



***AUGUST INVESTMENTS PTY LTD***  
ACN 002 106 603

***ANNUAL REPORT***

***2010***

# ***AUGUST INVESTMENTS PTY LTD***

## ***ANNUAL REPORT - 2010***

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# ***AUGUST INVESTMENTS PTY LTD***

*A. C. N. 002 106 603*

## ***DIRECTORY***

Registered Office: Level 1  
81 Henry St  
Penrith NSW 2750

Business Address: 74 Northumberland Ave  
Stanmore NSW

Postal Address: PO Box 179  
Westgate NSW 2048

Phone: 0428 650 601

Email: [mail@augustinvestments.com.au](mailto:mail@augustinvestments.com.au)

Web [www.augustinvestments.com.au](http://www.augustinvestments.com.au)

Directors: Damien Lynch  
74 Northumberland Ave  
Stanmore NSW

Victor Dolmark  
1 Melody St  
Coogee NSW

Thomas Goodman  
7 Murchinson St  
Mittagong NSW

Advising Accountant: Neil Cottle  
Lower Russell & Farr  
Level 1, 81 Henry Street  
Penrith NSW 2750

**AUGUST INVESTMENTS PTY LTD**  
*A.C.N. 002 106 603*  
**MANAGING DIRECTOR'S REPORT**  
**2009/10**

If you were to compare August Investments with other funds managers, this would be one of our poorest years to date. We just broke even over 2009/10, yet the average return for the major funds managers was 10.5%. Your directors have discussed this change of circumstances and are of the opinion that such events are bound to occur from time to time. Over the next year a close watch will be kept on the progress of the company and if this current trend continues a change of direction of the company will be considered.

We have a large number of investments in market based alternative energy companies and these companies have, in general, experienced price falls. There is a belief in the investment community that Australian Governments of both persuasions will do little about climate change in the short term, and therefore investments which provide solutions to climate change will receive little support.

What is now referred to by mainstream organisations as “ethical investment” or “socially responsible investments” has, of course, moved a long way from the principles exposed in the early days of this movement in Australia. Over the last twelve months there has been a growth of interest in “social investment”. This is investment which looks at the social aspects of investments with a community focus and is remarkably similar to the ideas being expressed in the early days of the “ethical investment” movement out of which August Investments grew. I have been asked to make presentations about the experience of August Investments to a number of management groups associated with the new social investment push. There is a possibility that new avenues of activity for the company could emerge from these talks.

While we are being consulted about our experiences with old style ethical investment, it is unfortunate that our ability to invest in “ethical” or “social” projects has been continually eroded by government legislation which in the name of consumer protection which prevents such projects from raising funds. Our recent investment in Hepburn Wind (a community initiated and owned wind farm) was made only after several months of manoeuvring to comply with ASIC requirements imposed upon them to protect investors such as ourselves. It is not surprising that Hepburn Wind is the only such investment made by August Investments in the last three years.

Elliot Hayman, who has been a director since 1989, resigned during the year as he moved away from Sydney and felt that he was not able to participate in company affairs to the full extent required of a director. He served six of these years as Chairman of the company. Elliot was one of the initial investors in the company in 1981 and has been a valuable contributor to the development of the company during his time as a director. He has provided a clear understanding of corporate governance matters and has provided his services substantially on a voluntary basis. We will miss his considered and cool headed judgements in the interest of all shareholders.

You will note that the account statements and notes have been expanded this year to provide more information on our financial results and to bring us in line with recent developments in accounting standards.

Details of new and retired investments are now provided on an ongoing basis in the Latest News page of our website.

Damien Lynch  
28 September 2010

**AUGUST INVESTMENTS PTY LTD**  
**ANNUAL REPORT - 2009/10**

**FINANCIAL SUMMARY**

The following table summarises financial results for August Investments over the last five years.

Year to 30 June	2010	2009	2008	2007	2006
	\$	\$	\$	\$	\$
Operating profit (before capital items)	12,652	16,441	14,081	14,634	16,946
Gross profit/(loss) before tax (Note 1)	16,598	(69,124)	(77,836)	152,645	43,363
Tax paid	5,704	2,280	540	2,619	11,624
Profit/(loss) after tax	10,894	(71,404)	(78,376)	150,026	31,739
Net asset value	602,928	605,900	705,135	731,461	565,824

**Notes**

Note 1 Gross Profit before Tax includes realised capital gains and losses and other capital transactions.

**AUGUST INVESTMENTS PTY LTD**  
**INCREASES/DECREASE IN SHAREHOLDER VALUE**

The following table shows results on a **per share** basis over the last five years.

Year to 30 June	2010	2009	2008	2007	2006
Net profit/(loss) per share (note 1)	\$3.88	(\$25.65)	(\$29.94)	\$59.11	\$12.66
Dividends per share (note 2)	\$8.00	\$12.00	\$13.00	\$9.00	\$8.00
Value per share (note 3)	\$210.01	\$217.71	\$253.37	\$296.13	\$243.68
Capital gain/(loss) per share	(3.54%)	(14.07%)	(14.44%)	21.52%	1.72%
Dividend yield (note 4)	<u>3.67 %</u>	<u>4.74 %</u>	<u>4.39 %</u>	<u>3.69%</u>	<u>3.34%</u>
Combined benefit/(loss) per share	<u>0.13 %</u>	<u>(9.33%)</u>	<u>(10.05%)</u>	<u>25.21%</u>	<u>5.06%</u>

**Notes**

Note 1 Earnings per share are based on the average number of shares on issue during the period.

Note 2 Dividends paid or provided for during the year

Note 3 At 30 June, based on net assets as shown in the Accounts. Franking credits carried forward (2010: \$26,168) and income tax benefits are not included.

Note 4 The dividend rate is based on dividends paid and provided on Ordinary shares divided by the value of shares at the end of the previous year.

# ***AUGUST INVESTMENTS PTY LTD***

## ***ASSETS, LISTING ALL INVESTMENTS As AT 30th JUNE 2009***

	2010	2009
	\$	\$
<b>CURRENT ASSETS</b>		
<u>Bank Accounts</u>		
CommSec	30,224	-
Bendigo Bank	1,366	1,672
Maleny Credit Union	25,121	13,518
MLC Cash Management	-	346
	<u>56,711</u>	<u>15,536</u>
<u>Current Assets</u>		
Accrued Income	<u>1,425</u>	<u>968</u>
	58,136	968
<b>PROPERTY PLANT &amp; EQUIPMENT</b>		
Plant and Equipment - Depreciated	1,018	684
<b>INVESTMENTS</b>		
<u>Unsecured Term Deposits</u>		
Latrobe Term Mortgage Fund	40,000	50,000
Maleny Credit Union	60,000	30,000
Westlawn Finance	<u>60,000</u>	<u>50,000</u>
	160,000	130,000
<u>Trust Investments</u>		
Australian Ethical Investment Trust	2,116	2,027
Investa Diversified Office Fund	17,890	17,287
Westlawn Property Trust	<u>44,160</u>	<u>44,160</u>
	64,166	63,519
<u>Unlisted Shares</u>		
CSV Sustainable Investments	14,029	13,784
Fodder King	360	800
Hepburn Wind	10,000	-
Maleny Credit Union	30,000	30,000
Paritech	9,500	9,500
Permo-Drive	<u>1,500</u>	<u>1,500</u>
	65,389	55,584

*Continued over...*

**AUGUST INVESTMENTS PTY LTD**  
**ASSETS (LISTING ALL INVESTMENTS) (CONTINUED)**

INVESTMENTS (continued)

	2010	2009
	\$	\$
<u>Listed Shares</u>		
Ammtec	23,528	27,300
Arrow Energy	-	24,850
Australian Ethical Investments	32,550	39,336
Beach Petroleum	6,900	7,900
Bendigo Bank	26,176	23,978
Bow Energy	7,875	-
CBD Energy	4,000	-
Ceramic Fuel Cells	20,150	44,200
CO2 Group	-	2,550
Dyesol Ltd	17,243	19,913
Eastern Star Gas	7,425	7,200
Eden Energy	-	990
Energy Developments	10,163	8,400
Geodynamics	12,840	28,989
Hot Rocks	-	5,500
Hydromet Corporation	-	9,070
Infigen Energy	5,004	8,050
Kuth Energy	-	3,360
Lynas Corp	7,630	-
Origin Energy	23,157	38,796
Pannax Geothermal	3,251	5,600
Petrotherm	5,437	-
Revetec	-	140
TFS Corp	28,383	31,860
Trans-Pacific Industries	-	12,600
<u>Willmott Forests</u>	<u>15,680</u>	<u>-</u>
	257,392	350,551
<u>Forestry Contracts</u>		
Great Southern Plantations	2,640	2,640
Macquarie Forestry	14,150	14,150
Timbercorp Eucalyptus	-	4,500
TFS Sandalwood	<u>11,750</u>	<u>-</u>
	28,570	21,290
<b>TOTAL INVESTMENTS</b>	<b><u>575,517</u></b>	<b><u>620,944</u></b>
<b>TOTAL ASSETS</b>	<b><u>634,671</u></b>	<b><u>638,132</u></b>
	=====	=====

Further details are in the attached financial statements.

**AUGUST INVESTMENTS PTY LTD**  
*A.C.N. 002 106 603*  
**DIRECTORS' REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2010**

Your directors present their report on the company for the financial year Ended 30 June 2010. The names of the directors in office at any time during or since the end of the year are:

Damien Lynch  
Elliot Hayman – resigned 11 Feb. 2010  
Victor Dolmark  
Thomas Goodman

Directors have been in office since the start of the financial year to the date of this report, except as shown..

**Activities**

The profit/loss of the company for the financial year amounted to a profit of \$10, 894 (2009: loss of \$71,404). The Operating profit/loss of the company net of investment capital related and extraordinary Items was a profit of \$12,582 (2009: profit of \$14,082). The following financial statements have not been audited, in accordance with shareholder resolution of 19 December 2002. The company's Audit Committee has examined these accounts and has confirmed them to be true and fair, as outlined on page 18.

The principal activity of the company during the financial year was the investment in environmentally positive shares and securities.

No significant changes in the company's state of affairs occurred during the financial year. No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the company, the results of those operations, or the state of affairs of the company in future financial years. No new developments have occurred in the affairs of the company which would have a significant impact on the company.

The company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory.

An interim dividend for the year of \$11,268 (\$4.00 per Ordinary) was paid on 1 June 2010 (2009: \$5 per share - \$13,915) and a final dividend of \$11,268 (\$4.00 per Ordinary Share) was provided for to be paid on 1 December 2010 (2009: \$5 per share - \$13,915).

Details of options over issued shares or interests in the company granted during or since the end of the financial year and outstanding at the date of this report are set below.

No indemnities have been given or insurance premiums paid, during or since the end of the financial year, for any person who is or has been an officer or auditors of the company.

No person has applied for leave of Court to bring 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 part of those proceedings. The company was not a party to such proceedings during the year.



**AUGUST INVESTMENTS PTY LIMITED**  
**ACN. 002 106 603**  
**DIRECTORS REPORT - YEAR ENDED 30 JUNE 2010**

**Directors Information**

Directors' remuneration during the last two years were:

	2009/10		2008/09	
	Fees	Shares to Value of	Fees	Shares to Value of
	\$	\$	\$	\$
Damien Lynch (Managing Director)	5,000	-	5,000	-
Elliot Hayman	-	-	-	-
Victor Dolmark	-	-	-	-
Thomas Goodman	-	-	-	-
	<u>5,000</u>	<u>-</u>	<u>5,000</u>	<u>-</u>

Directors of the company held the following shares and options (at current value to directors) to purchase shares in the company on 30<sup>th</sup> June:

	No of Shares	Options Number	Options* Value
Damien Lynch	432	30	0
Elliot Hayman	10	20	0
Victor Dolmark	26	20	0
Thomas Goodman	<u>370</u>	<u>20</u>	<u>0</u>
	838	90	0

*\* The value of the above options is based on the value of current shares in the company (\$210.01 per share) derived from these accounts, less the exercise price of each option where the exercise price is less than that share value. Further details of these options are set out below.*

Directors of the company attended meetings of the company during the 2009/2010 year as follows:

<u>Name of Director</u>	<u>Meetings Entitled to Attend</u>	<u>Meetings Attended</u>
Damien Lynch	6	6
Elliot Hayman	3	1
Victor Dolmark	5	5
Thomas Goodman	6	6

**AUGUST INVESTMENTS PTY LIMITED**  
*ACN. 002 106 603*  
**DIRECTORS REPORT - YEAR ENDED 30 JUNE 2010**

**Options Information**

There are 110 options unexpired at the end of the financial year. These options were issued to directors and contractors of the company; 50 to directors to purchase shares at \$280 expiring on 30/11/11 and 60 (40 to directors and 20 to contractors) to purchase shares at \$255 expiring on 30/11/14.

**Top 10 Shareholders**

The ten shareholders having the largest number of shares in the company on 30<sup>th</sup> June are:

<u>Name</u>	<u>Total Shares Held</u>
D J Lynch	432
D W Pearson	385
T Goodman	370
Estate K Goodman	294
E & B Thompson	178
I R Hayman	188
O Santa Clause	108
V Hayman	111
N Iceton	106
S Fletcher	<u>91</u>
	<u>2,263</u>
Total Shares on issue:	<u>2,817</u>

Signed in accordance with a resolution of the Board of Directors:

Thomas Goodman (Chairman)

Victor Dolmark (Director)

Dated: 16 September 2010

**AUGUST INVESTMENTS PTY LTD**  
ACN. 002 106 603  
**PROFIT & LOSS**  
**FOR THE YEAR ENDED 30 JUNE 2010**

	Note	2010 \$	2009 \$
Sales revenue	2	24,631	30,716
Profit from investments	2	<u>45,894</u>	<u>79,459</u>
<b>Total Revenue</b>		70,525	110,175
Administration expenses		6776	7,004
Borrowing costs expense		318	198
Depreciation		613	381
Management costs		5,000	5,000
Forestry contract expenses		(658)	1,692
Losses on investments	3	<u>41,878</u>	<u>165,024</u>
<b>Total Expenses</b>		53,927	179,299
Profit (Loss) from ordinary activities before income tax expense		16,598	(69,124)
Income tax benefit / (expense) relating to ordinary activities	5	<u>(5,704)</u>	<u>(2,280)</u>
<b>Net profit (Loss) from ordinary activities after income tax attributable to members of the company</b>		<b>10,894</b>	<b>(71,404)</b>

The accompanying notes form part of these financial statements.

**AUGUST INVESTMENTS PTY LTD**

ACN. 002 106 607

**BALANCE SHEET****As at 30 June 2010**

	Note	2010 \$	2009 \$
<b>CURRENT ASSETS</b>			
Cash assets		56,711	15,536
Accrued income		<u>1,425</u>	<u>968</u>
<b>TOTAL CURRENT ASSETS</b>		<b>58,136</b>	<b>15,504</b>
<b>INVESTMENTS</b>			
		575,517	620,944
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		1,018	684
Other		<u>-</u>	<u>-</u>
<b>TOTAL NON-CURRENT ASSETS</b>		<b>1,018</b>	<b>684</b>
<b>TOTAL ASSETS</b>			
		<u>634,671</u>	<u>638,132</u>
<b>CURRENT LIABILITIES</b>			
Payables		(699)	-
Provision for dividend	6	11,268	13,915
Shareholder current accounts		15,649	16,808
Sundry creditors and accruals		-	(278)
Tax liabilities	7	<u>5,525</u>	<u>1,787</u>
<b>TOTAL CURRENT LIABILITIES</b>		<b>31,743</b>	<b>32,232</b>
<b>NON-CURRENT LIABILITIES</b>			
		-	-
<b>TOTAL NON-CURRENT LIABILITIES</b>			
		<u>-</u>	<u>-</u>
<b>TOTAL LIABILITIES</b>			
		<u>31,743</u>	<u>32,232</u>
<b>NET ASSETS</b>			
		<b><u>602,928</u></b>	<b><u>605,900</u></b>
<b>EQUITY</b>			
Contributed Equity	8	502,270	493,600
Reserves	9	(25,575)	(14,450)
Retained profits	10	<u>126,233</u>	<u>126,750</u>
<b>TOTAL EQUITY</b>		<b><u>602,928</u></b>	<b><u>605,900</u></b>

The accompanying notes form part of these financial statements.

**AUGUST INVESTMENTS PTY LTD**  
ACN. 002 106 603  
**STATEMENT OF CHANGES IN EQUITY**  
**AS AT 30 JUNE 2010**

	Notes	Share Capital \$	Reserves \$	Retained Profits \$	Total \$
<b>Year 2009/2010</b>					
<b>Opening balances at 1 July 2009</b>		493,600	(14,450)	126,750	605,900
Shares issued	8	8,670			8,670
Profit/(loss) for year				10,894	10,894
Reserve transfers (unrealised profits)	9		(11,125)	11,125	-
Dividends paid/provided for				(22,536)	(22,536)
<b>Closing balances 30 June 2010</b>		<u>502,270</u>	<u>(25,575)</u>	<u>126,233</u>	<u>602,928</u>

The accompanying notes form part of these financial statements.

**AUGUST INVESTMENTS PTY LTD**

ACN. 002 106 603

**CASH FLOW STATEMENT****As At 30 June 2010**

	Note	2010 \$	2009 \$
<b>Cash Flows from Operating Activities</b>			
Dividends received		11,799	12,795
Interest received		8,688	13,453
Distributions received		2,721	1,246
Gain/(loss) on investments		-	(22,119)
Payments to suppliers		(11,436)	(12,549)
Income tax paid		<u>(1,966)</u>	<u>(1,187)</u>
Net cash provided by operating activities	11	9,804	(8,362)
<b>Cash Flows from Investing Activities</b>			
Payment for property, plant and equipment		(946)	(485)
Gain/(Loss) on investments		103,698	-
Decrease/(Increase) in Investments		<u>(23,652)</u>	<u>-</u>
Net cash provided by/ (used in) investing activities		79,100	(485)
<b>Cash Flows from Financing Activities</b>			
Proceeds from share issues		8,670	-
Proceeds from borrowings		9,035	(11,957)
Repayment of borrowings		(10,251)	11,802
Dividends paid		<u>(25,183)</u>	<u>(21,439)</u>
Net cash used in financing activities		(17,729)	(21,594)
<b>Net Increase/(Decrease) In Cash Held</b>		<b>71,175</b>	<b>(30,441)</b>
<b>Cash at Beginning of the Financial Year</b>		<b><u>145,536</u></b>	<b><u>175,977</u></b>
<b>Cash at the End of the Financial Year</b>	11	<b><u>216,711</u></b>	<b><u>145,536</u></b>

The accompanying notes form part of these financial statements.

**AUGUST INVESTMENTS PTY LIMITED**

**ACN. 002 106 603**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010**

**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES**

The financial report is a general purpose financial report as the directors have determined that the company is a reporting entity.

The financial report has been prepared in accordance with applicable Accounting Standards, Urgent Issues Group Consensus Views and other authoritative pronouncements of the Australian Accounting Standards Board.

The financial report is that of August Investments Pty Limited as an individual entity. August Investments Pty Limited is a company limited by shares, incorporated and domiciled in Australia.

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.

The following is a summary of the material accounting policies adopted by the company in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

**a. Income Tax**

The company adopts the liability method of tax-effect accounting whereby the income tax expense is based on the profit from ordinary activities adjusted for any permanent differences.

Timing differences, which arise due to the different accounting periods in which items of revenue and expense are included in the determination of accounting profit and taxable income, are brought to account as either a provision for deferred income tax or as a future income tax benefit at the rate of income tax applicable to the period in which the benefit will be received or the liability will become payable.

Future income tax benefits are not brought to account unless realisation of the asset is assured beyond any reasonable doubt. Future income tax benefits in relation to tax losses are not brought to account unless there is virtual certainty of realisation of the benefit.

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 tax legislation and the anticipation that the company will derive sufficient future assessable income and comply with the conditions of deductibility imposed by the law.

**b. Property, Plant and Equipment and Other Non Current Assets**

Each class of property, plant and equipment is carried at cost, less any accumulated depreciation.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from those assets. The recoverable amount is assessed on the basis of the expected net cash flows which will be received from the assets employment and subsequent disposal. The expected net cash flows have not been discounted to present values in determining the recoverable amounts.

The depreciable amount of all fixed assets are depreciated on a straight line basis over their useful lives to the company commencing from the time the asset is held ready for use.

The depreciation rates used for each class of depreciable assets are:

Class of Asset	Depreciation Rate
Plant and equipment	16% to 33%

**AUGUST INVESTMENTS PTY LIMITED**  
**ACN. 002 106 603**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010**

**c. Investments**

Investments are shown separately in the Statement of Financial Position on the basis they may be held either for the short or long term. Investments are measured on a market value basis, except that woodlot contracts are valued as follows: contracts Great southern Plantations are valued at 25 % of the most recent valuation received from the company and Macquarie Eucalypt and TFS Sandalwood Projects are valued at initial cost.

Unrealised capital profits (losses) on these investments are transferred to the Unrealised Profits Reserve. Tax effect accounting is not applied.

The carrying value of investments is reviewed annually by directors to ensure it is not in excess of the recoverable amount of these investments.

The recoverable amount is assessed from the quoted market value for shares in listed companies and for non-listed shares whichever is the most recent of either 90% of the most recent issue price of shares by the relevant company or the most recent price at which such shares were traded. The expected net cash flows from investments have not been discounted to their present value in determining the recoverable amounts.

**d. Revenue**

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Dividend revenue is recognised when the right to receive a dividend has been established. Dividends received from associates would be accounted for in accordance with the equity method of accounting.

Fees for the rendering of a service are recognised upon the delivery of the service.

All revenue is stated net of the amount of goods and services tax (GST).

Capital gains on the sale of investments are recognised at the time of disposal.

Net gains from the revaluation of investments are recognised on the basis set out in note 1c above.

<b>NOTE 2: REVENUE</b>	<b>Note</b>	<b>2010</b>	<b>2009</b>
		<b>\$</b>	<b>\$</b>
Operating activities			
- Dividends from other corporations – franked		11,350	12,794
- Dividends from other corporations – unfranked		449	-
- Interest from other persons		9,919	13,453
- Trust Distributions		<u>2,913</u>	<u>4,469</u>
Sales Revenue		24,631	30,716
- Capital gain/profit on the sale of investments		61,652	79,459
- Revaluation gains on investments		(24344)	
- Forestry Contract distributions		<u>8,586</u>	
Capital items income		45,894	<u>79,459</u>
Total Revenue from ordinary activities		<u>70,525</u>	<u>110,175</u>



**AUGUST INVESTMENTS PTY LIMITED**  
**ACN. 002 106 603**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010**

**NOTE 3: EXPENSES**

Profit from ordinary activities before income tax Expense has been determined after the following items are included, but not separately shown on the face of the Statement of Financial Performance:

	<b>Note</b>	<b>2010</b>	<b>2009</b>
		\$	\$
Capital loss on disposal of investments		37,213	68,772
Revaluation loss on investments		<u>4,665</u>	<u>96,252</u>
<b>Total Other expenses from ordinary Activities</b>		<u>41,878</u>	<u>165,024</u>

**Employee Entitlements**

The company had no permanent employees during the year

**NOTE 4: REMUNERATION AND RETIREMENT BENEFITS**

	<b>2010</b>	<b>2009</b>
	\$	\$

**a. Remuneration of Directors**

Remuneration received or receivable by all directors of the company from the company or any related party in connection with the management of the company	5,000	5,000
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The names of directors who have held office during the financial year:

Damien Lynch, Victor Dolmark, Elliot Hayman and Thomas Goodman

**Number of directors whose income from the entity or any related parties was within the following bands:**

\$0	3	3
\$1-\$9999	1	1

**b. Retirement Benefits**

Amounts paid to a superannuation plan for the provision of retirement benefits for any person:	-	-
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**AUGUST INVESTMENTS PTY LIMITED**  
**ACN. 002 106 603**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010**

	2010 \$	2009 \$
<b>NOTE 5: INCOME TAX EXPENSE</b>		
Prima facie tax payable on profit from ordinary activities before income tax at 30%	3,922	(21,704)
Add: Tax effect of:		
capital loss – accounting	-	(2805)
interest accrued (net)	(81)	95
imputation credits	1,459	1586
under/(over) provision for tax	97	-
revaluation of investments	8,703	30,491
Less: Tax effect of:		
forestry contracts	4,864	-
Tax deferred & other trust distributions	-	(8)
Total income Tax Expenses	<u>10,576</u>	<u>7,669</u>
Less Imputation credits	4825	5,284
- Tax credits from trusts	<u>8</u>	<u>7</u>
<b>Net Income Tax Expense 2009/10</b>	<b><u>5,704</u></b>	<b><u>2,377</u></b>
Balance of franking account at year end	26,168	30,123

**NOTE 6: DIVIDENDS**

Ordinary dividend paid and/or provided	22,536	27,830
----------------------------------------	--------	--------

**NOTE 7: TAX LIABILITIES**

Income Tax - current year	<u>5,703</u>	<u>2,280</u>
<b>Total Tax Liabilities (Benefit)</b>	5,703	2,280

**NOTE 8: CONTRIBUTED EQUITY**

**Movements in share capital - fully paid ordinary shares**

	Number of Shares	Amount \$
Closing Balance @ 30/6/2009	2,783	493,600
Opening Balance @ 1/7/2009	2,783	493,600
3 December 2009 – shares issued @ \$255	34	8,670
Closing Balance @ 30/6/2010	2,817	502,270

Average Capital for period: 2802.8 shares

**Options**

At 30 June 2010 there are 110 options unexpired. These options were issued to directors and contractors of the company; 50 to purchase shares at \$280 expiring on 30/11/11 and 60 (issued during the year) to purchase shares @255 expiring on 30/11/2014.

**AUGUST INVESTMENTS PTY LIMITED**

ACN. 002 106 603

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010**

	2010	2009
	\$	\$
<b>NOTE 9: RESERVES</b>		
<b>Unrealised profits reserve</b>		
Movements during the year		
Opening balance	49,242	118,014
Transfer to/(from) Profit & Loss:	<u>13,219</u>	<u>(68,772)</u>
Closing Balance	<u>62,461</u>	<u>49,242</u>
<b>Unrealised loss reserve</b>		
Movements during the year		
Opening balance	(63,692)	(30,827)
Transfer to/(from) Profit & Loss:	<u>(24,343)</u>	<u>(32,865)</u>
Closing Balance	<u>(88,036)</u>	<u>(63,692)</u>
<b>Total Reserves</b>	<b>(25,575)</b>	<b>(14,450)</b>

**NOTE 10: RETAINED PROFITS**

Retained profits (accumulated losses) at the beginning of the financial year	126,750	124,346
Net profit (loss) attributable to members of the Company	10,894	(71,404)
Transfer (to)/from unrealised profits reserve	9 (13,219)	68,772
Transfer (to)/from capital loss reserve	9 24,219	32,865
Dividends provided for and/or paid	6 (22,536)	(27,830)
<b>Retained profits (accumulated losses) at the end of the financial year</b>	<b>126,233</b>	<b>126,750</b>

**NOTE 11: CASH FLOW INFORMATION****Reconciliation of net profit/(loss) after tax to the cash flows from operations**

<b>Net Profit/(Loss)</b>	10,894
<b>Non-cash items:</b>	
Interest received	1,233
Distributions received	192
Payments to suppliers	(613)
Income tax paid	(3,735)
<b>Changes in assets and liabilities:</b>	
Debtors	457
Fixed assets	(1,159)
Other assets	(779)
GST payable	(421)
Provision for income tax	<u>3,737</u>
<b>Net cash from operating activities</b>	<b><u>9,804</u></b>

For the purpose of the cash flow statement, cash is made up of cash at bank, short term deposits and short term mortgage fund deposits.

**AUGUST INVESTMENTS PTY LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010**

	2010 \$	2009 \$
<b>NOTE 12: CAPITAL COMMITMENTS</b>		
	Nil	Nil
<b>NOTE 12: CONTINGENT LIABILITIES</b>		
	Nil	Nil

**NOTE 14: EVENTS SUBSEQUENT TO BALANCE DATE**

No matters have occurred since balance date that would be required to be reflected in these financial statements. However, it should be noted that the market values of investments may have varied between the valance date and the date of signing this financial report. Such variances, positive and negative, will be booked to the Statement of Financial Performance for the next year. The listed share investment in Willmott Forests is given at the market value of \$15,680. On 3/9 2010 that company was placed into receivership. This investment will be written off in the 2010/11 accounts.

**NOTE 15: RELATED PARTY TRANSACTIONS**

There were no related party transactions

**NOTE 16: COMPANY DETAILS**

The registered office of the company is: 81 Henry St, Penrith, NSW, 2750. The principal place of business is: 74 Northumberland Ave, Stanmore, NSW, 2048.

The principal activities of the company are investing in financial assets.

**AUGUST INVESTMENTS PTY LTD**  
*A.C.N. 002 106 603*  
**DIRECTORS DECLARATION**

The directors of August Investments Pty Limited have determined that the Company is a reporting entity and declare that:

1. the financial statements and notes, as set out on pages 8 to 11 are in accordance with the Corporations Act 2001,
  - comply with Accounting Standards and the Corporations Regulations 2001; and
  - give a true and fair view of the financial position of the Company at 30 June 2010 and of the performance for the year ended on that date.
2. 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.

This declaration is made in accordance with a resolution of the Board of Directors.

Thomas Goodman (Chairman)

Victor Dolmark (Director)

Dated:

**AUGUST INVESTMENTS PTY LTD**  
*A.C.N. 002 106 603*  
**AUDIT COMMITTEE REPORT**

We have examined the financial statements of August Investments Pty Ltd for the financial year ended 30 June 2010, questioned the company manager in relation to aspects of these statements and have examined documentation in relation to a selection of transactions underlying these statements. This examination is as authorised by the shareholders' resolution of 19 December 2002.

Based on the above examinations, it is our opinion that the financial statements of August Investments Pty Ltd gives a true and fair view of the company's financial position as at 30 June 2010 and of its performance for the year ended on that date.

This Report is signed in accordance with a resolution of the Audit Committee.

Thomas Goodman

Barry Thompson

Dated: