND EQUIPMENT

	Plant and equipment \$'000	Right- of-use assets \$'000	Total \$'000
Cost			
At 1 July 2019	2,886	3,149	6,035
Additions	48	-	48
At 30 June 2020	2,934	3,149	6,083
Additions	70	1,351	1,421
Disposals	(41)	-	(41)
At 30 June 2021	2,963	4,500	7,463
Depreciation and impairment			
At 1 July 2019	2,628	-	2,628
Depreciation charge for the year	75	1,450	1,525
At 30 June 2020	2,703	1,450	4,153
Depreciation charge for the year	73	1,445	1,518
Disposals	(41)	-	(41)
At 30 June 2021	2,735	2,895	5,630
Net book value			
At 30 June 2021	228	1,605	1,833
At 30 June 2020	231	1,699	1,930

Recognition and measurement

Plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets, as follows:

Plant and machinery 3-20 years

An item of plant and equipment is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss when the asset is derecognised.

The residual values, useful lives and methods of depreciation of plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, any lease payments made at or before the commencement date, as well as any initial direct costs. The subsequent measurement of the right-of-use assets is at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the lease term or useful life of the underlying asset, whichever is the shortest. Where a lease transfers ownership of the underlying asset, or the cost of the right-of-use asset reflects that the Group anticipates to exercise a purchase option, the specific asset is depreciated over the useful life of the underlying asset.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS | KEY NUMBERS

For the year ended 30 June 2021

9. INTANGIBLE ASSETS

	Develop- ment costs \$'000	Goodwill \$'000	Total \$'000
Carrying value			
At 1 July 2019	3,573	8,660	12,233
Additions – internally developed	311	-	311
At 30 June 2020	3,884	8,660	12,544
Additions – internally developed	351	-	351
At 30 June 2021	4,235	8,660	12,895
Amortisation and impairment			
At 1 July 2019	1,821	1,810	3,631
Amortisation	527	-	527
At 30 June 2020	2,348	1,810	4,158
Amortisation	253	-	253
At 30 June 2021	2,601	1,810	4,411
Net book value			
At 30 June 2021	1,634	6,850	8,484
At 30 June 2020	1,536	6,850	8,386

Recognition and measurement

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period.

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit or loss in the expense category that is consistent with the function of the intangible assets.

An intangible asset is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS | KEY NUMBERS

For the year ended 30 June 2021

Research and development costs

Research costs are expensed as incurred. Development expenditures on an individual project are recognised as an intangible asset when the Group can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale;
- Its intention to complete and its ability and intention to use or sell the asset;
- How the asset will generate future economic benefits;
- The availability of resources to complete the asset; and
- The ability to measure reliably the expenditure during development.

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over the period of expected future benefit. During the period of development, the asset is tested for impairment annually.

There are two design and development projects:

- Cable coupling devices; and
- Components for mining.

Key estimates and assumptions – Development costs

The Group capitalises costs for product development projects. Initial capitalisation of costs is based on management's judgement that technological and economic feasibility is confirmed, usually when a product development project has reached a defined milestone according to an established project management model.

At 30 June 2021, the carrying amount of capitalised development costs was \$1,634,000 (2019: \$1,536,000).

The remaining amortisation period is:

Within one year - \$241,049

After one year but not more than five years - \$462,278

Under development not completed - \$930,673

Goodwill

For impairment testing, goodwill acquired through business combinations are allocated to the electronics components CGU, which is also an operating and reportable segment.

Carrying amount of goodwill allocated to the CGU:

	ELECTRICAL COMPONENTS	
	2021 \$'000	2020 \$'000
Goodwill	6,850	6,850

The Group performed its annual impairment test in June 2021. The Group considers the relationship between its market capitalisation and its book value, among other factors, when reviewing for indicators of impairment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS | KEY NUMBERS

For the year ended 30 June 2021

9. INTANGIBLE ASSETS (CONTINUED)

Electrical components CGU

The recoverable amount of the electrical components CGU, as at 30 June 2021, has been determined based on a value in use calculation using cash flow projections from financial budgets approved by senior management covering a five-year period.

The pre-tax discount rate applied to cash flow projections is 15.3% (2020: 18.4%) and cash flows beyond the five-year period are extrapolated using a 2.5% growth rate (2020: 2.5%) that is the same as the long-term average growth rate for the electrical components industry.

It was concluded that the book value of the CGU did not exceed the value in use. As a result of this analysis, management determined that there is no impairment charge in the current year against goodwill with a carrying amount of \$6,850,000 as at 30 June 2021.

Key assumptions used in value in use calculations and sensitivity to changes in assumptions

The calculation of value in use for the electrical component's unit is most sensitive to the following assumptions:

- Discount rates; and
- Growth rate estimates used to extrapolate cash flows beyond the forecast period.

Discount rates - Discount rates represent the current market assessment of the risks specific to the CGU, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Group and its operating segment and is derived from the cost of equity. The cost of equity is derived from the expected return on investment by the Group's investors.

The cost of debt is nil as the Group has no debt.

Adjustments to the discount rate are made to factor in the specific amount and timing of the future tax flows in order to reflect a pre-tax discount rate.

A rise in the pre-tax discount rate to 41% in the electrical components unit would result in nil headroom for impairment.

Growth rate estimates - Rates are based on published industry research. These have been updated for the current economic outlook.

Management recognises that the speed of technological change and the possibility of new entrants can have a significant impact on growth rate assumptions. The effect of new entrants is not expected to have an adverse impact on the forecasts, but could yield an alternative to the estimated long-term growth rate of 2.5% for the electrical components unit.

A reduction in the long-term growth rate in the electrical components unit from +2.5% to -8.5% would result in nil headroom for impairment.

Key estimates and assumptions – Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs of disposing of the asset. The value in use calculation is based on a DCF model.

The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the performance of the assets of the CGU being tested.

The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. These estimates are most relevant to goodwill recognised by the Group. The key assumptions used to determine the recoverable amount for the different CGUs, including a sensitivity analysis, are disclosed and explained above.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS | KEY NUMBERS

For the year ended 30 June 2021

10. TRADE AND OTHER PAYABLES

	Note	2021 \$'000	2020 \$'000
Trade payables		5,929	5,983
Creditors and accruals		1,443	917
Related parties	23	-	87
	18	7,372	6,987
Current		7,372	6,987

Recognition and measurement

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

Terms and conditions of the above financial liabilities:

- Trade payables are non-interest bearing and are normally settled on 30-60 day terms;
- For terms and conditions with related parties, refer to Note 23; and
- For explanations on the Group's liquidity risk management processes, refer to Note 18.5.

11. LEASE LIABILITIES

	2021 \$'000	2020 \$'000
Current	1,040	1,332
Non-current	589	527
	1,629	1,859

Recognition and measurement

At inception of a contract, the Group assesses if the contract contains or is a lease. If there is a lease present, a right-of-use asset and a corresponding lease liability is recognised by the Group where the Group is a lessee. However, all contracts that are classified as short-term leases (ie a lease with a remaining lease term of 12 months or less) and leases of low-value assets are recognised as an operating expense on a straight-line basis over the term of the lease.

Initially, the lease liability is measured at the present value of the lease payments still to be paid at commencement date. The lease payments are discounted at the interest rate implicit in the lease. If this rate cannot be readily determined, the Group uses the incremental borrowing rate.

Lease payments included in the measurement of the lease liability are as follows:

- fixed lease payments less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options;
- lease payments under extension options, if lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS | KEY NUMBERS

For the year ended 30 June 2021

12. PROVISIONS

	Annual and long service leave \$'000
At 1 July 2020	925
Arising during the year	390
Utilised	(308)
At 30 June 2021	1,007
Current	962
Non-current	45
At 1 July 2019	771
Arising during the year	501
Utilised	(347)
At 30 June 2020	925
Current	893
Non-current	32

Recognition and measurement

General

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Long service leave and annual leave

The Group recognises a liability for long service leave and annual leave measured as 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 currencies that match, as closely as possible, the estimated future cash outflows.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS | CAPITAL

For the year ended 30 June 2021

13. CAPITAL MANAGEMENT

The Group's capital management objectives

For the purpose of the Group's capital management, capital includes issued capital, and all other equity reserves attributable to the equity holders of the parent. The primary objective of the Group's capital management is to maximise the shareholder value.

The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants.

To maintain or adjust the capital structure, the Group may adjust:

- the dividend payment to shareholders;
- return capital to shareholders; or
- issue new shares.

The Group is not subject to any externally imposed capital requirements.

The Board is responsible for monitoring and approving the capital management framework within which management operates. The purpose of the framework is to prudently manage capital whilst optimising the debt and equity structure.

	2021 \$'000	2020 \$'000
Bank guarantees	251	265
Net debt	251	265
Equity	53,302	49,312
Total capital	53,302	49,312
Capital and net debt	53,553	49,577

In order to achieve this overall objective, the Group's capital management, among other things, aims to ensure that it meets financial covenants that define capital structure requirements. There have been no breaches of the financial covenants in the current period.

No changes were made in the objectives, policies or processes for managing capital during the years ended 30 June 2021 and 2020.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS | CAPITAL

For the year ended 30 June 2021

14. DIVIDENDS

	2021 \$'000	2020 \$'000
Cash dividends on ordinary shares declared and paid:		
Final dividend for 2020: 2.0 cents per share (2019: 3.0 cents per share)	580	870
Interim dividend for 2021: 2.0 cents per share (2020: 2.0 cents per share)	580	580
	1,160	1,450
Proposed dividends on ordinary shares		
Final cash dividend for 2021: 2.0 cents per share (2020: 2.0 cents per share)	580	580
Franking credit balance		
The amount of franking credits available for the subsequent financial year are:		
• Franking account balance as at the end of the financial year at 30% (2020: 30%)	27,047	26,240
• Franking debits that will arise from the payment of dividends as at the end of the financial year	249	249

15. ISSUED CAPITAL, RESERVES AND NON-CONTROLLING INTEREST

15.1 Issued shares

	2021	2020
	Thousands	
Ordinary shares	28,994	28,994
	28,994	28,994
	Thousands	\$'000
At 1 July 2018		
Ordinary shares	28,994	28,994
Share buy-back on 23 November 2018	(2,373)	(3,417)
At 30 June 2020 and 30 June 2021	28,994	28,270

In a prior year, 30 June 2019, the issued capital was decreased by \$3,417,000 by the off-market buy back of 2,372,902 shares.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS | CAPITAL

For the year ended 30 June 2021

15.2 Reserves and non-controlling interest

The disaggregation of changes of OCI by each type of reserve in equity and non-controlling interest is shown below:

	Fair value reserve of financial assets at FVOCI \$'000	Non- controlling interest \$'000
As at 1 July 2019	(170)	42
Loss for the year	-	(50)
Other comprehensive income	(75)	-
At 30 June 2020 and 1 July 2020	(245)	(8)
Profit for the year	-	227
Other comprehensive income	(82)	-
Derecognition upon deregistration of entity	-	(219)
At 30 June 2021	(327)	-

16. EARNINGS PER SHARE (EPS)

Basic EPS is calculated by dividing the profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

Diluted EPS is calculated by dividing the profit attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

The following table reflects the income and share data used in the basic and diluted EPS calculations:

	2021 \$'000	2020 \$'000
Profit attributable to ordinary equity holders of the parent	5,173	3,679
Profit attributable to ordinary equity holders of the parent for basic earnings	5,173	3,679
Profit attributable to ordinary equity holders of the parent adjusted for the effect of dilution	5,173	3,679

	2021 Thousands	2020 Thousands
Weighted average number of ordinary shares for basic EPS	28,994	28,994
Weighted average number of ordinary shares adjusted for the effect of dilution	28,994	28,994

There have been no transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of authorisation of these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS | RISK

For the year ended 30 June 2021

17. FAIR VALUE MEASUREMENT

The following table provides the fair value measurement hierarchy of the Group's assets and liabilities.

17.1 Fair value measurement hierarchy for assets as at 30 June 2021:

FAIR VALUE MEASUREMENT USING					
	Date of valuation	Total \$'000	Quoted prices in active markets (Level 1) \$'000	Significant observable inputs (Level 2) \$'000	Significant unobservable inputs (Level 3) \$'000
Assets measured at fair value					
Unquoted equity shares (Note 18)	30 June 2021	280	-	280	-
Unlisted investment unit trusts (Note 18)	30 June 2021	2,968	-	2,968	-

There was no transfer from Level 1 to Level 2 during the year 2021:

- Ardea Real Outcome Fund is a registered managed investment scheme that is an unlisted Australian unit trust. Unit prices vary depending on the underlying asset investments.

There were no transfers between Level 1, Level 2 or Level 3 during 2021.

17.2 Fair value measurement hierarchy for assets as at 30 June 2020:

FAIR VALUE MEASUREMENT USING					
	Date of valuation	Total \$'000	Quoted prices in active markets (Level 1) \$'000	Significant observable inputs (Level 2) \$'000	Significant unobservable inputs (Level 3) \$'000
Assets measured at fair value					
Quoted equity shares (Note 18)	30 June 2020	587	587	-	-
Unquoted equity shares (Note 18)	30 June 2020	280	-	280	-

There was no transfer between Level 1, Level 2 or from Level 3 during 2020:

- Axesstoday Limited (AXL) entered voluntary administration in April 2019 resulting in a write down of its investment;
- Agentfinder Limited (unlisted) completed a capital raising in May 2020 at 20 cents per share resulting in a revaluation of the investment to \$280,000.

There were no transfers between Level 1, 2 or 3 during 2020.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS | RISK

For the year ended 30 June 2021

17.3 Fair value measurement hierarchy for liabilities as at 30 June 2021 and 30 June 2020

There are no liabilities in the Group that are subject to fair value measurement for 30 June 2021 and 2020.

17.4 Summary of financial assets at FVOCI held and changes in fair value at 30 June 2021 and 30 June 2020

	2021 \$'000	2020 \$'000
Ardea Real Outcome Fund	2,968	-
Local Agent Finder Limited	280	280
Macquarie Group Limited	-	587
Total financial assets at FVOCI	3,248	867

	2021 \$'000	2020 \$'000
Opening	867	11,297
Additions	3,000	1,080
Disposals	(651)	(10,695)
Revaluation of financial assets	32	(815)
Closing	3,248	867

During the year, brokerage fees amounting to \$2,000 (2020: \$52,000) on purchase and sale of debt, equity, hybrid securities and or investment trust units were netted off against the cost base or sale consideration received.

17.5 Fair value measurement

The Group measures financial instruments such as investments, at fair value at each balance sheet date.

Fair value is 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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS | RISK

For the year ended 30 June 2021

17. FAIR VALUE MEASUREMENT (CONTINUED)

17.5 Fair value measurement (continued)

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- *Level 1* - Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- *Level 2* - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and
- *Level 3* - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Board determines the policies and procedures for recurring fair value measurement, such as unquoted financial assets.

At each reporting date, the Board analyses the movements in the values of assets and liabilities which are required to be remeasured or re-assessed as per the Group's accounting policies. For this analysis, the Board verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The Board also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

The Manager of the Group's investment portfolio presents the valuation results to the Audit Committee and the Group's independent auditors. This includes a discussion of the major assumptions used in the valuations.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

18. FINANCIAL ASSETS AND FINANCIAL LIABILITIES

18.1 Financial assets

	Note	2021 \$'000	2020 \$'000
Financial assets at fair value through OCI			
Quoted equity shares	17	-	587
Unquoted equity shares	17	280	280
Unlisted unit trusts	17	2,968	-
		3,248	867
Financial assets at amortised cost			
Cash and cash equivalents	5	15,394	19,233
Trade receivables	6	15,893	11,827
Total financial assets		34,535	31,927
Total current		31,287	31,060
Total non-current		3,248	867

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS | RISK

For the year ended 30 June 2021

Recognition and measurement

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), or fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss inclusive of transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under AASB 15.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in three categories:

- Financial assets at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments);
- Financial assets at fair value through profit or loss (quoted hybrid securities); and
- Trade receivables at amortised cost.

Financial assets measured at fair value through OCI (equity instruments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments at fair value through OCI when they meet the definition of equity under AASB 132 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss.

Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established.

Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Group elected to classify irrevocably its quoted and unquoted equity investments under this category as the Group considers these investments to be strategic in nature.

Financial assets at fair value through profit or loss (quoted hybrid securities or equivalents)

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value.

Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term.

Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes quoted hybrid debt securities which the Group had irrevocably elected to classify at fair value through profit or loss.

Interest received on quoted hybrid securities is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Fair values of the quoted hybrid securities or equivalents are determined by reference to published price quotations in an active market.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS | RISK

For the year ended 30 June 2021

18. FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

18.1 Financial assets (continued)

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Impairment of financial assets

Further disclosures relating to impairment of financial assets are also provided in the following notes:

- Trade receivables (**Note 6**)

Trade receivables

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. This was based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS | RISK

For the year ended 30 June 2021

18.2 Financial liabilities

	Note	2021 \$'000	2020 \$'000
Financial liabilities at amortised cost			
Trade and other payables	10	7,372	6,987
Lease liabilities	11	1,629	1,859
Total financial liabilities		9,001	8,846
Total current		8,412	8,319
Total non-current		589	527

Recognition and measurement

Initial recognition and measurement

The Group's financial liabilities include trade and other payables only. These are classified, at initial recognition as payables, net of directly attributable transaction costs as appropriate.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis or to realise the assets and settle the liabilities simultaneously.

18.3 Fair values

Set out below is a comparison, by class, of the carrying amounts and fair values of the Group's financial instruments:

	2021		2020	
	Carrying amount \$'000	Fair value \$'000	Carrying amount \$'000	Fair value \$'000
Financial assets				
Unquoted equity shares	280	280	280	280
Unlisted unit trusts	2,968	2,968	-	-
Quoted equity shares	-	-	587	587
	3,248	3,248	867	867

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS | RISK

For the year ended 30 June 2021

18. FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

18.4 Fair values measurements and valuation processes

Management assessed that the fair values of:

- cash deposits;
- trade receivables; and
- trade payables

approximate their carrying amounts largely due to the short-term maturities of these instruments.

The following methods and assumptions were used to estimate the fair values:

- The fair values of the unlisted investment unit trust securities are based on the value of the trust's net assets per redeemable unit at each reporting date. Investment positions are valued based on the last traded market price, net of transaction costs, for the purpose of determining the trust's net asset value for unit pricing purpose.
- In addition to being sensitive to a change in the forecast cash flows or the discount rate, the fair value of the unquoted equity instruments and unlisted trust units is also sensitive to a reasonably possible change in the growth rates. The valuation requires management to use unobservable inputs in the model. Management regularly assesses a range of reasonably possible alternatives for those significant unobservable inputs and determines their impact on the total fair value.
- There is an active market for the Group's quoted equity shares and unlisted managed investment unit trust.

18.5 Financial instruments risk management objectives and policies

The Group's principal financial liabilities comprise trade and other payables only. The Group's principal financial assets include trade receivables, and cash that derive directly from its operations. The Group also holds investments in managed fund via unit trust and unquoted equity instruments.

The Group is exposed through its asset investments to:

- market risk,
- currency risk,
- derivative risk,
- fixed income security risk,
- credit risk; and
- liquidity risk.

The Board of Directors oversees the management of these risks along with guidance from independent financial advisers. The Board of Directors advises on financial risks and the appropriate financial risk governance framework for the Group. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the overall performance of financial market prices. Market risk comprises three types of risk:

- interest rate risk;
- currency risk; and
- other price risk, such as equity price risk.

Financial instruments affected by market risk include deposits and debt, equity and unit trust investments.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in financial market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's cash as well as its investment in a unit trust. The risk that changes in interest rates may have an adverse impact on the capital value or income of a security.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense is denominated in a foreign currency) as well as its investment in a unit trust.

Some securities held by the trust may be denominated in a currency different to Australian Dollars. A change in the value of these currencies relative to the Australian dollar can affect the value of the unit trust.

The Group does not have a defined policy on foreign currency derivatives; however, the Board assesses the risk of individual transactions as they arise for the requirement to use currency derivative instruments.

Equity price risk

The Group's listed and non-listed equity investments are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Group manages the equity price risk through diversification and by placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Group's Board of Directors on a regular basis. The Group's Board of Directors reviews and approves all equity and hybrid investment decisions.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS | RISK

For the year ended 30 June 2021

At the reporting date, the company did not hold any listed equity investments. Its exposure to non-listed equity and unit trust investments at fair value were \$3,248,000 (2020: \$280,000).

Given that the changes in fair values of the equity and certain unlisted investments held are strongly positively correlated with changes to the variables such as ASX market index, the broader financial markets and the underlying assets held by the investment trust, the Group has determined that an increase/ (decrease) of 10% in these market variables could have an impact of approximately \$227,000 (2020: \$41,000) increase/ (decrease) on the income and equity attributable to the Group.

Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument, fixed income security or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and in investment in a unit trust.

Trade receivables

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment. Outstanding customer receivables and contract assets are regularly monitored and any shipments to major customers are generally covered by letters of credit.

At 30 June 2021, the Group had 29 customers (2020: 22) that owed the Group more than \$100,000 each and accounted for approximately 78% (2020: 81%) of all the receivables outstanding. There were 9 customers (2020: 6 customers) with balances greater than \$500,000 accounting for just over 55% (2020: 48%) of the total amounts of trade receivables.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by geographical region, product type, customer type and rating, and coverage by letters of credit or other forms of credit insurance). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Generally, trade receivables are written-off if past due for more than one year and are not subject to enforcement activity. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Note 6. The Group does not hold collateral as security. The letters of credit are considered integral part of trade receivables and considered in the calculation of impairment.

The Group evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions and industries and operate in largely independent markets.

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

	DAYS PAST DUE				
	Current \$'000	<30 days \$'000	30-60 days \$'000	61-90 days \$'000	Total \$'000
30 June 2021					
Expected credit loss rate	0.11%	0.16%	0.23%	11%	
Estimated total gross carrying amount at default	8,352	6,702	555	34	15,643
Expected credit loss	9	11	1	4	25
30 June 2020					
Expected credit loss rate	0.11%	0.16%	0.23%	9%	
Estimated total gross carrying amount at default	5,459	4,510	1,298	103	11,370
Expected credit loss	6	7	3	9	25

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS | RISK

For the year ended 30 June 2021

18. FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

18.5 Financial instruments risk management objectives and policies (continued)

Liquidity risk

The Group monitors its risk of a shortage of funds using a liquidity planning tool.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank guarantees and finance lease facility. The Group has access to a sufficient variety of sources of funding that borrowing within 12 months can be rolled over with existing lenders.

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments:

Financial liabilities	On demand \$'000	< 3 months \$'000	3-12 months \$'000	1-5 years \$'000	>5 years \$'000	Total \$'000
2021						
Non-derivatives						
Trade and other payables	7,372	-	-	-	-	7,372
Lease liabilities	-	303	737	589	-	1,629
	7,372	303	737	589	-	9,001
2020						
Non-derivatives						
Trade and other payables	6,987	-	-	-	-	6,987
Lease liabilities	-	750	582	527	-	1,859
	6,987	750	582	527	-	8,846

Financing facilities	2021 \$'000	2020 \$'000
Finance lease facility which may be extended by mutual agreement annually		
• Amount unused	2,000	2,000
	2,000	2,000
Bank guarantee facility which may be extended by mutual agreement annually		
• Amount used	251	265
• Amount unused	1,549	1,535
	1,800	1,800

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS | GROUP STRUCTURE

For the year ended 30 June 2021

19. GROUP INFORMATION

19.1 Information about subsidiaries

The consolidated financial statements of the Group include:

% EQUITY INTEREST				
Name	Principal activities	Country of incorporation	2021 %	2020 %
Parent				
Excelsior Capital Limited		Australia		
Subsidiaries				
CMI Operations Pty Ltd	Electrical components	Australia	100	100
Excelsior Asset Management Pty Ltd ^{1,2}	Asset manager	Australia	-	50

1. This company was established on 17 November 2017 by Excelsior Capital Limited and Glennon Capital Pty Ltd, the Manager of the Investment Portfolio. While the Group held a 50% equity interest in Excelsior and the Group represents 50% representation of Excelsior's board of directors, the chair of the board is appointed by the Group. The Group had a casting vote on certain matters. The Group had control of the company and as such is classified as a subsidiary of the Group for reporting purposes under Australian Accounting Standards.
2. In April 2021, the Directors of Excelsior Asset Management Pty Ltd made the decision to voluntarily deregister the Company on the basis that it was no longer to be used for its original intended purpose and had ceased operating. In May 2021, the ASIC approved the application for deregistration of the Company.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS | UNRECOGNISED ITEMS

For the year ended 30 June 2021

20 COMMITMENTS AND CONTINGENCIES

20.1 Commitments

At 30 June 2021, the Group had no commitments (2020: Nil).

20.2 Guarantees

The Group has provided the following guarantee at 30 June 2021:

- Leases over several of its premises of \$251,000 (2020: \$265,000)

20.3 Contingent liabilities

The Company has issued the following guarantees in relation to the debts of its subsidiaries:

- Pursuant to ASIC Corporations (Wholly-owned Companies) Instrument 2016/785, Excelsior Capital Limited has entered into a deed of cross guarantee. The effect of the deed is that Excelsior Capital Limited has guaranteed to pay any deficiency in the event of winding up of any controlled entity if they do not meet their obligations under the terms of overdrafts, loans, leases or other liabilities subject to the guarantee.
- The controlled entities have also given a similar guarantee in the event that Excelsior Capital Limited is wound up or if it does not meet its obligations under the terms of overdrafts, loans, leases or other liabilities subject to the guarantee.

Guarantees on lease of premises

The company has a contingent liability arising as a result of guarantees made directly for lease of premises. The amount disclosed represents the aggregate amount of such guarantees. The extent to which an outflow of funds will be required is dependent on the satisfaction of the obligations under the terms of the leases.

21. EVENTS AFTER THE REPORTING PERIOD

21.1 Final dividend declared

On 30 August 2021, the directors of Excelsior Capital Limited declared a final dividend on ordinary shares in respect of the 2021 financial year. The total amount of the dividend is \$579,889 which represents a fully franked dividend of 2.0 cents per share. The dividend has not been provided for in the 30 June 2021 financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS | OTHER DISCLOSURES

For the year ended 30 June 2021

22. AUDITOR'S REMUNERATION

The auditor of Excelsior Capital Limited is Hall Chadwick [2020: Hall Chadwick].

	2021 \$	2020 \$
Amounts received or due and receivable by Hall Chadwick for:		
An audit and review of the financial report of the entity and any other entity in the consolidated group	80,800	50,000
Other services in relation to the entity and any other entity in the consolidated group:		
• Tax compliance	6,000	6,000
	86,800	56,000
Amounts received or due and receivable by Ernst & Young Australia for:		
Review of the financial report of the entity and any other entity in the consolidated group for the half-year ended 31 December 2019	-	67,778
Other services in relation to the entity and any other entity in the consolidated group:		
• Tax compliance	11,755	7,500
• Tax consulting	16,200	17,560
• Other	825	-
	28,780	92,838
Total paid to auditors	115,580	148,838

23. RELATED PARTY DISCLOSURES

Note 19 provides information about the Group's structure, including details of the subsidiaries and the holding company. The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year.

		Sales to related parties \$	Purchases from related parties \$	Amounts owed to related parties \$
Key management personnel of the Group:				
Other directors' interests	2021	-	Nil	-
Key management personnel of the Group:				
Other directors' interests	2020	-	516,646	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS | OTHER DISCLOSURES

For the year ended 30 June 2021

23.1 Terms and conditions of transactions with related parties

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 30 June 2021, the Group has not recognised any provision for expected credit losses relating to amounts owed by related parties (2020: \$Nil).

23.2 Other directors' interests

Purchases

During the year there has been no purchases made from related parties.

As at 30 June 2020 management and performance fees totalling \$516,646 (excluding GST) were paid from Excelsior Capital Limited, \$433,316 and Excelsior Asset Management Pty Ltd, \$83,330, to Glennon Capital Pty Ltd, of which M.X. Glennon is a director and controlling shareholder.

Amounts owed to related parties

During the year there have been no amounts lent by related parties.

As at 30 June 2020 a short-term trading cash flow facility of \$87,000 was provided from Glennon Capital Pty Ltd, a company controlled by M.X. Glennon to Excelsior Asset Management Pty Ltd, a subsidiary of Excelsior Capital Limited. This amount for \$87,000 was written-off as at 30 June 2021 with no amount payable by Excelsior Asset Management Pty Ltd or the parent, Excelsior Capital Limited.

23.3 Compensation of key management personnel of the Group

	2021 \$	2020 \$
Short-term employee benefits	760,918	715,183
Post-employment benefits	88,676	69,773
Termination benefits	-	-
Total compensation paid to key management personnel	849,594	784,956
Reconciliation to Remuneration report		
Executives	710,465	604,729
NED's	139,129	180,227
Total compensation paid to key management personnel	849,594	784,956

The amounts disclosed in the table are the amounts recognised as an expense during the reporting period related to key management personnel.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS | OTHER DISCLOSURES

For the year ended 30 June 2021

24. INFORMATION RELATING TO EXCELSIOR CAPITAL LIMITED (THE PARENT)

The table represents the legal parent entity, which is Excelsior Capital Limited.

	2021 \$	2020 \$
Current assets	22,424	20,119
Total assets	25,750	27,761
Current liabilities	(380)	(99)
Total liabilities	(380)	(136)
Net Assets	25,370	27,625
Issued capital	28,270	28,270
Retained earnings	(2,573)	(400)
Reserves	(327)	(245)
Equity attributable to equity holders of the parent	25,370	27,625
Loss after tax	(1,188)	(946)
Total comprehensive income	(1,211)	(604)

Refer to Note 20 for guarantees that the Parent has issued in relation to the debts of its subsidiaries.

25. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

25.1 New and amended standards and interpretations

Initial adoption of AASB 2020-04: COVID-19-Related Rent Concessions

AASB 2020-4: Amendments to Australian Accounting Standards – COVID-19-Related Rent Concessions amends AASB 16 by providing a practical expedient that permits lessees to assess whether rent concessions that occur as a direct consequence of the COVID-19 pandemic and, if certain conditions are met, account for those rent concessions as if they were not lease modifications.

Initial adoption of AASB 2018-6: Amendments to Australian Accounting Standards – Definition of a Business

AASB 2018-6 amends and narrows the definition of a business specified in AASB 3: Business Combinations, simplifying the determination of whether a transaction should be accounted for as a business combination or an asset acquisition. Entities may also perform a calculation and elect to treat certain acquisitions as acquisitions of assets.

The standards listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Excelsior Capital Limited, I state that:

1. In the opinion of the directors:
 - (a) the financial statements and notes of Excelsior Capital Limited for the financial year ended 30 June 2021 are in accordance with the *Corporations Act 2001*, including:
 - (I) giving a true and fair view of the consolidated entity's financial position as at 30 June 2021 and of its performance for the year ended on that date; and
 - (II) complying with Accounting Standards and the *Corporations Regulations 2001*.
 - (b) the financial statements and notes also comply with International Financial Reporting Standards as disclosed on page 25; and
 - (c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
2. This declaration has been made after receiving the declarations required to be made to the directors in accordance with section 295A of the *Corporations Act 2001* for the financial year ended 30 June 2021.

On behalf of the board



D. Herceg
Non-Executive Director

30 August 2021

EXCELSIOR CAPITAL LIMITED
ABN 98 050 542 553
AND ITS CONTROLLED ENTITIES
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
EXCELSIOR CAPITAL LIMITED

SYDNEY
Level 40
2 Park Street
Sydney NSW 2000
Australia
Ph: (612) 9263 2600
Fx: (612) 9263 2800

Report on the Financial Report

Opinion

We have audited the financial report of Excelsior Capital Limited (the company) and its controlled entities (the group), which comprises the consolidated statement of financial position as at 30 June 2021, the consolidated statement of profit or loss, the consolidated statement of other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and the directors' declaration.

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

- 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 then ended; and
- complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

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

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the year ended 30 June 2021. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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An Association of Independent
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INDEPENDENT AUDITOR'S REPORT

HALL CHADWICK  (NSW)

EXCELSIOR CAPITAL LIMITED
ABN 98 050 542 553
AND ITS CONTROLLED ENTITIES
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
EXCELSIOR CAPITAL LIMITED

Key Audit Matter	How Our Audit Addressed the Key Audit Matter
Impairment assessment of goodwill <i>Refer to Note 9 Goodwill, Note 3 Significant accounting judgements, estimates and assumptions</i>	
As required by Australian Accounting Standards, the group is required to perform an impairment test of goodwill on at least an annual basis. This annual impairment assessment was a key audit matter due to the size of the asset (carrying value of \$6.849m) and the degree of estimation and assumptions, specifically forecast earnings and discount rate, which are affected by expected future demand for products in the electrical business as a separate cash generating unit.	Our procedures included, amongst others: • We assessed management's determination of the group's cash-generating units ("CGUs"); • We involved Hall Chadwick's valuation experts to evaluate the methodologies used by the group and to review the mathematical accuracy of the cash flow forecasts; • We evaluated management's key assumptions used in the cash flow forecasts to determine the recoverability of electrical business assets and agreed relevant data to supporting documents; • We challenged management on the key assumptions used in the cash flow forecasts by considering this information and evidence available to us internally and externally; • We evaluated the historical reliability of prior period cash flows by considering this information and evidence available to us internally and externally; • We performed sensitivity analysis around the key assumptions of growth rates and discount rates used in the cash flow forecasts and assessed the sensitivity and likelihood of a change of these assumptions that either individually or collectively would result in the electrical business assets to be impaired or otherwise; and • We assessed the adequacy of the group's disclosure in relation to the carrying value of goodwill.

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

The directors are responsible for the other information. The other information comprises the information included in the group's annual report for the year ended 30 June 2021, but does not include the financial report and our auditor's report thereon. Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon. In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT

HALL CHADWICK  (NSW)

EXCELSIOR CAPITAL LIMITED
ABN 98 050 542 553
AND ITS CONTROLLED ENTITIES
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
EXCELSIOR CAPITAL LIMITED

Responsibilities of the Directors for the Financial Report

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

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

Auditor's Responsibilities for the Audit of the Financial Report

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

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

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

INDEPENDENT AUDITOR'S REPORT

HALL CHADWICK  (NSW)

EXCELSIOR CAPITAL LIMITED
ABN 98 050 542 553
AND ITS CONTROLLED ENTITIES
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
EXCELSIOR CAPITAL LIMITED

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

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

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

Report on the Remuneration Report

We have audited the remuneration report included in the directors' report for the year ended 30 June 2021.

In our opinion, the remuneration report of Excelsior Capital Limited for the year ended 30 June 2021 complies with s 300A of the *Corporations Act 2001*.

Responsibilities

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



HALL CHADWICK (NSW)
Level 40, 2 Park Street
Sydney NSW 2000



DREW TOWNSEND

Partner

Dated: 30 August 2021

ASX ADDITIONAL INFORMATION

Additional information required by the Australian Stock Exchange Ltd and not shown elsewhere in this report is as follows. The information is current as at 02 September 2021.

(A) DISTRIBUTION OF EQUITY SECURITIES

(i) Ordinary share capital

- 28,994,469 fully paid ordinary shares are held by 557 individual shareholders

All issued ordinary shares carry one vote per share and carry the rights to dividends.

(ii) Unquoted securities

Nil

(ii) Options

Nil

The number of shareholders, by size of holding, in each class are:

	Fully paid ordinary shares
1 – 1,000	152
1,001 – 5,000	205
5,001 – 10,000	74
10,001 – 100,000	100
100,001 and over	26
	557
Holding less than a marketable parcel	66

(B) SUBSTANTIAL SHAREHOLDERS

	FULLY PAID	
Ordinary shareholders	Number	Percentage
L. J. Catelan	14,561,102	50.22
London City Equities Limited and or its related parties	2,565,319	8.85
	17,126,421	59.07

ASX ADDITIONAL INFORMATION

(C) TWENTY LARGEST HOLDERS OR QUOTED EQUITY SECURITIES

		FULLY PAID	
Ordinary shareholders		Number	Percentage
1.	Catelan Securities Pty Ltd	12,420,484	42.84
2.	Leanne Catelan Superannuation Fund Pty Ltd	2,140,618	7.38
3.	National Nominees Limited	1,210,124	4.17
4.	HSBC Custody Nominees (Australia) Limited	1,152,083	3.97
5.	BNP Paribas Nominees Pty Ltd	932,462	3.22
6.	Baauer Pty Ltd	930,354	3.21
7.	London City Equities Limited	793,069	2.74
8.	Mr Philip Gordon Greenham	650,000	2.24
9.	HSBC Custody Nominees (Australia) Limited	455,605	1.57
10.	Imperial Pacific Fund Managers Pty Limited	428,913	1.48
11.	Leropela Pty Ltd	400,000	1.38
12.	Kalabric Family Super Pty Ltd	380,000	1.31
13.	London City Equities Limited	343,227	1.18
14.	Mr Benjamin Youngman Graham & Mrs Katerina Graham	300,000	1.03
14.	Mast Financial Pty Ltd	300,000	1.03
15.	Citicorp Nominees Pty Limited	289,816	1.00
16.	Mr Peter Edward John Murray	273,831	0.94
17.	Imperial Pacific Limited	213,000	0.73
18.	Mr Kim Bee Tan & Mrs Verna Suat Wah Tan	200,000	0.69
19.	Capel Court Corporation Pty Limited	176,240	0.61
20.	Mr Benjamin Youngman Graham & Mrs Cara Janine Graham	165,000	0.57
		24,154,826	83.31

CORPORATE INFORMATION

ABN 98 050 542 553

Directors

D. Herceg, Non-Executive Director/Chairman
L.J. Catelan, Executive Director
O. Schweizer, Non-Executive Director

Company Secretary

O. Schweizer

Registered office

Level 29, Chifley Tower
2 Chifley Square
Sydney, NSW, 2000

Principal place of business

18-20 Railway Road
Meadowbank
Australia
Phone: 61 2 9807 6155

Share register

Link Market Services Limited

Locked Bag A14
Sydney South
Australia
Phone: 61 2 8280 7454

Excelsior Capital Limited shares are listed on the
Australian Stock Exchange (ASX:ECL)

Solicitors

Thompson Geer

Level 28
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Brisbane, QLD, 4000
Australia

Bankers

National Australia Bank

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100 Creek Street
Brisbane, QLD, 4000
Australia

Auditors

Hall Chadwick (NSW)

Level 40
Citi Bank Building
2 Park Street
Sydney, NSW, 2000
Australia



EXCELSIOR
CAPITAL LIMITED