

BOARD OF DIRECTORS

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

**REGISTERED AND
PRINCIPAL BUSINESS
OFFICE**

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

AUDITORS

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

SECRETARY

R. Rees, B. Comm., CA

SOLICITORS

Dandanis & Associates
1/17 Atherton Rd
Oakleigh VIC 3166

BANKERS

National Australia Bank Ltd
330 Collins Street
Melbourne VIC 3000

Commonwealth Bank Ltd
385 Bourke St
Melbourne VIC 3000

SHARE REGISTRY

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

Davies Moloney
Lvl 8, 221 Queen St
Melbourne VIC 3000

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

Bank of Melbourne Ltd
424 Warrigal Rd
Moorabbin VIC 3189

Sietel Limited
ACN 004 217 734
ABN 75 004 217 734

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

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the ANNUAL GENERAL MEETING of Sietel Limited will be held at the Registered Office of the Company, C/- Cook's Body Works Pty Ltd, 140-144 Cochranes Road Moorabbin VIC 3189, on Friday 18th January 2019 at 12:00 pm, for the purpose of transacting the following business:

1. To receive, consider and adopt the financial report of the company and of the consolidated group for the year ended 30 September 2018 and the reports by directors and auditors thereon.
2. To receive, consider and adopt the remuneration report of the company and of the consolidated group for the year ended 30 September 2018 (Refer P.4. Annual Report).
3. To transact any other business which may be lawfully brought forward.

By Order of the Board.



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

Moorabbin, 14 December 2018

NOTES**VOTING**

Individual members who are registered shareholders as at 15th January 2019 at 5:00pm are entitled to vote in person or by proxy. In accordance with the Corporations Act 2001, the vote will be carried out via a show of hands unless a poll is requested.

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

PROXIES

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

QUESTIONS

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

VOTING EXCLUSION STATEMENT

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

SIETEL LIMITED AND CONTROLLED ENTITIES

DIRECTORS' REPORT FOR YEAR ENDED 30 SEPTEMBER 2018

In accordance with a resolution of the Directors dated 14 December 2018, the Directors of the Company have pleasure in reporting on the Statements of Account of the Chief Entity and the Economic Entity for the financial year ended 30 September 2018 and the state of affairs as at 30 September 2018.

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

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

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

PRINCIPAL ACTIVITIES:

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

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

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

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

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

DIVIDENDS:

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

Preference dividend of \$0.05 per share paid on 5 Jan 2018	\$3,750
Preference dividend of \$0.05 per share paid on 5 Jul 2018	\$3,750
Preference dividend of \$0.05 per share to be paid on 5 Jan 2019 per announcement on 10 Dec 2018	\$3,750

REVIEW OF OPERATIONS:

The investment properties owned by the Chief Entity have been tenanted during the year with one exception where the premise is under review for refurbishment or demolition.

Cook's Body Works Pty Ltd, continued to occupy one of the Chief Entity's properties in the Moorabbin area.

Cook's Body Works Pty Ltd has experienced price discounting from competitors for fleet business and this has hindered management's efforts to return the business to profitability. However some customers have indicated that lower pricing by competitors has not always been matched by the service and quality levels they expect and it is anticipated this will assist in future business negotiations.

The Company's management assisted by the non-executive directors have considered various investment opportunities in real estate, ASX listed shares, venture capital funds and other direct investment opportunities during the year and has allocated funds to a spread of direct venture capital investments as well as the real estate market and the reinvestment of dividends in its existing holdings of ASX top 200 listed company shares

The subsidiary AAA has continued to design and develop products for manufacture by third party offshore manufacturers and commence small scale importation and distribution of a very limited range of domestic gas water heaters and BBQs into the Australian market. Delays in implementing product changes to meet local Australian regulations and conditions has limited planned expansion. A review is being undertaken of overheads including staff levels in light of achievable turnover.

The Cylinder Company has operated within budget parameters during the year.

REVIEW OF FINANCIAL POSITION

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

OPERATING RESULTS:

The consolidated profit of the Economic Entity, after providing for an income tax expense of (\$148,688) (2017 \$232,631), amounted to \$1,234,077 (2017 \$1,369,480).

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS:

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

EVENTS SUBSEQUENT TO BALANCE DATE:

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Economic Entity and the results of those operations or the state of affairs of the Economic Entity in financial years subsequent to the financial year ended 30 September 2018.

ENVIRONMENTAL ISSUES:

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

ASIC CLASS ORDER 98/100 ROUNDING OF AMOUNTS

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

FUTURE DEVELOPMENTS:

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

INFORMATION ON DIRECTORS:**MR. DELWYN G. REES****DIRECTOR Age 92****Qualifications**

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

Experience and Special Responsibilities

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

Interests in Contracts

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

Interests in Shares

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

MR. RICHARD REES**MANAGING DIRECTOR AND COMPANY SECRETARY Age 68****Qualifications**

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

Experience and Special Responsibilities

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

Interests in Contracts

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

Interest in Shares

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

MR. GEOFFREY REES**DIRECTOR (CHAIRMAN) Age 64****Qualifications**

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

Experience and Special Responsibilities

Board Member since August 2009
Appointed Chairman in 2015

Other Directorships and Appointments

Current Director of UoMC Limited, the commercialisation entity of the University of Melbourne.

Interest in Contracts

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

Interest in Shares

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

DIRECTORS' MEETINGS

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

	Meetings held	Meetings attended
D.G. Rees	7	7
R. Rees	7	6
G. L. Rees	7	7

INDEMNIFICATION OF OFFICERS AND AUDITORS

During the financial year, the company paid a premium of \$35,000 in respect of a contract insuring the directors of the company (as named above) and all executive officers of the company and of any related body corporate against a liability incurred as such a director, secretary or executive officer to the extent of the policy limits with a current \$7,500,000 in aggregate for all claims per twelve months.

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

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration for the year ended 30 September 2018 is included on page 9 of the Annual Report.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied for leave of Court to begin proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

The company was not a party to any such proceedings during the year.

OPTIONS

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

CORPORATE GOVERNANCE STATEMENT

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

REMUNERATION REPORT

The Board policy for determination of the nature and amount of remuneration for directors and senior executives is based on the yearly Chairman and Managing Director's assessment of individual's performance and the general overall performance of the company.

It is the stated policy that depending on this assessment, the level of remuneration may be increased or decreased after a review from its previous level.

The criteria on which individual performance is assessed are:-

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

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

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

		Short Term Benefits				Post-Employment Benefits			
Name	Office	Salary/Bonus		Non-Monetary Benefits		Superannuation		Total	
		2018 (\$)	2017 (\$)	2018 (\$)	2017 (\$)	2018 (\$)	2017 (\$)	2018 (\$)	2017 (\$)
D.G. Rees	Director	70,000	70,000	-	-	6,650	6,650	76,650	76,650
R. Rees ¹	Director	250,000	265,000	40,000	40,000	25,000	30,606	315,000	335,606
G.L. Rees	Director	70,000	70,000	-	-	-	-	70,000	70,000
G. Nanscawen	Executive	45,662	4,542	-	-	4,338	431	50,000	4,973
T. Rees ²	Executive	205,000	170,000	-	-	25,000	27,809	230,000	197,809
Total		640,662	579,542	40,000	40,000	60,988	65,496	741,650	685,038

¹ R. Rees' salary for 2018 includes bonuses totalling \$65,000 (2017: \$80,000). The six monthly bonuses with grant dates of 23 March 2018 and 9 September 2018 were paid with the intent of retaining the competitiveness of the managing director's salary with directors of a similar responsibility level in businesses of similar size and complexity while having regard for the current liquidity of the company. The bonuses totalling \$65,000 have been fully paid as at 30 September 2018.

² T. Rees' salary for 2018 includes a bonus of \$65,000 (2017: \$30,000). The six monthly bonuses with grant dates of 23 March 2018 and 9 September 2018 have been fully paid as at 30 September 2018.

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

On behalf of the Board



Mr. G. L. Rees
Director



Mr. R. Rees
Director

Moorabbin,
14 December 2018

Independent Auditor's Report to the Members of Sietel Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Sietel Limited, which comprises the consolidated statement of financial position as at 30 September 2018, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the Directors' declaration.

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

- i) giving a true and fair view of the Group's financial position as at 30 September 2018 and of its financial performance for the year then ended; and
- ii) complying with Australian Accounting Standards and *the Corporations Regulations 2001*.

Basis for opinion

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

Other information

The Directors are responsible for the other information. The other information comprises the information in Sietel Limited's annual report for the year ended 30 September 2018, but does not include the financial report and the auditor's report thereon.

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

Nexia Melbourne Audit Pty Ltd

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

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

Directors' responsibility 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 entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the entity or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibility for the audit of the financial report

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

A further description of our responsibilities for the audit of the financial report is located at The Australian Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf. This description forms part of our auditor's report.

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

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in page 4 of the Directors' Report for the year ended 30 September 2018.

In our opinion, the Remuneration Report of Sietel Limited for the year ended 30 September 2018, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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

Nexia

Nexia Melbourne Audit Pty Ltd
Melbourne



Geoff S. Parker
Director

Dated this 14th day of December 2018



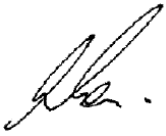
DIRECTORS' DECLARATION

The directors declare that:

- a) The attached financial statements and notes as set out on pages 10-25 thereto comply with Australian Accounting Standards;
- b) The attached financial statements and notes thereto give a true and fair view of the financial position and performance of the company and the economic entity;
- c) In the directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001;
- d) In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and
- e) The directors have been given a declaration required by s.295A of the Corporations Act 2001 by the Managing Director.

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

On behalf of the Directors



Mr. G. L. Rees
Director



Mr. R. Rees
Director

Moorabbin,
14 December 2018

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

I declare that, to the best of my knowledge and belief, during the year ended 30 September 2018, there have been:

- (i) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.



Nexia Melbourne Audit Pty Ltd
Melbourne



Geoff S. Parker
Director

Dated this 14th day of December 2018

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 SEPTEMBER 2018**

Note		Economic Entity	
		2018	2017
		\$	\$
	Continuing Operations:		
13	Revenues	8,276,420	8,192,175
13	Other income	436,590	(14,062)
14	Other expenses	(7,519,821)	(6,205,217)
14	Finance costs	-	-
	Operating profit/(loss) before income tax	1,193,189	1,972,896
17	Impairment of goodwill	-	-
14	Impairment of available for sale financial assets	(107,800)	(370,785)
	Profit/(loss) before income tax	1,085,389	1,602,111
18	Income tax revenue/(expense)	148,688	(232,631)
	Profit/(loss) after income tax	1,234,077	1,369,480
	Other Comprehensive Income or Loss:		
	Items that may be reclassified subsequently to profit or loss		
13	Net gain/(loss) on available for sale financial assets	1,878,093	1,638,197
	Other comprehensive income/(loss) for the year	1,878,093	1,638,197
	Total comprehensive income/(loss) for the year	3,112,170	3,007,677
29	Earnings per share (EPS) - Basic (cents per share)	15.41	17.10
	EPS - Basic (cents per share) - continuing operations	15.41	17.10
29	Earnings per share (EPS) - Diluted (cents per share)	15.27	16.94
	EPS - Diluted (cents per share) – continuing operations	15.27	16.94
	Profit/(loss) for the year attributable to:		
	Owners of the Parent	1,234,077	1,369,480
		1,234,077	1,369,480
	Total comprehensive income/(loss) for the year attributable to:		
	Owners of the Parent	3,112,170	3,007,677
		3,112,170	3,007,677

Notes to and forming part of the accounts are set out on pages 13 to 25.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2018

<u>Note</u>		<u>Economic Entity</u>	
		<u>2018</u>	<u>2017</u>
		<u>\$</u>	<u>\$</u>
	Current Assets		
28(i)	Cash and cash equivalents	2,158,459	7,508,887
3	Trade and other receivables	900,719	666,182
4	Inventories	569,304	335,996
5	Other current assets	366,394	333,184
6	Current tax receivables	319,312	-
	Total Current Assets	4,314,188	8,844,249
	Non-Current Assets		
	Trade and other receivables	-	-
7	Financial assets	31,960,079	30,429,101
8	Property, plant and equipment	2,713,919	2,717,023
9	Investment properties	31,901,908	25,392,509
19	Deferred tax assets	847,020	763,637
	Total Non-Current Assets	67,422,926	59,302,270
	Total Assets	71,737,114	68,146,519
	Current Liabilities		
10	Trade and other payables	880,573	541,036
11	Other liabilities	333,298	318,677
21	Current tax liabilities	-	70,319
12	Provisions	1,071,804	1,058,456
	Total Current Liabilities	2,285,675	1,988,488
	Non-Current Liabilities		
	Financial liabilities	-	-
20	Deferred tax liabilities	1,512,083	1,323,345
	Total Non-Current Liabilities	1,512,083	1,323,345
	Total Liabilities	3,797,758	3,311,833
	Net Assets	67,939,356	64,834,686
	Equity		
25	Issued capital	4,257,129	4,257,129
	Reserves	6,846,740	4,968,647
	Retained earnings	56,835,487	55,608,910
	Total Shareholders' Equity	67,939,356	64,834,686

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR YEAR ENDED 30 SEPTEMBER 2018

<u>Economic Entity</u>	<u>Issued Capital</u>	<u>Reserves*</u>	<u>Retained Earnings</u>	<u>Non-Controlling Interest (NCI)</u>	<u>Total Equity</u>
Balance at 1 October 2016	4,257,129	3,330,450	54,192,843	(65,352)	61,715,070
Net profit (loss) for the period	-	-	1,369,480	-	1,369,480
Other comprehensive income	-	1,638,197	-	-	1,638,197
Dividends paid	-	-	(7,500)	-	(7,500)
Elimination of Minority Interest in AAA	-	-	-	65,352	65,352
Consolidation of Minority Interest in AAA	-	-	54,087	-	54,087
Balance at 30 September 2017	<u>4,257,129</u>	<u>4,968,647</u>	<u>55,608,910</u>	<u>-</u>	<u>64,834,686</u>
Net profit (loss) for the period	-	-	1,234,077	-	1,234,077
Other comprehensive income	-	1,878,093	-	-	1,878,093
Dividends paid	-	-	(7,500)	-	(7,500)
Balance at 30 September 2018	<u>4,257,129</u>	<u>6,846,740</u>	<u>56,835,487</u>	<u>-</u>	<u>67,939,356</u>

* 'Reserves' refers to a financial assets reserve, which includes all of the unrealised gains over cost on our available for sale financial assets, net of capital gains tax. Reversal of unrealised losses are transferred to Reserves at the gross value.

Notes to and forming part of the accounts are set out on pages 13 to 25.

CONSOLIDATED STATEMENT OF CASH FLOWS FOR YEAR ENDED 30 SEPTEMBER 2018

Note

Economic Entity

	2018	2017
	\$	\$
Cash flows from Operating Activities		
Receipts from customers	6,557,879	6,566,889
Payments to suppliers & employees	(5,790,748)	(5,007,960)
Income tax paid	(309,997)	(345,930)
Interest received	102,758	191,556
Dividends received	1,381,246	1,310,377
Finance costs	-	-
28(ii) Net cash provided by/(used in) operating activities	1,941,138	2,714,932
Cash flows from Investing Activities		
Proceeds from sale of financial assets	3,254,805	43,514
Purchase of property, plant & equipment	(428,128)	(287,700)
Purchase of investment properties	(7,515,468)	(209,344)
Purchase of financial assets	(2,595,275)	(2,648,832)
Net cash provided by/(used in) investing activities	(7,284,066)	(3,102,362)
Cash flows from Financing Activities		
Dividends paid	(7,500)	(7,500)
Net cash provided by/(used in) financing activities	(7,500)	(7,500)
Net increase/(decrease) in cash held	(5,350,428)	(394,930)
Cash and cash equivalents at beginning of financial year	7,508,887	7,903,817
28(i) Cash and cash equivalents at end of financial year	2,158,459	7,508,887

Notes to and forming part of the accounts are included on pages 13 to 25.

Note 1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

The financial statements were authorised for issue on 14 December 2018 by the directors of the company.

(A) Significant Accounting Policies

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

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

(B) Property, Plant and Equipment

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

(C) Investment Property

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

(D) Inventories

All entities in the economic entity have:

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

(E) Research and Development Expenditure

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

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

(F) Employee Entitlements

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

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

(G) Leases

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

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

(H) Comparative Figures

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

Note 1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

(I) Receivables

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

(J) Recoverable Amount of Non-Current Assets

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

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

(K) Accounts Payable

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

(L) Principles of Consolidation

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

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

(M) Revenue

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

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

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

(N) Provision for Warranties

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

(O) Income Tax

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

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

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

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

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

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

(P) Business Combination

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

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

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

Note 1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

(Q) Borrowing costs

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

(R) Financial Instruments

Recognition and Initial Measurement

Financial instruments, incorporating financial assets and financial liabilities, are recognised when the entity becomes a party to the contractual provisions of the instrument. Trade date accounting is adopted for financial assets that are delivered within timeframes established by marketplace convention.

Financial instruments are initially measured at fair value plus transaction costs where the instrument is not classified as at fair value through profit or loss. Transaction costs related to instruments classified as at fair value through profit or loss are expensed to profit or loss immediately. Financial instruments are classified and measured as set out below.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

Classification and Subsequent Measurement

(i) Financial assets at fair value through profit or loss

Financial assets are classified at fair value through profit or loss when they are held for trading for the purpose of short term profit taking, where they are derivatives not held for hedging purposes, or designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Realised and unrealised gains and losses arising from change in fair value are included in profit or loss in the period in which they arise.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost using the effective interest rate method.

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the group's intention to hold these investments to maturity. They are subsequently measured at amortised cost using the effective interest rate method.

(iv) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either designated as such or that are not classified in any of the other categories. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

(v) Financial Liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost using the effective interest rate method.

Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Impairment

At each reporting date, the group assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the statement of profit or loss and other comprehensive income.

(S) Critical Accounting Estimates and Judgments

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

Key estimates - Impairment

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

(T) Discontinued Operations

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

Note 2 PARENT INFORMATION

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

STATEMENT OF FINANCIAL POSITION

	Chief Entity	
	2018	2017
	\$	\$
ASSETS		
Current Assets	5,696,828	9,307,594
TOTAL ASSETS	74,494,616	70,615,273
LIABILITIES		
Current Liabilities	1,492,804	1,569,776
TOTAL LIABILITIES	2,993,041	2,885,882
EQUITY		
Issued Capital	4,257,129	4,257,129
Reserves	6,850,566	4,971,142
Retained Earnings	60,393,880	58,501,119
TOTAL EQUITY	71,501,575	67,729,391

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Total Profit	1,900,261	1,664,920
TOTAL COMPREHENSIVE INCOME	3,772,184	3,302,943

Guarantees

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

Contingent Liabilities

As at 30 September 2018, Sietel Ltd did not have any contingent liabilities. (2017: None)

Contractual Commitments

At 30 September 2018 Sietel Ltd had contractual commitments totalling \$183,521 (2017: \$284,673). See Note 16 for details.

	Economic Entity	
	2018	2017
	\$	\$
Note 3 CURRENT RECEIVABLES		
Trade receivables	821,971	629,367
Provision for doubtful debts	(35,000)	(35,000)
	786,971	594,367
Other receivables	113,748	71,815
	900,719	666,182
Trade Receivables Summary*		
Amounts due	264,104	59,985
Amounts not yet due	557,867	569,382
	821,971	629,367

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

Note 4 CURRENT INVENTORIES

Raw materials	111,372	72,432
Work in progress	414,554	169,345
Finished goods	42,754	94,219
Stock in transit	624	-
	569,304	335,996

Note 5 OTHER CURRENT ASSETS

Tenant bonds – Fixed deposits	318,041	303,420
Prepayments	48,353	29,764
	366,394	333,184

Note 6 CURRENT TAX RECEIVABLES

Current tax receivables	319,312	-
	319,312	-

Note 7 NON-CURRENT FINANCIAL ASSETS

Available for sale assets		
- Listed Shares (at market value)	30,514,111	29,663,241
- Unlisted Investments	1,445,968	765,860
	31,960,079	30,429,101

	Economic Entity	
	2018	2017
	\$	\$
Note 8 PROPERTY PLANT AND EQUIPMENT *		
Plant and Equipment at cost	4,228,099	3,958,894
Less Accumulated depreciation	(3,554,702)	(3,335,329)
Total Plant and Equipment	<u>673,397</u>	<u>623,565</u>
Property		
Land at Cost	1,273,568	1,273,568
Total Land	<u>1,273,568</u>	<u>1,273,568</u>
Buildings at Cost	415,491	415,491
Building Additions at Cost	907,909	907,909
Less Accumulated depreciation	(556,446)	(503,510)
Total Buildings	<u>766,954</u>	<u>819,890</u>
Total Property	<u>2,040,522</u>	<u>2,093,458</u>
Total Property Plant and Equipment	<u>2,713,919</u>	<u>2,717,023</u>

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current year 2018. The term 'P&E' refers to plant and equipment.

Economic Entity	Land (\$)	Buildings (\$)	P&E (\$)	Leased P&E(\$)	Total (\$)
Balance at 1 October 2017	1,273,568	819,890	623,565	-	2,717,023
Additions	-	-	428,127	-	428,127
Depreciation expense	-	(52,936)	(292,417)	-	(345,353)
Disposals	-	-	(85,878)	-	(85,878)
Balance at 30 September 2018	<u>1,273,568</u>	<u>766,954</u>	<u>673,397</u>	<u>-</u>	<u>2,713,919</u>

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the previous year 2017. The term 'P&E' refers to plant and equipment.

Economic Entity	Land (\$)	Buildings (\$)	P&E (\$)	Leased P&E(\$)	Total (\$)
Balance at 1 October 2016	1,273,568	872,827	537,602	-	2,683,997
Additions	-	-	287,700	-	287,700
Depreciation expense	-	(52,937)	(201,737)	-	(254,674)
Disposals	-	-	-	-	-
Balance at 30 September 2017	<u>1,273,568</u>	<u>819,890</u>	<u>623,565</u>	<u>-</u>	<u>2,717,023</u>

	Economic Entity	
	2018	2017
	\$	\$
Note 9 INVESTMENT PROPERTY *		
Property		
Land at Directors Valuation 1998 (Deemed cost)	3,702,937	3,702,937
Land at Cost	11,631,318	7,231,318
Total Land	<u>15,334,255</u>	<u>10,934,255</u>
Buildings at Directors Valuation 1998 (Deemed cost)	1,989,750	1,989,750
Buildings at Cost	21,326,414	21,317,069
Building Additions at Cost	3,115,469	9,344
Less Accumulated depreciation	(9,863,980)	(8,857,909)
Total Buildings	<u>16,567,653</u>	<u>14,458,254</u>
Total Investment Property	<u>31,901,908</u>	<u>25,392,509</u>
Movement in the carrying amounts for investment property:		
Opening Balance	25,392,509	26,165,351
Additions	7,515,469	209,344
Depreciation expense	(1,006,070)	(982,186)
Sales	-	-
Disposals	-	-
Closing Balance	<u>31,901,908</u>	<u>25,392,509</u>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2018

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

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

Valuation year end 2018 \$55,150,000

WD Book Value as at 30 September 2018

Note 8: Land and Buildings	\$2,040,522	
Note 9: Investment Property	\$31,901,908	<u>\$33,942,430</u>

Unrealised Net Gain \$21,207,570

Applicable Capital Gains tax at 27.5% \$5,832,082

	Economic Entity	
	2018	2017
	\$	\$
Note 10 CURRENT ACCOUNTS PAYABLE		
Unsecured :		
Trade Creditors	442,550	188,333
Sundry Creditors	<u>438,023</u>	<u>352,703</u>
	<u>880,573</u>	<u>541,036</u>
Note 11 OTHER LIABILITIES		
Tenant bonds	<u>333,298</u>	<u>318,677</u>
	<u>333,298</u>	<u>318,677</u>

Note 12 CURRENT PROVISIONS

	Annual Leave	Long Service Leave	Directors' Fees	Provision for Warranty	Total
	(\$)	(\$)	(\$)	(\$)	(\$)
Opening Balance at 1 Oct 2017	651,554	220,902	121,000	65,000	1,058,456
Additional provisions	148,412	12,682	-	-	161,094
Amounts used	(115,181)	(25,814)	-	-	(140,995)
Amounts paid out on resignation	(6,751)	-	-	-	(6,751)
Amounts transferred out	-	-	-	-	-
Balance at 30 September 2018	<u>678,034</u>	<u>207,770</u>	<u>121,000</u>	<u>65,000</u>	<u>1,071,804</u>

	Economic Entity	
	2018	2017
	\$	\$
Note 13 REVENUE		
Operating:		
Sales Revenue	3,058,766	3,167,943
Dividends		
- Other Corporations	1,391,243	1,298,611
Interest Received		
- Other Corporations	98,919	174,434
Rent Revenue		
- Other Corporations	3,285,806	3,132,648
Other Revenue	<u>441,686</u>	<u>418,539</u>
	<u>8,276,420</u>	<u>8,192,175</u>
Non Operating:		
Gain on disposal		
- Property, plant and equipment	3,500	-
- Insurance Payout	200,000	-
- Investments	<u>233,090</u>	<u>(14,062)</u>
	<u>436,590</u>	<u>(14,062)</u>
Total Revenue	<u>8,713,010</u>	<u>8,178,113</u>

Other Comprehensive Income or Loss

Net gain/(loss) on revaluation of available for sale financial assets	<u>1,878,093</u>	<u>1,638,197</u>
Other comprehensive income/(loss) for the year	<u>1,878,093</u>	<u>1,638,197</u>

	Economic Entity	
	2018	2017
	\$	\$
Note 14 EXPENSES		
(a) Operating profit before income tax has been determined after:		
Cost of goods sold	2,102,020	1,860,810
Overheads	4,139,652	3,503,500
Administration expenses	1,215,110	809,428
Selling expenses	63,039	31,479
Loss of disposal of investments	-	-
Bad debts and other	-	-
Total other expense	<u>7,519,821</u>	<u>6,205,217</u>
Impairment of available for sale financial assets*:		
Impairment Loss	<u>107,800</u>	<u>370,785</u>
*Note: Unrealised losses on available for sale financial assets are impaired through P&L once their carrying amount has dropped below cost. Any subsequent reversal of that unrealised loss is taken back through equity.		
Depreciation included above:		
- Buildings	52,936	52,937
- Plant and equipment owned	292,417	201,737
- Investment properties	1,006,070	982,186
	<u>1,351,423</u>	<u>1,236,860</u>
Employee benefits included above:		
- Short term benefits	2,089,965	1,784,182
- Post-employment benefits	231,572	218,223
	<u>2,321,537</u>	<u>2,002,405</u>
(b) Finance costs/(borrowings):		
- Interest paid		
Other corporations	-	-
Finance leases	-	-
	<u>-</u>	<u>-</u>
(c) Net transfers to/(from) provisions for:		
- Employee entitlements	<u>(140,995)</u>	<u>(129,054)</u>
(d) Research and Development Costs	<u>250,942</u>	<u>231,087</u>
(e) Costs in relation to the holding of rental properties:		
- Council rates	132,353	121,960
- Congestion levy	12,000	11,760
- Water rates	50,118	58,938
- Insurance	91,296	86,600
- Land tax	590,400	571,837
- Repairs & maintenance	183,963	108,627
- Other	87,261	76,547
	<u>1,147,391</u>	<u>1,036,269</u>

	Economic Entity	
	2018	2017
	\$	\$
Note 15 AUDITORS REMUNERATION		
Amount received or due and receivable by the Chief Entity Auditors for:		
- Audit and Review	49,350	47,000
- Other services	-	-
	<u>49,350</u>	<u>47,000</u>
Note 16 CAPITAL AND LEASING COMMITMENTS		
Finance Leasing Commitments		
Total finance lease liability	<u>-</u>	<u>-</u>
Capital Commitments		
- Less than 1 year		
Managed investment fund – OneVentures Innovation and Growth Fund II	120,300	203,089
Managed investment fund – OneVentures Nominees Vaxxas Bare Trust - B	63,221	81,584
Managed investment fund – OneVentures Clinical Genomics Bare Trust	-	-
Perkii Pty Ltd	-	-
Managed investment fund – OneVentures Fund	498,383	605,786
- Longer than 1 year, not longer than 5 years	-	-
- Longer than 5 years	-	-
	<u>681,904</u>	<u>890,459</u>
Note 17 GOODWILL		
Opening balance	-	-
Acquired through business combination	-	-
Impairment loss recognised	-	-
Closing balance	<u>-</u>	<u>-</u>
Note 18 INCOME TAX EXPENSE		
a) The prima facie tax on operating profit is reconciled to the income tax expense (benefit) in the accounts as follows:		
Continuing profit (loss) before income tax	<u>1,085,389</u>	<u>1,602,111</u>
Prima Facie income tax expense/(refund) applicable to		
Operating Profit/(loss) at 27.5% (2017: 27.5%)	298,482	440,581
Add/Deduct tax effect of:		
Amounts not depreciable for tax	42,150	43,352
Legal Expenses	-	692
Research and Development Expenditure	(40,151)	(52,022)
Impairment loss on available for sale financial assets	29,645	101,966
Impairment of goodwill	-	-
Tax offsets/rebates	(400,864)	(382,488)
Timing differences	-	-
Reclassification of brought forward differences and over provision for tax in previous years	(75,201)	(19,862)
Tax losses which do not offset the consolidated group	(2,749)	100,412
Income Tax Expense per Accounts	<u>(148,688)</u>	<u>232,631</u>
Income tax expense related to continuing operations	<u>(148,688)</u>	<u>232,631</u>
The applicable weighted average effective tax rates	<u>(14%)</u>	<u>15%</u>
Adjusted Franking Account Balance	<u>17,459,309</u>	<u>16,366,770</u>
Note 19 DEFERRED TAX ASSETS		
Deferred Tax Assets	<u>847,020</u>	<u>763,637</u>
	<u>847,020</u>	<u>763,637</u>
Note 20 DEFERRED TAX LIABILITIES		
Deferred Tax Liabilities	<u>1,512,083</u>	<u>1,323,345</u>
	<u>1,512,083</u>	<u>1,323,345</u>
Note 21 CURRENT TAX LIABILITIES		
Current – Income Tax	<u>-</u>	<u>70,319</u>
	<u>-</u>	<u>70,319</u>

	Economic Entity	
	2018	2017
	\$	\$
Note 22 RELATED PARTY TRANSACTIONS		
Transactions between related parties are on normal commercial terms and conditions unless otherwise stated.		
(a) Transactions with directors and director-related entities -		
- Legal fees are paid to a firm of which Mr. G. Rees is a Director for legal services	86,267	10,500
- Insurance payout to Mr R. Rees following trauma claim	200,000	-
- Mrs H. J. Rees (Spouse, Mr R. Rees) salary including superannuation	75,168	84,300
- Directors of entities within the economic entity are able to receive goods and services at discounted prices and participate in field testing of new products.		

(b) Controlling entities

Guarantees and indemnities given by chief entity to controlled entity's banker for facilities.

- Cooks Body Works Pty Ltd	50,000	50,000
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Note 23 DIVIDENDS

Paid

Unfranked preference dividend of 5 (2017: 5) cents per share	3,750	3,750
Unfranked preference dividend of 5 (2017: 5) cents per share	3,750	3,750
	7,500	7,500

Declared

Unfranked preference dividend of 5 (2017: 5) cents per share	3,750	3,750
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Cumulative preference dividend in arrears at 30 September	-	-
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Note 24 KEY MANAGEMENT PERSONNEL COMPENSATION

Short-term employee benefits	680,662	619,542
Post-employment benefits	60,988	65,496
	741,650	685,038

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

	Economic Entity	
	2018	2017
	\$	\$
Note 25 ISSUED CAPITAL		
Issued and Paid Up Capital 8,007,479 Ordinary		
Shares fully Paid (2017: 8,007,479)	4,107,129	4,107,129
75,000 Preference Shares 5% Cumulative fully paid (2017: 75,000)	150,000	150,000
	4,257,129	4,257,129

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

Movements in Ordinary Shares

	2018 (No.)	2017 (No.)
Opening Balance	8,007,479	8,007,479
Shares Issued	-	-
Closing Balance	8,007,479	8,007,479

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

Note 26 SUPERANNUATION COMMITMENTS

Sietel Ltd, Cook's Body Works Pty Ltd, Alliance Appliances Australia and The Cylinder Company Pty Ltd each pay the employer's contribution required by the Superannuation Guarantee Charge Act and any further salary sacrifice amounts or employee contributions, if instructed, to complying superannuation funds as selected by their employees.

The amount and time of payment of benefits by these various superannuation funds will be in accordance with the terms and conditions negotiated by each individual employee and are not guaranteed in any way by the company or its subsidiaries.

The relevant company has a legal obligation to contribute to these superannuation funds in accordance with relevant requirements of the Superannuation Guarantee legislation.

Note 27 CONTROLLED ENTITIES AND SEGMENT REPORTING

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

Name of Controlled Entity of Sietel Limited	Beneficially Owned by Sietel Ltd		Contribution to consolidated operating Profit/(loss) after income tax attributable to members of the chief entity		Investment by Sietel Ltd at cost	
	2018 %	2017 %	2018 \$	2017 \$	2018 \$	2017 \$
Continuing operations						
Cooks Body Works Pty Ltd ⁽¹⁾	100	100	(450,126)	(16,639)	290,000	290,000
The Cylinder Co Pty Ltd ⁽¹⁾	100	100	(1,254)	(250,358)	60	60
ABN 17 006 852 820 Pty Ltd ⁽¹⁾	100	100	(3,079)	(4,083)	481,713	481,713
Alliance Appliances Australia P/L ⁽¹⁾	100	100	(211,724)	(24,360)	237,000	237,000
Sietel Limited ⁽¹⁾	N/A	N/A	1,900,260	1,664,920	-	-
Total			1,234,077	1,369,480	1,008,773	1,008,773

⁽¹⁾Companies incorporated in Australia.

(b) Segment Reporting

	Revenue		Results		Assets		Liabilities		Depreciation	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Continuing operations										
Investments	5,643	4,975	1,897	1,660	68,154	65,616	3,041	2,931	1,252	1,207
Operations	3,070	3,203	(663)	(291)	3,583	2,531	757	381	99	30
TOTAL	8,713	8,178	1,234	1,369	71,737	68,147	3,798	3,312	1,351	1,237

Economic Entity	
2018 \$	2017 \$

Note 28 NOTES TO THE STATEMENT OF CASH FLOWS
(i) Reconciliation of Cash

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

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

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

Cash on hand	2,158,459	7,508,887
Bank overdrafts	-	-
	2,158,459	7,508,887

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

Operating Profit after Income Tax	1,234,077	1,369,480
Non-cash flows in operating profit after income tax		
Depreciation	1,351,423	1,236,860
Impairment of available for sale financial assets	107,800	370,785
Write of Vehicle	76,661	-
(Profit)/Loss on sale of plant and equipment	(3,500)	-
(Profit)/Loss on sale of investments	(233,090)	14,063
Changes in assets and liabilities		
(Increase)/Decrease in trade debtors	(234,536)	(123,353)
(Increase)/Decrease in other current assets	(33,210)	(130,334)
(Increase)/Decrease in inventories	(233,308)	105,758
Increase/(Decrease) in provisions	13,348	11,968
Increase/(Decrease) in trade creditors and other payables	354,157	(26,996)
(Increase)/Decrease in deferred tax assets	(63,941)	25,647
Increase/(Decrease) in deferred tax liabilities	(5,112)	1,352
Increase/(Decrease) in tax payable	(389,631)	(140,298)
Net cash provided by operating activities	1,941,138	2,714,932

	2018	2017
Note 29 EARNINGS PER SHARE		
Basic earnings per share (cents per share)	15.41	17.10
Diluted earnings per share (cents per share)	15.27	16.94
The weighted average number of ordinary shares on issue used in the calculation of basic earnings per share.	8,007,479	8,007,479

$$\text{Basic EPS} = \frac{\text{Profit/(loss) for the period}}{\text{No. Of ordinary securities}} = \frac{1,234,077}{8,007,479} = 15.41\text{¢}$$

$$\text{Diluted EPS} = \frac{\text{Profit/(loss) for the period}}{\text{No. Of ordinary securities} + \text{Preference securities}} = \frac{1,234,077}{8,007,479 + 75,000} = 15.27\text{¢}$$

Note 30 FINANCIAL INSTRUMENTS

(a) Significant Accounting Policies

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

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

(b) Interest Rate Risk

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

		Economic Entity		
	2018	2018	2017	2017
	Average Interest Rate (%)	Total (\$)	Average Interest Rate (%)	Total (\$)
<i>Financial Assets</i>				
Cash	1.81	2,158,459	2.08	7,508,887

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

At 30 September 2018, the effect on profit and equity as a result of changes in the interest rate, with all other variables remaining constant would be as follows for interest revenue.

	Economic Entity	
	2018	2017
	\$	\$
Change in profit		
- Increase in interest rate by 1%	51,125	78,952
- Decrease in interest rate by 1%	(45,627)	(75,364)
Change in equity		
- Increase in interest rate by 1%	51,125	78,952
- Decrease in interest rate by 1%	(45,627)	(75,364)

(c) Credit Risk

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

(d) Market risk

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

	2018	2017
	Total	Total
	\$	\$
<i>Financial Assets</i>		
Assets available for sale	31,960,079	30,429,101
	31,960,079	30,429,101

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

Note 30 FINANCIAL INSTRUMENTS (CONTINUED)

At 30 September 2018, the effect on profit and equity as a result of changes in the market index, with all other variables remaining constant would be as follows for asset values.

	2018 \$	2017 \$
Change in profit		
- Increase in index by 10%	18,467	67,135
- Decrease in index by 10%	(371,659)	(301,616)
Change in equity		
- Increase in index by 10%	2,241,725	2,333,441
- Decrease in index by 10%	(2,436,894)	(2,362,174)

(e) Liquidity risk

Liquidity risk arises from the possibility that the Group might encounter difficulty in settling its debt or otherwise meeting its obligations related to its financial liabilities. The group's low borrowings \$0 (2017 \$0), greatly reduces the liquidity risk faced by the entity.

(f) Net Fair Value

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

Note 31 FAIR VALUE MEASUREMENT OF FINANCIAL ASSETS

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

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

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

Level 3: unobservable inputs for the asset or liability

	2018 Total \$	2017 Total \$
<i>Financial Assets</i>		
Assets available for sale		
Level 1	30,514,111	29,663,241
Level 2	1,445,968	765,860
Level 3	-	-
	<u>31,960,079</u>	<u>30,429,101</u>

Note 32 NEW ACCOUNTING STANDARDS FOR APPLICATION IN FUTURE PERIODS

The AASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to the Group. The Group has decided not to early adopt any of the new and amended pronouncements. The Group's assessment of the new and amended pronouncements that are relevant to the Group but applicable in future reporting periods is set out below:

AASB 9: Financial Instruments (applicable for annual reporting periods commencing on or after 1 January 2018).

AASB 9 includes requirements for the classification and measurement of financial assets and incorporates amendments to the accounting for financial liabilities and hedge accounting rules to remove the quantitative hedge effectiveness tests and have been replaced with a business model test.

AASB 9 improves and simplifies the approach for classification and measurement of financial assets compared with the requirements of AASB 139 as follows:

- a) Financial assets that are debt instruments will be classified based on (1) the objective of the entity's business model for managing the financial assets; (2) the characteristics of the contractual cash flows.
- b) Allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument
- c) Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases
- d) Where the fair value option is used for financial liabilities the change in fair value is to be accounted for as follows:
 - i) The change attributable to changes in credit risk are presented in other comprehensive income (OCI)
 - ii) The remaining change is presented in profit or loss.

When AASB 9 is first adopted for the year ending 30 September 2019, there will be no material impact on the financial statements. However, the revaluation of all financial assets that are currently designated as available-for-sale will be debited/credited to the financial assets reserve and there will be no permanent impairment through the profit & loss.

AASB 2012-6 also modifies the relief from restating prior periods by amending AASB 7 to require additional disclosures on transition to AASB 9 in some circumstances. Consequential amendments were made to other standards as a result of AASB 9 by AASB 2014-7 and AASB 2014-8. The mandatory application date of AASB 9 has been deferred to annual reporting periods beginning on or after 1 January 2018 by AASB 2014-1.

AASB 15: Revenue from Contracts with Customers (applicable to annual reporting periods commencing on or after 1 January 2018).

AASB 15 replaces AASB 118 Revenue, AASB 111 Construction Contracts and four Interpretations issued by the AASB and amends the principles for recognising revenue from contracts with customers. It applies to all contracts with customers except leases, financial instruments and insurance contracts.

The Standard requires an entity to recognise revenue on a basis that depicts the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. To achieve that principle, an entity shall apply all of the following steps:

- a) identify the contract with a customer;
- b) identify the separate performance obligations in the contract;
- c) determine the transaction price;
- d) allocate the transaction price to the separate performance obligations in the contract; and
- e) recognise revenue when (or as) the entity satisfies a performance obligation.

Consequential amendments to other Standards are made by AASB 2014-5 Amendments to Australian Accounting Standards arising from AASB 15. The mandatory application date of AASB 15 has been deferred to annual reporting periods beginning on or after 1 January 2018 by AASB 2015-8

The Group has considered the changes in revenue recognition requirements as specified in AASB 15. The Group does not believe these will have a material impact on the future results of the Group.

STATEMENT IN COMPLIANCE WITH THE AUSTRALIAN SECURITIES EXCHANGE LISTING REQUIREMENTS

DIRECTORS' INTEREST IN ORDINARY SHARES AS AT 30 SEPTEMBER 2018 & 31 OCTOBER 2018

Director	Direct Interest	Direct Interest	Direct Interest	Indirect Interest	Indirect Interest	Indirect Interest
	Oct 2018	Sep 2018	Sep 2017	Oct 2018	Sep 2018	Sep 2017
D. G. Rees	66,211	66,211	66,211	5,310,694	5,310,694	5,310,694
R. Rees	533,932	533,932	529,239	6,112,339	6,112,339	6,112,339
G. Rees	2,000	2,000	2,000	4,594,063	4,594,063	4,594,063

Substantial Shareholders

In addition, Triple Two Investments Pty Ltd, Lyntina Pty Ltd, Siderfin Holdings Pty Ltd, Delvest Pty Ltd, Merben Pty Ltd and The Three Pumpkins Pty Ltd. of Suite 3, 15 Tintern Avenue Toorak are shown in the Substantial Shareholder Register as holding 2,319,866; 808,776; 684,395; 692,187; 650,865 and 560,000 Ordinary shares respectively.

20 Largest Shareholders at October 31, 2018

The twenty largest Ordinary Shareholders of the Company held 7,073,847 Ordinary Shares representing 88% of the voting shares of the Company. The twenty largest Preference Shareholders of the Company held 73,666 Preference Shares which attract votes on the basis of four for each \$2 Preference Share held while there are dividends in arrears.

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

Directors

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

Distribution of Shareholding as at October 31, 2018		
Number of Shareholders		Number of Shares Held
Ord	Pref	
117	25	Up to 250
102	4	251 to 500
48	0	501 to 1,000
94	1	1,001 to 5,000
8	3	5,001 to 10,000
32	3	10,001 and over

The number of shareholders holding less than marketable parcels is: 8 Ordinary
34 Preference

Security Holders Privacy Statement

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

Correspondence:	The Privacy Officer Boardroom Pty Limited GPO Box 3993 Sydney NSW 2001	Telephone: 1300 737 760 Facsimile: 1300 653 459
Website:	www.boardroomlimited.com.au ; Share Enquiries	
Email:	privacyofficer@boardroomlimited.com.au	

SIETEL LIMITED
SHAREHOLDER RANKING - PREFERENCE SHARES
AS AT 31 OCTOBER, 2018

NAME	RANKING	NO. OF SHARES HELD	% OF SHARES HELD
WINPAR HOLDINGS LIMITED	1	26,800	35.73%
DR GORDON BRADLEY ELKINGTON	2	11,500	15.33%
MRS MILLY ELKINGTON	3	11,500	15.33%
HAMILTON ASSET MANAGEMENT LIMITED	4	7,233	9.64%
GA & AM LEAVER INVESTMENTS PTY LTD	5	6,600	8.80%
LYNTINA PTY LTD	6	5,333	7.11%
AILTON PTY LTD	7	1,600	2.13%
GUY MARSHALL	8	500	0.67%
HENRY EDWARD MELVILLE CROFTON	9	400	0.53%
MRS PATRICIA GAIL MORTLOCK	10	300	0.40%
MS MARJORIE HILDA MARTINDALE	11	300	0.40%
PATRICIA FLORENCE EMILY BROWN	12	200	0.27%
MS JOYCE LOUISE PATERSON	13	200	0.27%
LYNTINA PTY LTD	14	200	0.27%
MR DAVID BELL	15	200	0.27%
MS MARY CATHERINE BODLE	16	200	0.27%
MS ELAINE NANETTE MACGREGOR	17	200	0.27%
MR HERBERT ALEXANDER FOWLES	18	200	0.27%
MR JOHN WYNNE WILLIAMS	19	100	0.13%
IVAN ROBERT MCDONALD	20	100	0.13%
TOTAL		73,666	98.22%

SIETEL LIMITED
SHAREHOLDER RANKING - ORDINARY SHARES
AS AT 31 OCTOBER, 2018

NAME	RANKING	NO. OF SHARES HELD	% OF SHARES HELD
TRIPLE TWO INVESTMENTS PTY LTD	1	2,280,641	28.48%
LYNTINA PTY LTD	2	689,000	8.60%
DELVEST PTY LTD	3	623,312	7.78%
THE THREE PUMPKINS PTY LTD	4	560,000	6.99%
MR RICHARD REES	5	531,932	6.64%
MERBEN PTY LTD	6	416,250	5.20%
SIDERFIN HOLDINGS PTY LTD	7	337,250	4.21%
METASOKOL PTY LTD	8	333,000	4.16%
DR GORDON BRADLEY ELKINGTON	9	313,200	3.91%
SIDERFIN HOLDINGS PTY LTD	10	219,645	2.74%
MERBEN PTY LIMITED	11	130,250	1.63%
SIDERFIN HOLDINGS PTY LTD	12	120,000	1.50%
LYNTINA PTY LTD	13	119,776	1.50%
MERBEN PTY LTD	14	68,865	0.86%
MR THOMAS REES	15	68,305	0.85%
DELVEST PTY LTD	16	62,000	0.77%
REDEN INVESTMENTS PTY LTD	17	62,000	0.77%
AGO PTY LTD <SUPERANNUATION FUND A/C>	18	61,222	0.76%
TRIPPLE TWO INVESTMENTS PTY LTD	19	39,225	0.49%
MR DELWYN GARLAND REES	20	37,974	0.47%
TOTAL		7,073,847	88.34%