



***AUGUST INVESTMENTS PTY LTD***

ACN 002 106 603

***ANNUAL REPORT***

***2018***

# ***AUGUST INVESTMENTS PTY LTD***

## ***ANNUAL REPORT - 2018***

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**AUGUST INVESTMENTS PTY LTD**  
*A.C.N. 002 106 603*  
**MANAGING DIRECTOR'S REPORT**  
**FINANCIAL YEAR 2017/18**

The current year would have been an ordinary one, except for one thing – the decision to return capital to shareholders and wind up the company. There is some sadness in this, but it seems the correct decision as set in letters sent to shareholders during April this year.

Overall there was an increase in value to shareholders of 7.8 for the year, being dividends of 9.8% less a capital loss of 2.0%. This is somewhat below the average return over the last five years. The high dividend yield was, of course, partly due to the increased dividend of \$20 per share paid in June as a way to return funds to shareholders and utilise Franking Credits. Another large dividend of \$32 per share is planned for early December. After that actual returns of capital will be put to shareholders at the AGM.

### **Investments**

During the financial year a number of new investments were intimated. These include equities in **Class Ltd** (accounting software – ethically neutral), **Windlab Ltd** (wind-farm development and ownership - green) and reinvestment in **Energy Action** (energy management and monitoring consultancy – light green). We have bought back into *Energy Action* after selling out some years ago, as we saw an increase in value in the company as profits have increased and the share price has come down – a double improvement in value. Then, in the latter part of the year we started the gradual wind down of our equity investments in preparation to return capital to shareholders.

Since the end of the financial year we have invested in two new green investments which, though speculative, could provide a good return over the next twelve months or so. These are **Calix Ltd** (reinventing the kiln process to produce high purity, ultra fine materials at low cost; products such as magnesium hydroxide have environmental uses on top of the environmental benefits of the process.) and **Hazer Group Ltd** (developing a low-emission hydrogen & powdered graphite production process which is more cost effective and produces less carbon dioxide than current processes).

### **AGM**

The 2018 AGM will be held at West Pymble in Sydney on Saturday 8 December. Time will be put aside to discuss the possible returns of capital and wind-up of the company before any of the relevant motions are put to the meeting.

Damien Lynch  
Managing Director

**AUGUST INVESTMENTS PTY LTD**  
**ANNUAL REPORT - 2017/18**

**FINANCIAL SUMMARY**

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

Year to 30 June	2018	2017	2016	2015	2014
	\$	\$	\$	\$	\$
Operating profit (before capital items)	38,956	35,339	22,232	10,766	13,076
Capital Items (note 1)	<u>90,112</u>	<u>(24,570)</u>	<u>151,510</u>	<u>193,879</u>	<u>109,867</u>
Gross profit/(loss) before tax	129,068	(10,769)	173,742	204,645	122,943
Less Tax paid	<u>(23,846)</u>	<u>(17,007)</u>	<u>(65,896)</u>	<u>(29,890)</u>	<u>(18,492)</u>
Profit/(loss) after tax	105,222	(27,775)	107,846	174,755	104,451
Net asset value	1,365,193	1,365,047	1,209,709	955,153	743,859

**Notes**

Note 1 Capital items include 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	2018	2017	2016	2015	2014
Net profit/(loss) per share (note 1)	\$20.78	(\$5.95)	\$28.70	\$49.94	\$33.10
Dividends per share (note 2)	\$27.00	\$13.00	\$11.00	\$4.00	\$8.00
Value per share (note 3)	\$268.26	\$273.88	\$286.73	\$263.71	\$216.68
Capital gain/(loss) per share	(2.05%)	(4.48%)	8.72%	21.70%	12.13%
Dividend yield (note 4)	<u>9.86%</u>	<u>4.53%</u>	<u>4.17%</u>	<u>1.85%</u>	<u>4.14%</u>
Total benefit/(loss) per share	<u>7.81%</u>	<u>0.05%</u>	<u>12.89%</u>	<u>23.55%</u>	<u>16.27%</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 during the year.

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). The Franking credits balance is 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 2018**

	2018	2017
	\$	\$
<b>INTEREST BEARING DEPOSITS</b>		
Bendigo Bank	-	15,000
ING Bank	40,000	81,200
ME Bank	80,044	146,000
Bendigo Bank Red. Pref. Notes	95,786	65,248
NAB Floating Preference Notes	53,292	48,259
RateSetter peer-to-peer lending	<u>40,000</u>	<u>42,000</u>
	309,122	397,707
<b>TRUST INVESTMENTS</b>		
La Trobe Term Mortgages	90,000	70,000
Trilogy Income Fund	60,000	-
Westlawn Property Trust	29,760	26,240
Other	<u>-</u>	<u>44,226</u>
	179,760	96,240
<b>LISTED SHARES</b>		
Australian Ethical Investments	37,800	71,896
Aconex Ltd	-	24,245
Bendigo & Adelaide Bank	24,813	15,723
Blackmores Ltd	22,800	29,423
Buddy Platform	18,125	20,425
Carnegie Clean Energy	15,142	26,690
Class Ltd	31,440	-
Dicker Data	45,530	41,475
Energy Action	23,800	-
Genex Power	34,838	28,831
Infigen Energy Stapled	38,715	25,010
Kathmandu Holdings	107,881	32,980
Mercury NZ	41,365	26,778
Meridian Energy	59,488	45,036
MNF Group	23,100	56,399
Pacific Energy	-	24,820
ReNu Energy	18,781	16,162
SimsMetal Group Management	24,703	23,377
Touchcorp Ltd	-	22,545
Quintis	-	12,980
TPG Telecom	32,519	46,455
Tamawood Ltd	38,200	72,140
Windlab Ltd	32,200	-
Xero Ltd	-	16,993
Other	<u>10,302</u>	<u>41,265</u>
	681,602	713,257
<b>COMMUNITY INVESTMENTS</b>		
Hepburn Wind	8,707	8,707
Lismore Community Solarfarm – Goonellabah	9,000	9,000
Maleny Credit Union (Investment Shares)	27,000	27,000
Repower Shoalhaven #3	7,175	7,175
Sydney Renewable Power	<u>19,250</u>	<u>19,250</u>
	71,132	71,132
<b>FORESTRY CONTRACTS</b>		
Macquarie Forestry and Land	-	70
TFS Sandalwood	<u>8,787</u>	<u>18,000</u>
	8,787	18,070
<b>Total Investments</b>	<u><b>1,250,403</b></u>	<u><b>1,296,406</b></u>

**AUGUST INVESTMENTS PTY LTD**  
*A.C.N. 002 106 603*  
**DIRECTORS' REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2018**

Your directors present their report on the company for the financial year ended 30 June 2018. 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  
Noel Ferguson (appointed as interim director on 7/12/2018)

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 \$105,222 (2017: loss of \$27,775). The Operating profit/loss of the company net of investment related and extraordinary items was a profit of \$38,956 (2017: profit of \$35,339). 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, except that directors intend to put to shareholders at the 2018 AGM that the company be wound up in an orderly manner. It is not believed that that this changes the affairs of the company prior to a decision by shareholders.

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

Dividends paid during the last two financial year are:

	<b>Dollars per share</b>	<b>Total amount \$</b>	<b>Date of payment</b>
<b>2017/18</b>			
Final dividend 2016/17	7.00	35,441	1/12/2017
Interim dividend 2017/18	20.00	101,780	1/06/2018
<b>2016/17</b>			
Final dividend 2015/16	6.00	26,574	1/12/2016
Interim dividend 2016/17	7.00	34,888	1/06/2017

**AUGUST INVESTMENTS PTY LIMITED**  
**ACN. 002 106 603**  
**DIRECTORS REPORT - YEAR ENDED 30 JUNE 2018**

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.

**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 30<sup>th</sup> June:

	Number of Shares	Number of Performance Rights	Estimated value of Performance Rights
			\$
Damien Lynch	788	7	978
Elliot Hayman	23	7	978
Thomas Goodman	1,199	7	978
Noel Ferguson	<u>330</u>	<u>-</u>	<u>-</u>
	2,340	21	2,934

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

**Directors' meetings**

Directors of the company attended meetings of the company during the 2017/18 year as follows:

<u>Name of Director</u>	<u>Meetings Entitled to Attend</u>	<u>Meetings Attended</u>
Damien Lynch	6	6
Elliot Hayman	6	6
Thomas Goodman	5	5
Noel Ferguson	4	4

**Options Information**

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

**AUGUST INVESTMENTS PTY LTD**  
A.C.N. 002 106 603  
**REMUNERATION REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2018**

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.

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:

	2017/18			2016/17		
	Wages & Super	Share Based Payments*	Total	Fees	Share Based Payments*	Total
	\$	\$	\$	\$	\$	\$
Damien Lynch (Managing Director)	4,000	(43)	3,957	4,650	(176)	4,474
Elliot Hayman	-	(43)	(43)	-	(177)	(177)
Thomas Goodman	-	(43)	(43)	-	(177)	(177)
Noel Ferguson	-	-	-	-	-	-
	<u>4,000</u>	<u>(129)</u>	<u>3,871</u>	<u>4,650</u>	<u>(530)</u>	<u>4,120</u>

*\*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 \$
01/08/2019	12	\$240	58%	1,900	(367)
30/06/2021	<u>9</u>	\$330	44%	<u>1,035</u>	<u>238</u>
	<u>21</u>			<u>2,935</u>	<u>(129)</u>

Nine Performance Rights were issued to directors during the year with a vesting price of \$330 vesting on 30/6/2021. 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)

6<sup>th</sup> November 2018



**AUGUST INVESTMENTS PTY LTD**  
ACN. 002 106 603  
**PROFIT & LOSS**  
**FOR THE YEAR ENDED 30 JUNE 2018**

	Note	2018 \$	2017 \$
Interest/dividend revenue	2	53,319	50,332
Gain from investments	2	<u>145,193</u>	<u>(24,220)</u>
<b>Total Revenue</b>		<b>198,512</b>	<b>74,552</b>
Less:			
Administration expenses		6,626	6,765
Brokerage fees		1,385	2,343
Payroll expenses		880	-
Directors' fees and entitlements	6	(129)	(530)
Managers remuneration		4,000	4,650
Forestry contract expenses		1,528	1,718
Interest paid		73	47
Losses on investments	3	<u>55,081</u>	<u>70,327</u>
<b>Total Expenses</b>		<b><u>69,444</u></b>	<b><u>85,320</u></b>
Profit (Loss) from ordinary activities before income tax expense		<b>129,068</b>	<b>(10,769)</b>
Income tax benefit / (expense) relating to ordinary activities	4	<u>(23,846)</u>	<u>(17,007)</u>
<b>Net profit (Loss) from ordinary activities after income tax attributable to members of the company</b>		<b><u>105,222</u></b>	<b><u>(27,775)</u></b>
<i>Earnings/loss per shares</i>	9	\$20.78	(\$5.95)

The accompanying notes form part of these financial statements.

**AUGUST INVESTMENTS PTY LTD**  
ACN. 002 106 603  
**BALANCE SHEET**  
**AS AT 30 JUNE 2018**

	Note	2018 \$	2017 \$
<b>CURRENT ASSETS</b>			
Cash assets		66,252	37,232
Accrued income		1,398	1,953
Mortgage Fund, Current		70,000	60,000
Other debtors		<u>-</u>	<u>-</u>
<b>TOTAL CURRENT ASSETS</b>		<b>137,650</b>	<b>99,185</b>
<b>NON-CURRENT ASSETS</b>			
<b>INVESTMENTS</b>		1,250,403	1,296,406
<b>OTHER NON-CURRENT ASSETS</b>			
Property, plant and equipment		<u>-</u>	<u>-</u>
<b>TOTAL NON-CURRENT ASSETS</b>		<b>1,250,403</b>	<b>1,296,406</b>
<b>TOTAL ASSETS</b>		<b><u>1,388,053</u></b>	<b><u>1,395,591</u></b>
<b>CURRENT LIABILITIES</b>			
Payables		1,114	347
Shareholder current accounts		2,199	10,116
Provision for directors' entitlements	6	2,935	5,644
Accrued expenses		247	-
Tax liabilities	5	<u>16,365</u>	<u>14,437</u>
<b>TOTAL CURRENT LIABILITIES</b>		<b>22,860</b>	<b>30,544</b>
<b>NON-CURRENT LIABILITIES</b>			
Creditors		<u>-</u>	<u>-</u>
<b>TOTAL NON-CURRENT LIABILITIES</b>			
<b>TOTAL LIABILITIES</b>		<b><u>22,860</u></b>	<b><u>30,544</u></b>
<b>NET ASSETS</b>		<b><u>1,365,193</u></b>	<b><u>1,365,047</u></b>
<b>EQUITY</b>			
Share Capital	6	1,148,330	1,116,185
Reserves	7	22,222	(3,785)
Retained profits		<u>194,641</u>	<u>243,647</u>
<b>TOTAL EQUITY</b>		<b><u>1,365,193</u></b>	<b><u>1,365,047</u></b>
<i>Net Tangible Assets per share</i>	10	\$268.26	\$273.88

The accompanying notes form part of these financial statements.

**AUGUST INVESTMENTS PTY LTD**

ACN. 002 106 603

**CASH FLOW STATEMENT****AS AT 30 JUNE 2018**

	Note	2018 \$	2017 \$
<b>Cash Flows from Operating Activities</b>			
Dividends received		31,705	28,640
Distributions received		2,080	2,436
Interest received		18,551	19,012
Payments to suppliers		(14,160)	(9,766)
Income tax paid on Operating Activities		<u>(6,332)</u>	<u>(2,652)</u>
Net cash provided by operating activities	11	<b>29,006</b>	<b>31,660</b>
<b>Cash Flows from Investing Activities</b>			
Decrease/I(Increase) in debtors		1,400	4,795
Decrease/I(Increase) in Creditors		-	(1,296)
Payment for property, plant and equipment		-	-
Capital Gain/(Loss) on investments		135,797	(262,735)
Decrease/I(Increase) in Investments held		<u>(24118)</u>	<u>15,431</u>
Net cash provided by/ (used in) investing activities		<b>113,078</b>	<b>(24,667)</b>
<b>Cash Flows from Financing Activities</b>			
Proceeds from share issues		23,565	268,533
Movements in borrowings		604	12,026
Dividends paid		<u>137,294</u>	<u>(61,509)</u>
Net cash used in financing activities		<b>(113,065)</b>	<b>189,050</b>
<b>Net Increase/(Decrease) In Cash Held</b>		<b>29,020</b>	<b>(53,957)</b>
<b>Cash at Beginning of the Financial Year</b>		<u><b>37,232</b></u>	<u><b>91,189</b></u>
<b>Cash at the End of the Financial Year</b>	11	<u><b>66,252</b></u>	<u><b>37,232</b></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 2018**

	Notes	Share Capital \$	Reserves \$	Retained Profits \$	Total \$
<b><u>Year 2016/17</u></b>					
<b>Opening balances at 1 July 2016</b>		871,610	72,439	265,660	1,209,709
Shares issued	6	244,575			244,575
Profit/(loss) for year				(27,775)	(27,775)
Reserve transfers (unrealised profit/loss) 7			(76,224)	76,224	
Dividends paid/provided for				(61,462)	(61,462)
<b>Closing balances 30 June 2017</b>		<b><u>1,116,185</u></b>	<b><u>(3,785)</u></b>	<b><u>252,647</u></b>	<b><u>1,365,047</u></b>
<b><u>Year 2017/18</u></b>					
<b>Opening balances at 1 July 2017</b>		<b>1,116,185</b>	<b>(3,785)</b>	<b>252,647</b>	<b>1,365,047</b>
Shares issued	6	32,145			32,145
Profit/(loss) for year				105,222	105,222
Reserve transfers (unrealised profit/loss) 7			26,012	(26,012)	-
Dividends paid				(137,221)	(137,221)
<b>Closing balances 30 June 2018</b>		<b><u>1,148,330</u></b>	<b><u>22,222</u></b>	<b><u>194,636</u></b>	<b><u>1,365,193</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 2018**

**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.

**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 as listed below. Unrealised capital profits (losses) on these investments are transferred to the Unrealised Profits Reserve. Tax effect accounting is not applied. The expected net cash flows from investments have not been discounted to their present value in determining the recoverable amounts.

The recoverable amount for shares in listed companies is assessed from the quoted market value. For non-listed shares the recoverable amount is assessed as 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 have been devalued by 10% to reflect the reduced income on these shares and shares in Repower Shoalhaven #3, Lismore Soar Projects and Sydney Renewable Power Co are valued at cost. Sandalwood woodlot contracts with the 2002 TFS Sandalwood Project have been valued conservatively at half the current insured value.

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

Directors have proposed that capital be returned to shareholders and the company be wound up in an orderly manner. Shareholders are yet to vote on this proposal. Directors are of the opinion that the valuations of investments in these statements are consistent with recoverable values in the event that the company is wound up.

**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.

**AUGUST INVESTMENTS PTY LIMITED**  
**ACN. 002 106 607**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018**

**NOTE 2: REVENUE**

	2018	2017
	\$	\$
Operating activities		
- Dividends received	32,678	29,662
- Interest received	18,561	18,684
- Trust Distributions	<u>2,080</u>	<u>1,986</u>
Operating income	53,319	50,332
- Capital gain/profit on the sale of investments	120,313	110,113
- Revaluation gains on investments	24,732	(95,915)
- Forestry Contract distributions	<u>146</u>	<u>10,023</u>
Capital items income	<u>145,193</u>	<u>24,220</u>
Total Revenue from ordinary activities	<u>198,512</u>	<u>74,552</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:

	2018	2017
	\$	\$
<b>Investment related expenses</b>		
Capital loss on disposal of investments	56,356	75,846
Revaluation loss on investments	<u>(1,275)</u>	<u>(5,519)</u>
	<u>55,081</u>	<u>70,327</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 2018**

**NOTE 4: INCOME TAX EXPENSE**

	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
Prima facie tax payable on profit from ordinary activities before income tax at 30%	38,721	(3,230)
Add Tax effect of:		
Capital losses – accounting interest accrued (net)	166	233
accrued expenses	880	-
Imputation credits	3381	2567
Revaluation of investments	(7,802)	27,119
Less: Tax effect of:		
Tax deferred & other trust distributions	<u>334</u>	<u>812</u>
Total Income Tax expense	35,680	25,877
Less PAYG instalments	5,944	1,548
Imputation credits	11,268	8556
Tax Credits distrusted from trusts	565	314
Foreign Tax offsets	1,537	1,022
<b>Net Income Tax Expense</b>	<b><u>16,365</u></b>	<b><u>14,437</u></b>

There were no tax related Capital losses to be carried forward (2016: Nil)

<b>Balance of imputation credits at 30 June</b>	51,566	<b>77,773</b>
Current Year provision for Income tax	16,365	14,437
<b>Total available imputation credits</b>	<b><u>67,931</u></b>	<b><u>92,210</u></b>

**NOTE 5: TAX LIABILITIES**

<b>Income Tax - current year</b>	<b>16,365</b>	<b>17,007</b>
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**AUGUST INVESTMENTS PTY LIMITED**  
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**NOTE 6: CONTRIBUTED EQUITY**

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

	Number of Shares	Amount \$
Opening Balance @ 1/7/2016	4,219	871,610
Shares issued during year at average of \$319.71 p.s.	<u>765</u>	<u>244,575</u>
Closing Balance @ 30/6/2017	4,984	1,116,185
Opening Balance @ 1/7/2017	4,984	1,116,185
Shares issued during year at average of \$306.14.	<u>105</u>	<u>32,145</u>
Closing Balance @ 30/6/2018	5,089	1,148,330

**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 12 Performance Rights vested to directors at \$215 per share..

At 30 June 2018 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
01/08/2019	12	\$240	58%	\$1,900
30/06/2021	<u>9</u>	\$330	44%	<u>\$1,035</u>
	<u>21</u>			<u>\$2,935</u>

**NOTE 7: RESERVES**

	2018 \$	2017 \$
<b>Unrealised profits reserve</b>		
Opening balance	15,068	110,983
Transfer to/(from) Profit & Loss:	<u>24,732</u>	<u>(95,915)</u>
Closing Balance	<u>39,800</u>	<u>15,068</u>
<b>Unrealised loss reserve</b>		
Opening balance	(18,858)	(38,544)
Transfer to/(from) Profit & Loss:	<u>1,280</u>	<u>19,961</u>
Closing Balance	<u>(17,578)</u>	<u>(18,858)</u>
<b>Total Reserves</b>	<u>22,222</u>	<u>3,790</u>

**AUGUST INVESTMENTS PTY LIMITED**  
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**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018**

**NOTE 8: DIVIDENDS**

	Dollars per share	Total amount \$	Date of payment
<b>2017/18</b>			
Final dividend 2016/17	7.00	35,441	1/12/2017
Interim dividend 2017/18	20.00	101,780	1/06/2018
<b>2016/17</b>			
Final dividend 2015/16	6.00	26,574	1/12/2016
Interim dividend 2016/17	7.00	34,888	1/06/2017

All dividends declared are fully franked. Franking Credit details are shown in Note 4.

**NOTE 9: EARNINGS PER SHARE**

	2018	2017
Profit/(Loss) attributed to shareholders	105,222	(\$27,775)
Weighted average number of shares on issue during the year (Number)	5,062.87	4,668.8
Earnings/(loss per Ordinary share	\$20.78	(\$5.94)

**NOTE 10: NET TANGIBLE ASSETS PER SHARE**

Net Tangible Assets	\$1,365,193	\$1,365,047
Number of shares on issue @ 30/6/18	5,089	4,984
<b>Basic Net Tangible Assets per share</b>	<b>\$268.26</b>	<b>\$273.88</b>
<b>Diluted Net Tangible Assets per share</b>	<b>\$268.26</b>	<b>\$273.88</b>

**AUGUST INVESTMENTS PTY LIMITED**

ACN. 002 106 603

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018****NOTE 11: CASH FLOW INFORMATION****Reconciliation of net profit/(loss) after tax to the cash flows from operations**

	2018	2017
	\$	\$
<b>Net Profit/(Loss)</b>	<b>105,222</b>	<b>(27,774)</b>
<b>Non-cash items:</b>		
Dividends received	(1,537)	(1,022)
Distributions received	-	450
Interest received	554	328
Interest paid	73	47
Directors' remuneration	(2,709)	(830)
Depreciation	-	-
Income tax paid (excluding Investment related)	17,515	14,355
Other	-	-
<b>Changes in investments included in profit/loss:</b>		
Capital Gains/(Losses) on investments	(63,957)	(32,267)
Revaluation/(Write Down) of investments	(26,007)	90,396
Forestry investment treated as expense/(income)	(148)	(10,023)
<b>Net cash from operating activities</b>	<b><u>29,006</u></b>	<b><u>31,660</u></b>

**NOTE 12: CAPITAL COMMITMENTS**

Nil Nil

**NOTE 13: CONTINGENT LIABILITIES**

Nil Nil

**AUGUST INVESTMENTS PTY LIMITED**

ACN. 002 106 603

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018**

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

Directors have proposed that capital be returned to shareholders and the company be wound up in an orderly manner. Shareholders are yet to vote on this proposal. It is expected that motions to return capital and wind up the company will be put to shareholders at the 2018 AGM. See note 1 c. concerning investment valuations and the possible wind up of the company.

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: 51 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 2018 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)

6<sup>th</sup> November 2018

**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 2018 and of its performance for the year ended on that date. In particular, the committee is of the opinion that investment valuations in these statements are reasonable in the event that investments are realised prior to an orderly winding up of the company should this be approved by shareholders.

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

Barry Thompson      Geraldine Savins

28<sup>th</sup> August 2018

**AUGUST INVESTMENTS PTY LTD**  
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**OTHER INFORMATION**

**Top 20 Shareholders**

The twenty 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>
Arnon Pty Ltd	703
D J Lynch	635
I R Hayman	492
T Goodman	398
Ferguson Retirement Fund Pty Ltd	330
Nurturing Evolutionary Dev. Pty Ltd	324
S T & N Goodman	294
E & B Thompson, trustees	238
O Santa Clause	203
Middleton Woodward Pty Ltd	160
H Creamer	150
D Lynch & M Gee	133
E Kubo	123
B Woodward & S Middleton	88
H Thompson & M Kenny trustees	85
B&L McCallum	75
Brindle Grange Pty Ltd trustee	59
S Amies	56
R Dawson	50
A Gleeson	<u>47</u>
Shares held by top 20 shareholders:	<u>4,643</u>
Total Shares on issue:	5,089
Total number of shareholders	41

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

***DI*RECTORY**

Registered Office: Level 1  
81 Henry St  
Penrith NSW 2750

Business Address: 51 Blaxland Road  
Wentworth Falls NSW 2782

Postal Address: PO Box 144  
Wentworth Falls NSW 2782

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: Thomas Goodman (Chairman)  
Damien Lynch  
Elliot Hayman  
Noel Ferguson

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