



AUGUST INVESTMENTS PTY LTD

ACN 002 106 603

ANNUAL REPORT

2016

AUGUST INVESTMENTS PTY LTD

ANNUAL REPORT - 2016

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AUGUST INVESTMENTS PTY LTD
A.C.N. 002 106 603
MANAGING DIRECTOR'S REPORT
FINANCIAL YEAR 2015/16

Three features stood out as noteworthy for the 2015/16 financial year: continuing high returns, increased interest from investors and our return to community based investments.

CONTINUING HIGH RETURNS

Overall yield to investors was 12.9% pa (8.9% capital growth and 4.2% dividend yield). This is the lowest return for three years, but still pleasing. Dividends paid increased from \$8.00 per share paid out during last year to \$11.00 paid for the current period. Further details are in the accounts and the summary information on page 4.

INCREASE IN INVESTMENT

After relatively slow growth in funds from investors for a number of years, this reversed during 2015/16.

Investments received from new and existing investors increased the number of shares on issue by 8.5%. Together with growth in the value of our portfolio, this pushed our net asset value over \$1M for the first time. This renewed interest was in part due to our new Share Transfer and Buyback Policy, which facilitates the redemption of shares and it has continued into the new financial year. The Trustees of the Estate of one of our largest shareholders were able to transfer their shares to new investors in a remarkably quick time, with only half the investors interested in purchasing these shares being successful. Directors will consider a Rights Issue later in the year to provide another opportunity to those investors who missed out.

COMMUNITY INVESTMENTS

August Investments started in 1981 with the aim of investing in a balanced portfolio with a small proportion to be invested in community projects. The balanced portfolio became the start of ethical investment in Australia, with our introduction of a positive screen being, as far as we know, a world first. Initially the community investments, based around Permaculture projects, were highly successful. However, over time, the community links dissipated and we made fewer such investments. Recent attempts to support community projects have been far from successful as investments. **Hepburn Community Wind Park** has been a success for the community, but investors have received no return and the Net Asset Value has slowly declined. Even our long term investment in **Maleny Credit Union** has been written down as the return has been cut to way below the level that could be expected for the risks involved.

Undaunted, a new wave of Community Solar projects have emerged and August Investments has taken small holdings (we would prefer larger holdings, but investment is limited) in **Repower Shoalhaven #3** based around Nowra, NSW and **Lismore Community Solar Farm (East)** in Northern NSW. The latter investment was finalised in early July this year. We are of the opinion that these projects are aware of past mistakes and should provide a reasonable return. Other such investments are on the radar.

A list of our portfolio investments can be found on [page 5](#). Ongoing news is posted on our [website](#) and on Twitter at @augustinvest.

Damien Lynch
Managing Director

AUGUST INVESTMENTS PTY LTD
ANNUAL REPORT - 2015/16

FINANCIAL SUMMARY

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

Year to 30 June	2016	2015	2014	2013	2012
	\$	\$	\$	\$	
Operating profit (before capital items)	16,377	10,766	13,076	11,185	9,475
Gross profit/(loss) before tax (note 1)	173,742	204,645	122,943	97,071	(52,922)
Less Tax paid	<u>(65,896)</u>	<u>(29,890)</u>	<u>(18,492)</u>	-	-
Profit/(loss) after tax	107,846	174,755	104,451	97,071	(52,922)
Net asset value	1,209,709	955,153	743,859	592,577	481,178

Notes

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

AUGUST INVESTMENTS PTY LTD
TOTAL SHAREHOLDER RETURN

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

Year to 30 June	2016	2015	2014	2013	2012
Net profit/(loss) per share (note 1)	\$28.70	\$49.94	\$33.10	\$32.75	(\$18.27)
Dividends per share (note 2)	\$11.00	\$4.00	\$8.00	\$8.00	\$9.00
Value per share (note 3)	\$286.73	\$263.71	\$216.68	\$193.24	\$166.15
Capital gain/(loss) per share	8.72%	21.70%	12.13%	16.30%	(14.43%)
Dividend yield (note 4)	<u>4.17%</u>	<u>1.85%</u>	<u>4.14%</u>	<u>4.81%</u>	<u>4.64%</u>
Total benefit/(loss) per share	<u>12.89%</u>	<u>23.55%</u>	<u>16.27%</u>	<u>21.11%</u>	<u>(9.29%)</u>

Notes

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

Note 2 Dividends paid or provided for during the year. In 2015 the practice of providing for the final dividend in the accounts was discontinued. The dividend declared was \$5.00 per share.

Note 3 At 30 June, based on net assets as shown in the Accounts divided by the number of shares (see Note 10 to the attached Annual Accounts). Franking credits 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**LIST OF INVESTMENTS
As at 30 June 2016**

	2016	2015
	\$	\$
INTEREST BEARING DEPOSITS		
Bendigo Bank	15,000	30,000
ING Bank	80,000	26,050
ME Bank	125,000	50,000
Bendigo Bank Red. Pref. Notes	47,750	29,100
NAB Floating Preference Notes	81,953	-
RateSetter peer-to-peer lending	<u>30,020</u>	<u>-</u>
	379,723	135,150
TRUST INVESTMENTS		
Australian Unity Office Property Fund	14,226	12,523
La Trobe Term Mortgages	56,000	28,000
Trilogy Income Fund	30,000	40,000
Westlawn Property Trust	<u>26,240</u>	<u>20,800</u>
	126,466	101,323
LISTED SHARES		
Australian Ethical Investments	55,906	35,280
Aconex Ltd	17,175	-
Bellamy's Australia	14,294	-
Bendigo & Adelaide Bank	17,088	24,520
Blackmores	53,870	48,926
Beacon Lighting	11,560	27,000
Carnegie Wave Energy	12,270	4,050
Capilano Honey	10,626	69,120
Genex Power	18,135	-
Hansen Technologies	35,948	34,856
Infigen Energy Stapled	23,115	21,440
Ingenia Communities	17,220	-
JB Hi-Fi	-	38,960
Mobile Embrace	13,725	22,785
Meridian Energy	40,338	22,420
My Net Fone	27,200	29,414
Mighty River Power	41,760	27,500
Redflow Ltd	13,878	13,440
Select Harvest	35,115	14,740
Touchcorp	33,486	13,727
TFS Corporation	17,202	19,581
Tassal Group	-	37,962
Technology One	12,925	21,170
TPG Telecom	27,156	45,747
Vmoto Ltd	-	12,150
Vitaco Holdings	23,587	-
Vocus Communications (/ Amcom Telecom)	20,048	13,260
Other	<u>34,731</u>	<u>25,635</u>
	628,417	637,873
COMMUNITY INVESTMENTS		
Hepburn Wind	8,314	8,480
Maleny Credit Union (Investment Shares)	20,100	30,000
Repower Shoalhaven #3	<u>7,175</u>	<u>-</u>
	35,589	38,480
FORESTRY CONTRACTS		
Macquarie Forestry and Land	5,717	14,172
TFS Sandalwood	<u>11,750</u>	<u>11,750</u>
	17,467	25,922
Total Investments	<u>1,187,662</u>	<u>928,748</u>

AUGUST INVESTMENTS PTY LTD
A.C.N. 002 106 603
DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2016

Your directors present their report on the company for the financial year Ended 30 June 2016. The names of the directors in office at any time during or since the end of the year are:

Thomas Goodman
Damien Lynch
Elliot Hayman

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 was a profit of \$107,846 (2015: \$174,755). The Operating profit/loss of the company net of investment related and extraordinary items was a profit of \$22,232 (2015: profit of \$10,766). 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 21](#).

The principal activity of the company during the financial year was 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.

A final dividend for the 2014/15 year of \$18,765 (\$5.00 per Ordinary Share) was paid on 1 December 2015 (2014: \$13,676 - \$4 per share) plus an interim dividend for the 2015/16 year of \$23,340 (\$6.00 per Ordinary Share) was paid on 1 June 2016 (2015: \$12,568 - \$4.00 per share).

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
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DIRECTORS REPORT - YEAR ENDED 30 JUNE 2016

Directors' shareholdings

Directors of the company and/or their immediate family held the following shares and options (at current value to directors) to purchase shares in the company on 30th June:

	Number of Shares	Number of Performance Rights	Estimated value of Performance Rights
			\$
Damien Lynch	784	8	2,058
Elliot Hayman	15	8	2,058
Thomas Goodman	<u>952</u>	<u>8</u>	<u>2,058</u>
	1,524	24	6,174

For details of Performance Rights, see the following Remuneration Report.

Directors' meetings

Directors of the company attended meetings of the company during the 2015/16 year as follows:

<u>Name of Director</u>	<u>Meetings Entitled to Attend</u>	<u>Meetings Attended</u>
Damien Lynch	8	8
Elliot Hayman	7	7
Thomas Goodman	8	8

Options Information

No options were issued during the year and there are no outstanding options.

REMUNERATION REPORT
FOR THE YEAR ENDED 30 JUNE 2016

The company's Managing Director is entitled to receive an annual fee of \$6,000, but may elect not to draw down the full amount.

No retirement benefits for directors were paid or provided for.

Continued over

AUGUST INVESTMENTS PTY LTD
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REMUNERATION REPORT
FOR THE YEAR ENDED 30 JUNE 2016
(CONTINUED)

Directors do not receive cash payments. However, they are remunerated from time to time by the issue of Performance Rights to be granted shares at a future date as approved by shareholders.

Directors' remuneration paid or granted during the last two years were:

	2015/16			Fees	2014/15	
	Wages & Super	Share Based Payments*	Total		Share Based Payments*	Total
	\$	\$	\$	\$	\$	\$
Damien Lynch (Managing Director)	5,475	957	6,432	4,380	463	4,843
Elliot Hayman	-	957	957	-	463	463
Thomas Goodman	-	957	957	-	463	463
	5,475	2,871	8,346	4,380	1,389	5,769

**The Share Based payments above relate to the issue of Performance Rights to Directors as set out below, including the estimated accrued future value of such Rights.*

Details of Performance Rights on issue to directors, including those issued during the current period, are as follows:

Vesting Date	Number Granted	Vesting Price	Estimated Probability of Vesting	Estimated Current Value	Current Accrual
30/6/2017	12	\$215.00	99%	\$3,201	\$1,287
30/8/2019	<u>12</u>	\$240.00	86%	<u>\$2,973</u>	<u>\$1,584</u>
	<u>24</u>			<u>\$6,174</u>	<u>\$2,871</u>

No Performance Rights vested during the current period

The Directors' Report and the Remuneration Report were signed in accordance with a resolution of the Board of Directors:

Thomas Goodman (Chairman) Elliot Hayman (Director)

Dated 26 September 2016

AUGUST INVESTMENTS PTY LTD
ACN. 002 106 603
PROFIT & LOSS
FOR THE YEAR ENDED 30 JUNE 2016

	Note	2016 \$	2015 \$
Interest/dividend revenue	2	38,608	30,984
Gain from investments	2	<u>186,779</u>	<u>237,306</u>
Total Revenue		225,387	268,290
Administration expenses		4,191	6,569
Brokerage fees		2,157	1,727
Depreciation		-	-
Directors' fees and entitlements	6	2,872	5,882
Managers remuneration		5,475	4,380
Forestry contract expenses		1,605	1,498
Interest paid		77	162
Losses on investments	3	<u>35,268</u>	<u>43,427</u>
Total Expenses		<u>51,645</u>	<u>63,645</u>
Profit (Loss) from ordinary activities before income tax expense		173,742	204,645
Income tax benefit / (expense) relating to ordinary activities	4	<u>(65,896)</u>	<u>(29,890)</u>
Net profit (Loss) from ordinary activities after income tax attributable to members of the company	11	<u>107,846</u>	<u>174,755</u>
<i>Earnings per shares</i>		\$28.70	\$49.94

The accompanying notes form part of these financial statements.

AUGUST INVESTMENTS PTY LTD

ACN. 002 106 603

BALANCE SHEET**As at 30 June 2016**

	Note	2016 \$	2015 \$
CURRENT ASSETS			
Cash assets	11	91,190	53,274
Accrued income		2,731	2,186
Other		<u>5,162</u>	<u>152</u>
TOTAL CURRENT ASSETS		99,083	55,981
NON-CURRENT ASSETS			
INVESTMENTS		1,187,662	938,748
OTHER NON-CURRENT ASSETS			
Property, plant and equipment		-	-
Other		<u>-</u>	<u>-</u>
TOTAL NON-CURRENT ASSETS		1,187,662	938,748
TOTAL ASSETS		<u>1,286,745</u>	<u>994,729</u>
CURRENT LIABILITIES			
Payables		373	3,469
Shareholder current accounts		4,132	7032
Provision for directors' entitlements	6	6,174	-
Tax liabilities	5	<u>65,061</u>	<u>29,075</u>
TOTAL CURRENT LIABILITIES		75,740	39,576
NON-CURRENT LIABILITIES			
Creditors		<u>1,296</u>	<u>-</u>
TOTAL NON-CURRENT LIABILITIES		1,296	-
TOTAL LIABILITIES		<u>77,035</u>	<u>39,576</u>
NET ASSETS		<u>1,209,709</u>	<u>955,153</u>
EQUITY			
Share Capital	6	871,610	682,795
Reserves	7	72,439	132,862
Retained profits		<u>265,660</u>	<u>139,496</u>
TOTAL EQUITY		<u>1,209,709</u>	<u>955,153</u>
<i>Net Tangible Assets per share</i>		\$286.73	\$263.71

The accompanying notes form part of these financial statements.

AUGUST INVESTMENTS PTY LTD

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CASH FLOW STATEMENT**AS AT 30 JUNE 2016**

	Note	2016 \$	2015 \$
Cash Flows from Operating Activities			
Dividends received		20,656	17,270
Distributions received		12,981	10,126
Interest received		3,611	5,157
Payments to suppliers		(13,426)	(13,848)
Income tax paid		<u>1,599</u>	<u>(18,271)</u>
Net cash provided by operating activities	11	25,421	434
Cash Flows from Investing Activities			
Decrease/I(Increase) in debtors		(4,434)	15,467
Decrease/I(Increase) in Creditors		1,296	(88)
Payment for property, plant and equipment		-	-
Capital Gain on investments		108,377	81,487
Capital Loss on investments		(22,552)	
Decrease/I(Increase) in Investments held		<u>(213,923)</u>	<u>(80,864)</u>
Net cash provided by/ (used in) investing activities		(131,236)	(14,932)
Cash Flows from Financing Activities			
Proceeds from share issues		176,796	41,145
Movements in borrowings		(6,981)	(678)
Dividends paid		<u>(26,084)</u>	<u>(9,114)</u>
Net cash used in financing activities		<u>143,730</u>	<u>31,353</u>
Net Increase/(Decrease) In Cash Held		37,916	16,855
Cash at Beginning of the Financial Year		<u>53,274</u>	<u>36,419</u>
Cash at the End of the Financial Year	11	<u>91,189</u>	<u>53,274</u>

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 2016

	Notes	Share Capital \$	Reserves \$	Retained Profits \$	Total \$
Year 2014/15					
Opening balances at 1 July 2014		631,920	19,842	92,097	743,859
Shares issued	6	50,875			50,875
Profit/(loss) for year				174,755	174,755
Reserve transfers (unrealised profit/loss) 7			113,020	(113,020)	-
Dividends paid/provided for				(14,336)	(14,336)
Closing balances 30 June 2015		<u>682,795</u>	<u>132,862</u>	<u>139,496</u>	<u>955,153</u>
Year 2015/16					
Opening balances at 1 July 2015		682,795	132,862	139,496	955,153
Shares issued	6	188,815			188,815
Profit/(loss) for year				107,846	107,846
Reserve transfers (unrealised profit/loss) 7			(60,423)	60,423	-
Dividends paid/provided for				(42,105)	(42,105)
Closing balances 30 June 2016		<u>871,610</u>	<u>72,439</u>	<u>265,660</u>	<u>1,209,709</u>

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 2016

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial report is a special 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 Ltd 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 investments and 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%

No value is attributed to the August Investments name or the August Investments business.

AUGUST INVESTMENTS PTY LIMITED

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

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 with Macquarie Eucalypt and TFS Sandalwood Projects are valued at initial cost. It is noted that there is some risk to the value of forestry assets based upon the current state of the market for woodchip, ongoing housing markets and the high Australian dollar.

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 less of 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, except that Hepburn Community Wind Co-Op is valued at the most recent net tangible asset value per unit, Maleny Credit Union Investment Shares which have been devalued by 33% to reflect the reduced income on these shares and Repower Shoalhaven #3 shares and loan are valued at cost. 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.

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.

e. Ordinary shares

The company currently has only Ordinary shares on issue. These all rank equally, providing dividends to shareholders, one vote per share at shareholder meetings of the company and a equal right to the assets of the company in the event of winding up.

In arriving at an asset value for each Ordinary share in the company, the company provides a value based on the actual number of shares of issue (the Base Value) and an adjusted value based on the probable dilutive effect of Performance Rights to directors being exercised at future times (the Diluted Value). This adjustment takes into account the number of Performance Rights to be vested, the time to vesting and the probability that vesting will occur.

f. Comparative figures

When required, comparative figures have been adjusted to conform with changes in presentation for the current financial period.

AUGUST INVESTMENTS PTY LIMITED

ACN. 002 106 603

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**NOTE 2: REVENUE**

	2016	2015
	\$	\$
Operating activities		
- Dividends received	20,372	18,086
- Interest received	13,532	9,577
- Trust Distributions	<u>3,604</u>	<u>3,321</u>
Operating income	38,608	30,984
- Capital gain/profit on the sale of investments	233,606	151,660
- Revaluation gains on investments	(47,707)	85,434
- Forestry Contract distributions	<u>880</u>	<u>212</u>
Capital items income	<u>186,779</u>	<u>237,306</u>
Total Revenue from ordinary activities	<u>225,387</u>	<u>268,290</u>

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:

	2016	2015
	\$	\$
Investment related expenses		
Capital loss on disposal of investments	22,551	49,342
Revaluation loss on investments	<u>12,716</u>	<u>(5,915)</u>
	<u>36,267</u>	<u>43,427</u>

Employee Entitlements

The company had no permanent employees during the year.

Details of directors' entitlements are shown in Note 6.

AUGUST INVESTMENTS PTY LIMITED
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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

NOTE 4: INCOME TAX EXPENSE

	2016 \$	2015 \$
Prima facie tax payable on profit from ordinary activities before income tax at 30%	52,123	61,394
Add Tax effect of:		
Capital losses – accounting interest accrued (net)	-	-
Imputation credits	(162)	337
Revaluation of investments	1,612	1,531
	18,127	(27,405)
Less: Tax effect of:		
forestry contracts	-	-
Tax deferred & other trust distributions	<u>429</u>	<u>863</u>
Total Income Tax expense	71,269	34,993
Less Imputation credits	5,372	5,103
Net Income Tax Expense	<u>65,897</u>	<u>29,890</u>

There were no tax related Capital losses to be carried forward (2015: zero).

Balance of imputation credits at 30 June	29,021	12,608
Current Year provision for Income tax	65,061	29,075
Total available imputation credits	<u>94,082</u>	<u>41,693</u>

NOTE 5: TAX LIABILITIES

Income Tax - current year	25,897	29,890
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AUGUST INVESTMENTS PTY LIMITED
ACN. 002 106 603
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

NOTE 6: CONTRIBUTED EQUITY

Movements in share capital - fully paid ordinary shares

	Number of Shares	Amount \$
Opening Balance @ 1/7/2014	3,419	631,920
Shares issued during year at average of \$241.14 p.s.	<u>203</u>	<u>50,875</u>
Closing Balance @ 30/6/2015	3,622	682,795
Opening Balance @ 1/7/2015	3,622	682,795
Shares issued during year at average of \$316.27 p.s.	<u>597</u>	<u>188,815</u>
Closing Balance @ 30/6/2016	4,219	871,610

Performance Rights

Performance rights are issued to directors of the company in lieu of other payment. The following conditions must be met for performance rights to be exercised:

- a. The growth in the share price of August Investments, adjusted for dividend, franking and tax amounts paid, shall be greater than the growth in unitholder value for the IREES Wholesale Unit Trust Growth Index over a period the vesting date.
- b. A director must have been in such office for at least 12 months during the life of the Performance Right and must have attended at least 75% of the company meeting they are required to attend.

During the year no performance rights were vested or expired.

At 30 June 2016 the following Performance Right authorised by shareholders are yet to be vested:

Vesting Date	Number Granted	Vesting Price	Estimated Probability of Vesting	Estimated Current Value
30/6/2017	12	\$215.00	99%	\$3,201
30/8/2019	<u>12</u>	\$240.00	86%	<u>\$2,973</u>
	<u>24</u>			<u>\$6,174</u>

NOTE 7: RESERVES

	2016 \$	2015 \$
Unrealised profits reserve		
Opening balance	158,690	27,056
Transfer to/(from) Profit & Loss:	<u>(47,707)</u>	<u>131,634</u>
Closing Balance	<u>110,983</u>	<u>158,690</u>
Unrealised loss reserve		
Opening balance	(25,828)	(7,214)
Transfer to/(from) Profit & Loss:	<u>(12,716)</u>	<u>(18,614)</u>
Closing Balance	<u>(38,544)</u>	<u>(25,828)</u>
Total Reserves	<u>72,439</u>	<u>132,862</u>

AUGUST INVESTMENTS PTY LIMITED
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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

NOTE 8: DIVIDENDS

	Dollars per share	Total amount \$	Date of payment
2014/15			
Interim dividend 2014/15	4.00	14,336	1/6/2015

Up till the 2014/15 the final dividend was provided for in the accounts in the year to which it related. In line with revised general practice, this was discontinued for the 2014/15 year. Hence, only one dividend payment is shown though a final dividend from the 2013/14 year of \$4.00 per share was paid on 1/12/2014.

2015/16

Final dividend 2014/15	5.00	18,765	1/12/2015
Interim dividend 2015/16	6.00	<u>23,340</u>	1/06/2016
Total 2015/16		41,105	

All dividends declared are fully franked. Franking Credit details are shown in Note 4. Shareholders may elect to have their dividends reinvested in new shares in the company.

NOTE 9: EARNINGS PER SHARE

	2015	2014
Profit attributed to shareholders	\$107,846	\$174,755
Weighted average number of shares on issue during the year (Number)	<u>3,757.8</u>	<u>3,499.5</u>
Earnings/(loss) per Ordinary share	\$28.70	\$49.94

NOTE 10: NET TANGIBLE ASSETS PER SHARE

Net Tangible Assets	\$1,209,709	\$955,153
Number of shares on issue @ 30/6/15	4,219	3,622
Basic Net Tangible Assets per share	\$286.73	\$263.71
Diluted Net Tangible Assets per share	N/A*	N/A*

**From the 2014/15 financial year directors' entitlements based on the estimated future value of Performance Rights are included in the accounts so that their dilutive effect is not treated separately.*

The company has no intangible assets, therefore net assets and net tangible assets are the same.

AUGUST INVESTMENTS PTY LIMITED

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**NOTE 11: CASH FLOW INFORMATION****Reconciliation of net profit/(loss) after tax to the cash flows from operations**

	2016	2015
	\$	\$
Net Profit/(Loss)	107,846	174,756
Non-cash items:		
Dividends received	(815)	(815)
Distributions received	7	549
Interest received	(552)	1,834
Interest paid	-	162
Directors' remuneration	-	5,882
Depreciation	-	-
Income tax paid	67,496	11,619
Other		114
Changes in investments included in profit/loss:		
Capital Gains/(Losses) on investments	(211,054)	(102,318)
Revaluation/(Write Down) of investments	60,424	(91,350)
Forestry investment treated as expense	<u>(880)</u>	<u>-</u>
Net cash from operating activities	<u>25,421</u>	<u>434</u>

NOTE 12: CAPITAL COMMITMENTS

Nil Nil

NOTE 13: CONTINGENT LIABILITIES

Nil Nil

AUGUST INVESTMENTS PTY LIMITED

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

NOTE 14: EVENTS SUBSEQUENT TO BALANCE DATE

A final dividend of \$6.00 per share (estimated total amount: \$26,574) to be paid on 1 December 2016 was declared by directors after the balance date.

Apart from the above, 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 balance 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.

NOTE 15: RELATED PARTY TRANSACTIONS

Director Damien Lynch receives remuneration as Managing Director. There were no other 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: 21 Blaxland Rd, Wentworth Falls, 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 9 to 20 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 2016 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) Elliot Hayman (Director)

Dated 26 September 2016

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 2016, 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 give a true and fair view of the company's financial position as at 30 June 2016 and of its performance for the year ended on that date.

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

Claude Walker Barry Thompson

Dated: 21 July 2016

AUGUST INVESTMENTS PTY LTD
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ANNUAL REPORT
FOR THE YEAR ENDED 30 JUNE 2016

OTHER INFORMATION

Top 20 Shareholders

The twenty shareholders having the largest number of shares in the company on 30th June are:

<u>Name</u>	<u>Total Shares Held</u>
D J Lynch	631
Estate of D W Pearson	424
T Goodman	394
I R Hayman	352
S T & N Goodman	294
Arnon Pty Ltd	264
Nurturing Evolutionary Dev. Pty Ltd	241
O Santa Clause	203
E & B Thompson, trustees	178
Ferguson Retirement Fund Pty Ltd	155
D Lynch & M Gee	133
E Kubo	123
H Creamer	109
B&L McCallum	70
H Thompson & M Kenny trustees	61
Brindle Grange Pty Ltd trustee	46
S Amies	53
R Dawson	50
R Stephenson	40
A Gleeson	<u>35</u>
Shares held by top 20 shareholders:	<u>3,868</u>
Total Shares on issue:	4,219
Total number of shareholders	41

AUGUST INVESTMENTS PTY LTD
A.C.N. 002 106 603
ANNUAL REPORT

DIRECTORY

Registered Office: Level 1
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Penrith NSW 2750

Business Address: 21 Blaxland Road
Wentworth Falls NSW 2782

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Phone: 0428 650 601

Email: mail@augustinvestments.com.au

Web: www.augustinvestments.com.au

Directors: Thomas Goodman (Chairman)

Damien Lynch

Elliot Hayman

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