

RESULTS ANNOUNCEMENT

FOR THE YEAR ENDED JUNE 30, 2017

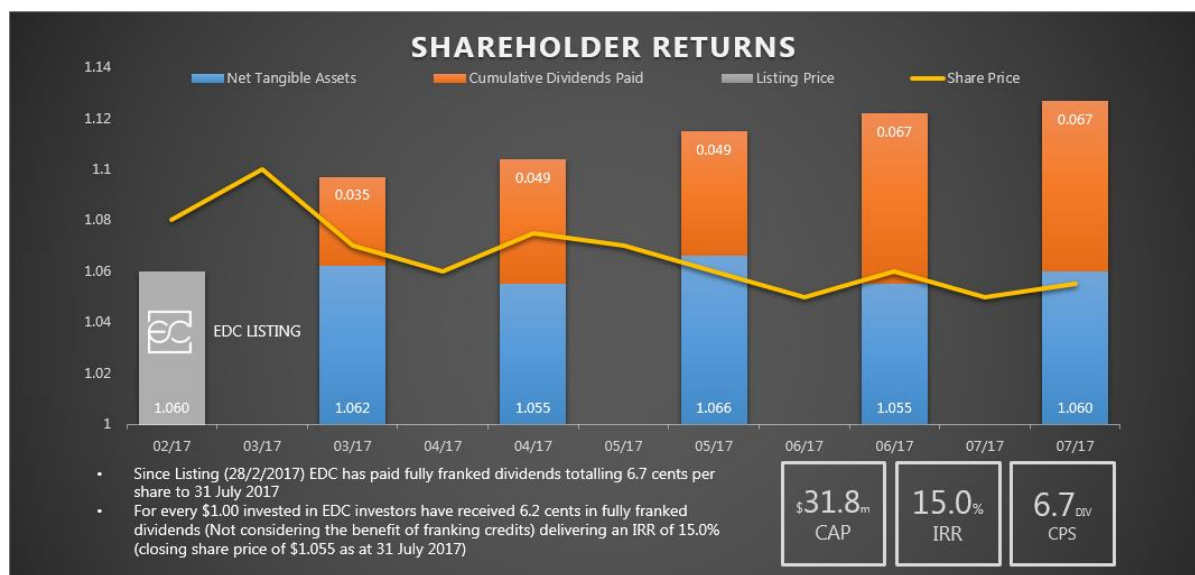
INTRODUCTION

Eildon Capital Limited (ASX: EDC) is pleased to report a net profit after tax of \$3.7 million (2016: \$2.0 million). This has resulted in an increase in earnings per share to 15.9 cents per share compared to 11.2 cents per share in 2016.

Net tangible assets have increased by 6 cents since 30 June 2016 to \$1.05 per share after considering the impact of total dividends of 6.7 cents per share that were paid during the year.

During the year, the Company completed a capital raising of \$13.6 million and was admitted to the Official List of ASX Limited on 24 February 2017. The capital raising has allowed the Company to continue to grow its investment portfolio of property investments.

Since listing on the ASX at \$1.06 Eildon Capital has generated total shareholder returns of 15% as at 31 July 2017.



COMMENTARY

At the end of the financial year Eildon Capital held a loan portfolio totalling \$23.9 million and had generated \$3.59 million of interest income and associated fees during the year.

Eildon Capital also holds a 35% interest in a commercial property in Brisbane with an 8 year lease to an ASX listed entity and has full approval as a mixed use residential apartment development which provides for potential long term value upside.

Eildon capital secured the opportunity to partner in the acquisition of options to acquire two separate commercial properties in Kingsgrove and Turrella, New South Wales with the exercise of the options being dependant on a successful rezoning of

the sites. The properties have the potential for significant planning outcomes which add significant value to the properties.

Eildon Capital also sold the equity holding in Green's Foods Holdings Pty Limited for approximately \$5.5 million generating a profit of \$1.9 million as well as all remaining listed investments generating a profit of \$0.4 million.

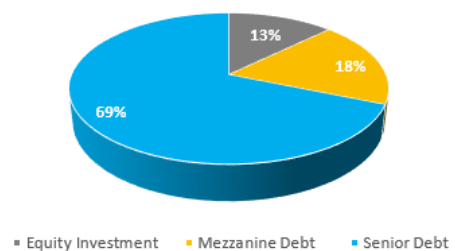
Property

Property investments contributed \$3.6 million during the year, principally from property lending. The investment portfolio currently comprised six separate loans, a 35% interest in a commercial property in Brisbane and 2 options to acquire commercial properties in Sydney.

Projects	State	Region	Year Acquired	Details	Peak LVR	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Loan Facilities																	
Hawthorn	Vic	East Melbourne		Mezzanine Loan Facility	75%												
Coburg	Vic	North Melbourne		Senior Loan Facility	56%												
Biggera Waters	Qld	Gold Coast		Senior Loan Facility	56%												
Biggera Waters	Qld	Gold Coast		Senior Loan Facility	56%												
Beaumaris	Vic	South East Melbourne		Mezzanine Loan Facility	75%												
Springwood	Qld	South East Brisbane		Senior Loan Facility	73%												
Dwelling Yield																	
Kingsgrove	NSW	South West Sydney	2013	Planning	500												
Turrella	NSW	South West Sydney	2017	Priority Precinct	1,000												
Woollongabba	QLD	Brisbane Central	2017	Development Approval	710												



PORTFOLIO COMPOSITION (31/07/2017)



During the year \$6.8 million had been repaid on five separate loan facilities.

Private Equity

Private Equity contributed \$1.9 million for the year which related to the sale of the shareholding in Green's Foods Holdings Pty Limited for \$5.5 million.

Listed Investments

Listed investments contributed \$0.4 million for the year profit which represents the sale of the remaining listed investments.

2018 OUTLOOK

The directors are focused on generating recurrent income streams and capital appreciation through investment in the property sector. This will be achieved through investment positions in real estate through a combination of debt and equity structures. The investment portfolio will focus on opportunities in the residential, commercial, industrial and retail sectors. The target total return across the portfolio is 14%p.a.

Eildon Capital is experiencing a very strong deal flow and this is anticipated to continue given current capital market conditions.

Some of the opportunities currently being reviewed include:

Investment Type	Location	Investment Size	Investment Term	Brief Description
Senior Finance	QLD	\$8m	15 months	Residential and townhouse project in SE QLD. LVR below 72%. Co-investment with CVC Limited.
Mezzanine Finance	VIC	\$4m	24 months	Income producing asset currently subject to a rezoning application. LVR below 70%. Co-investment with CVC Limited.
Preferred Equity / Senior Finance	QLD	\$10m	12 months	Structured transaction to finance private developer in SE QLD. Combination of residential and commercial projects. Co-investment with CVC Limited.
Preferred Equity	QLD	\$3m	20 months	Structured investment in partnership with private developer in retail development secured by pre-leases. Co-investment with CVC Limited.

CAPITAL MANAGEMENT

The Directors paid a final dividend of 1.7875 cents per share fully franked on 24 July 2017. It is expected that Eildon Capital will continue to pay quarterly dividends with a target dividend yield of >6% per annum fully franked. The anticipated dividend payment calendar is as follows:

Quarter	Payment Date
September, 2017	24 October, 2017
December, 2017	24 January, 2018
March, 2018	24 April, 2018
June, 2018	24 July, 2018

Mark Avery
Director
25 August 2017

Appendix 4E

Preliminary Final Report Results for announcement to the market

Eildon Capital Limited		
ABN	Financial Year ended (‘Reporting Period’)	Previous Financial Year ended (‘Corresponding period’)
11 059 092 198	30 June 2017	30 June 2016

Results

Income from ordinary activities	up/down	45%	to	\$6,055,139
Profit after tax attributable to members	up/down	80%	to	\$3,659,218
Net profit for the period attributable to members	up/down	80%	to	\$3,659,218

Dividends (distributions)

	Amount per security	Franked amount per security
June 2017 Ordinary Dividend	1.7875¢	1.7875¢
March 2017 Ordinary Dividend	1.375¢	1.375¢
December 2016 Ordinary Dividend	3.5¢	3.5¢
<p>Information on Dividends:</p> <p>A fully franked dividend in respect of the June 2017 quarter for the financial year ended 30 June 2017 of 1.7875 cents per share was paid on 24 July 2017.</p> <p>A fully franked dividend in respect of the March 2017 quarter for the financial year ended 30 June 2017 of 1.375 cents per share was paid on 24 April 2017.</p> <p>A fully franked interim dividend in respect of the financial year ended 30 June 2017 of 3.5 cents per share was paid on 22 March 2017.</p> <p>The Company does not have a Dividend Reinvestment Plan.</p>		

Net tangible asset per security

	Year ended 30 June 2017	Year ended 30 June 2016
Net assets per share	\$1.05	\$0.99
Net tangible assets (“NTA”) per share	\$1.05	\$0.99

The preliminary final report is based on accounts that have been audited.

Commentary

Brief explanation of any of the figures reported above:

Please refer to the attached commentary for a detailed review.



Eildon Capital Limited

ACN 059 092 198

2017 Annual Report

The financial report was authorised for issue by the Directors on 25 August 2017.

The Company has the power to amend and reissue the financial report.

Eildon Capital Limited

Company Particulars

REGISTERED OFFICE:

Suite 3118, Level 31
120 Collins Street
MELBOURNE VIC 3000
Tel: (03) 9225 5253
Fax: (02) 9087 8088

DIRECTORS:

Alexander D H Beard
James R Davies (appointed 18 October 2016)
Mark A Avery
Michelle E Harpur (Nee Phillips) (appointed 18 October 2016)
Elliott G Kaplan (resigned 18 October 2016)
John D Read (resigned 18 October 2016)

SECRETARIES:

John A Hunter
Alexander D H Beard (resigned 18 October 2016)
Michael J Bower (resigned 18 October 2016)

BANKERS:

Westpac Banking Corporation Limited
Bank of Western Australia Limited

SOLICITORS:

Thomson Geer Lawyers
Level 25, 1 O'Connell Street
Sydney NSW 2000
Telephone: (02) 8248 5800
Facsimile: (02) 8248 5899

AUDITORS:

HLB Mann Judd
Chartered Accountants
Level 19
207 Kent Street
Sydney NSW 2000

SHARE REGISTRY:

Computershare Investor Services Pty Limited
Level 4, 60 Carrington Street
Sydney, NSW, 2000

DOMICILE:

Australia

Eildon Capital Limited

Directors' Report

For the Year Ended 30 June 2017

The Directors present their report together with the financial report of Eildon Capital Limited (the "Company") for the year ended 30 June 2017 and the Auditors' Report thereon.

Directors

The Directors in office at the date of this report and at all times during the year are:

Mark Anthony Avery (Managing Director)

B.Com.PI.Ds. (UOM)

Mr Avery began his professional career at Macquarie Group in 2002 where he was employed for five years in its property finance division as well as its residential development divisions. Mr Avery then moved to a private Melbourne based developer before joining a subsidiary of Mirvac in the industrial property sector. Since commencing at CVC Limited, the former parent of the Company, in 2010, Mr Avery has been responsible for CVC's real estate investment activities. In that period CVC has provided investment loans to property developers and investment groups while also participating in joint venture opportunities with well credentialed partners. He is also a director of Eildon Funds Management Limited.

Alexander Damien Harry Beard (Non-Executive Director)

B.Com. (UNSW) FCA AIDC

Mr Beard is a Chartered Accountant with extensive experience in private equity investing. He is managing director and Chief Executive Officer of CVC Limited and director of US Residential Fund and formerly a Chairman and non-executive director of Cellnet Group Limited, non-executive director of Grays Ecommerce Group Limited and Villa World Limited. Mr Beard is a member of the Audit Committee of the Company.

James R Davies (Independent Director) (appointed 18 October 2016)

Bachelor of Computing Science (University of New England) MBA (London Business School)

Graduate of the Australian Institute of Company Directors and member of the audit committee of the Company. Mr Davies has over 30 years' experience in investment management across real estate, private equity, infrastructure, natural resources and distressed asset management. Most recently he was Head of Funds Management at New Forests Asset Management. Prior to that he held Director roles at Hastings Funds Management Limited and Royal Bank of Scotland's Strategic Investments Group. He has sat on numerous Investment Committees and Boards including as Chairman of Timberlink Australia, Forico and Airport Rail Link.

Michelle E Harpur (Nee Phillips) (Independent Director) (appointed 18 October 2016)

B.A. (UNSW) L.L.B. (UNSW)

Chairman of the audit committee of the Company. She completed and passed the Company Directors Course with the AICD in early 2016, and in 2010 also attended a Harvard Business School Executive Education Program "Managing Professional Services Firms". Mrs Harpur has been a partner in mid-size, large and international law firms since 1992, and is principle of Harpur Phillips. She was admitted as a solicitor in 1986. Over many years, her clients have included listed public companies and private companies involved in property development, and in addition to governance and risk management. She sits on the Governance Committee of Lifeline Northern Beaches.

Elliott Grant Kaplan (resigned 18 October 2016)

B. Acc. CA

Mr Kaplan is a Chartered Accountant with extensive experience in senior financial and chief executive officer roles in both private and publicly listed companies. His experience, from both an investor and investee perspective, spans a diverse range of industries including manufacturing, environmental, distribution and services. He is also a non-executive director of Pro-Pac Packaging Limited and formerly a non-executive director of Cellnet Group Limited, Grays Ecommerce Group Limited and Dolomatrix Limited.

Eildon Capital Limited

Directors' Report

For the Year Ended 30 June 2017

Directors (continued)

John Douglas Read (resigned 18 October 2016)

B.Sc. (Hons.) (Cant.), MBA (AGSM) FAICD

Mr Read is a Fellow of the Australian Institute of Company Directors. He is Chairman of Patrys Limited and a non-executive director of CVC Limited and formerly a non-executive director of The Environmental Group Limited and the Central Coast Water Corporation.

Company Secretaries:

John Andrew Hunter B.Com. (ANU), MBA (MGSM), MAppFin (MAFC), CA

Mr Hunter has experience in senior finance roles in the Financial Services industry in retail and wholesale funds management entities as well as holding senior finance roles in various other public and private companies.

Michael John Bower B.Sc. (Hons.) (Dunelm.), CA (resigned 18 October 2016)

Mr Bower has 25 years' experience in various senior financial roles, including in listed and pre-IPO companies, and roles in Australia, the United Kingdom and New Zealand.

In addition to being a director of the Company, **Alexander Damien Harry Beard** was also a Company Secretary (resigned 18 October 2016).

Directors' meetings

The number of directors' meetings attended, and the number of directors' meetings eligible to attend during their period in office by each of the Directors of the Company during the financial year were as follows:

	Number of meetings attended	Number of meetings held
M A Avery	5	5
A D H Beard	5	5
J D Read	1	1
E G Kaplan	1	-
J R Davies	4	4
M E Harpur	4	4

Audit Committee meetings

The Company has an audit committee. The number of meetings and the number of meetings attended by each of the Directors on the audit committee during the financial year were:

	Number of meetings attended	Number of meetings held
A D H Beard	-	1
J R Davies	1	1
M E Harpur	1	1

Director's benefits

Information on Directors' remuneration is included in the remuneration report in the financial statements.

Director's interests in shares of the Company

The relevant interest of each director in the ordinary share capital of the Company at the date of this report is included in the remuneration report.

Principal activities

The Company is an active property investment company which participates in retail, industrial, residential and commercial opportunities.

Operating results

The Company recorded an after tax profit of \$3,659,218 (2016: \$2,031,172).

Eildon Capital Limited

Directors' Report

For the Year Ended 30 June 2017

Dividends

A fully franked dividend of 3.5 cents per share amounting to \$1,057,393 was declared on 28 February 2017 and paid 22 March 2017.

A fully franked dividend of 1.375 cents per share amounting to \$415,404 was declared on 31 March 2017 and paid 24 April 2017.

A fully franked dividend of 1.7875 cents per share amounting to \$540,025 was declared on 30 June 2017 and paid 24 July 2017.

Review of Operations

During the year, the Company completed a capital raising of \$13.6 million and was admitted to the Official List of ASX Limited on 24 February 2017. The capital raising has allowed the Company to continue to grow its investment portfolio. At the end of the financial year the Company held a loan portfolio totalling \$23.9 million and had generated \$3.24 million of interest income.

During the financial year the Company acquired a 35% interest in a commercial property in Brisbane with an 8 year lease to an ASX listed entity and has full approval as a mixed use residential apartment development. It also sold the equity holding in Green's Foods Holdings Pty Limited for approximately \$5.5 million generating a profit of \$1.9 million as well as all remaining listed investments generating a profit of \$0.4 million.

Remuneration Report (Audited)

This report outlines the remuneration arrangements in place for key management personnel of the Company in accordance with the requirements of the *Corporations Act 2001* and its regulations. This information has been audited as required by s. 308(3C) of the *Corporations Act 2001*. The remuneration report details the remuneration arrangements for key management personnel who are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company.

Remuneration philosophy

The performance of the Company depends upon its ability to attract and retain quality people. The Company is committed to developing a remuneration philosophy of paying sufficient competitive 'base' rewards to attract and retain high calibre personnel in order to create value for shareholders.

Remuneration structure

Non-Executive Director's remuneration is solely in the form of fees and has been set by shareholders at a maximum aggregate amount of \$550,000, to be allocated amongst the Directors.

Other than the directors and company secretary there are no other key management personnel employed by the Company.

The Company does not have a remuneration committee with the remuneration of the non-executive directors determined by the Board of the Company.

Eildon Capital Limited

Directors' Report

For the Year Ended 30 June 2017

Remuneration Report (Audited) (Continued)

Remuneration of Key management personnel

The Company has no employees and the only key management personnel of the Company are the Directors and company secretary. The total income paid or payable or otherwise made available, to all key management personnel of the Company directly or indirectly from the entity or any related party include:

		Base Salary Fees \$	Post-Employment Benefits Superannuation \$	Total \$	Base % (a)
<i>Directors</i>					
Mark Avery (b) (Managing Director)	2017	-	-	-	-
	2016	-	-	-	-
James Davies (Non-Executive Chairman)	2017	30,442	2,891	33,333	100%
	2016	-	-	-	-
Alexander Beard (b) (Non-Executive Director)	2017	-	-	-	-
	2016	-	-	-	-
Michelle Harpur (Non-Executive Director)	2017	24,353	2,314	26,667	100%
	2016	-	-	-	-
John Read (Non-Executive Director)	2017	-	5,000	5,000	100%
	2016	-	15,000	15,000	100%
Elliott Kaplan (b) (Non-Executive Director)	2017	-	-	-	-
	2016	-	-	-	-
<i>Other Key Management Personnel</i>					
John Hunter (b) (Company Secretary)	2017	-	-	-	-
	2016	-	-	-	-
Michael Bower (b) (Company Secretary)	2017	-	-	-	-
	2016	-	-	-	-
	2017	54,795	10,205	65,000	
	2016	-	15,000	15,000	

Notes:

- Base % reflects the amount of base level remuneration that is not dependent on individual or CVC performance.
- The remuneration of Messrs Avery, Beard, Bower, Kaplan and Hunter are paid by an associate of the manager of the Company, Eildon Funds Management Limited.

Except as detailed above, no other amount of remuneration is paid to key management personnel in connection with the management of the affairs of the Company.

Eildon Capital Limited

Directors' Report

For the Year Ended 30 June 2017

Key management personnel holding of shares

The relevant shareholding interests of key management personnel in the share capital of the Company as at the date of this report is as follows:

Ordinary shares	Opening	Purchases	Sales	Closing
Mr A.D.H. Beard	400,000	200,000	-	600,000
Mr M. T. Avery	-	22,000	-	22,000
Ms M. E. Harpur	-	10,000	-	10,000
Mr J. R. Davies	-	25,000	-	25,000
Mr J.A.H. Hunter	-	6,000	-	6,000

Consequences of performance on shareholder wealth

In considering the Company's performance and benefits for shareholder wealth, the Directors have regard to the following indicators in respect of the current financial year and previous financial year.

	2017 \$	2016 \$
Net profit after tax	3,659,218	2,031,172
Comprehensive loss	(48,304)	(19,911)
Total comprehensive income	3,610,914	2,011,261
Dividends paid	2,012,822	2,241,742
Shares bought back on market	-	-
Share price	1.05	-
Net assets per share	1.05	0.99
Change in net assets per share	0.06	-

Significant changes in the state of affairs of the Company

On 24 February 2017 the Company was admitted to the Official List of ASX Limited.

There were no other significant changes in the state of affairs of the Company that occurred during the year not otherwise disclosed in this report or in the financial statements.

Likely developments and future expectations

The Company will continue to assess Australian investment opportunities. As an investment company, the results of the Company are dependent on the timing of and opportunities for the realisation of investments. Accordingly, it is not possible at this stage to predict the future results of the Company.

Events subsequent to reporting date

A fully franked dividend of 1.7875 cents per share amounting to \$540,025 was declared on 30 June 2017 and paid 24 July 2017.

Other than as set out above, there are no matters or circumstances that have arisen since the end of the financial period 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 financial periods subsequent to 30 June 2017.

Eildon Capital Limited

Directors' Report

For the Year Ended 30 June 2017

Insurance premiums

The Company has not, during the year or since the end of the financial year, in respect of any person who is or has been an auditor of the Company or a related body corporate paid or agreed to pay a premium in respect of a contract insuring against a liability for the costs or expenses of defending legal proceedings.

Insurance premiums have been paid in respect of director's and officer's liability and legal expense insurance for directors and officers of the Company. In accordance with subsection 300(9) of the Corporations Act 2001 further details have not been disclosed due to confidentiality provisions contained in the insurance contract.

Auditor independence and non-audit services

The Company appointed HLB Mann Judd NSW as the auditors for the 2017 financial year. During the financial year, HLB Mann Judd Assurance (NSW) Pty Ltd provided non-audit service in relation to the prospectus. The directors are satisfied that the provision of non-audit services by the auditor did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services have been reviewed by the audit committee to ensure they do not impact the impartiality and objectivity of the auditor
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants*.

A copy of the Independence Declaration is included on page 35. Further information on Auditors' Remuneration is included in note 2.

Signed in accordance with a resolution of Directors.

Dated at Sydney 25 August 2017



Mark Avery
Director



Alexander Beard
Director

Eildon Capital Limited

Statement of Profit or Loss and Other Comprehensive Income For the Year Ended 30 June 2017

	Notes	2017 \$	2016 \$
INCOME			
Dividends received		-	416,373
Interest income		3,240,966	1,170,382
Net gain on sale of equity investments		1,665,587	-
Impairment recovery		678,302	1,470,471
Finance income		-	289,843
Fee income		352,172	427,296
Other income		100	5,841
Total income		5,937,127	3,780,206
Share of net profit of associate accounted for using the equity method	8	118,012	399,200
EXPENSES			
Accountancy		46,849	89,179
Audit fees	2	36,250	33,500
Legal fees		3,003	851
Directors fees	19	65,000	15,000
Management fees		361,135	226,567
Net loss on sale of equity investments		-	855,397
Impairment of financial assets		-	848,756
Capital raising expenses		248,543	-
Other expenses		66,905	37,920
Total expenses		827,685	2,107,170
Profit before income tax		5,227,454	2,072,236
Income tax expense	3	1,568,236	41,064
Net profit after tax		3,659,218	2,031,172
Basic earnings per share (cents)	12	15.91	11.17
Diluted earnings per share (cents)	12	15.91	10.65
Other comprehensive income			
Movements in fair values of financial investments directly in equity		-	69,006
Amount transferred from other reserves to other comprehensive income on sale		(69,006)	(97,450)
Income tax on items taken directly from equity		20,702	8,533
Other comprehensive loss for the year, net of tax		(48,304)	(19,911)
Total comprehensive income for the year		3,610,914	2,011,261

The above statement of profit or loss and other comprehensive income should be read in conjunction with the notes to the financial statements set out on pages 11 to 33.

Eildon Capital Limited
Statement of Financial Position
As at 30 June 2017

	Notes	2017 \$	2016 \$
CURRENT ASSETS			
Cash and cash equivalents	5	6,150,747	16,456
Trade and other receivables	6	51,261	10,585
Loans and receivables	10	20,802,203	13,048,683
Financial assets – “available-for-sale”	7	-	736,324
Current assets		27,004,211	13,812,048
Assets classified as held for sale	9	-	3,574,309
Total current assets		27,004,211	17,386,357
NON-CURRENT ASSETS			
Loans and receivables	10	3,098,444	-
Investments accounted for using the equity method	8	3,360,477	-
Deferred tax assets	3	381,753	1,139,676
Total non-current assets		6,840,674	1,139,676
TOTAL ASSETS		33,844,885	18,526,033
CURRENT LIABILITIES			
Trade and other payables	11	576,471	31,800
Current tax liabilities	3	1,441,476	700,378
Total current liabilities		2,017,947	732,178
NON-CURRENT LIABILITIES			
Deferred tax liabilities	3	-	786,902
Total non-current liabilities		-	786,902
TOTAL LIABILITIES		2,017,947	1,519,080
NET ASSETS		31,826,938	17,006,953
EQUITY			
Contributed equity	13	28,107,339	14,885,446
Retained earnings	14	(5,483,508)	(5,483,508)
Profit distribution reserve	15	9,203,107	6,650,421
Other reserves	16	-	954,594
TOTAL EQUITY		31,826,938	17,006,953

The above statement of financial position should be read in conjunction with the notes to the financial statements set out on pages 11 to 33.

Eildon Capital Limited

Statement of Changes in Equity For the Year Ended 30 June 2017

	Contributed equity \$	Retained earnings \$	Profit distribution reserve \$	Other reserves \$	Total \$
At 1 July 2016	14,885,446	(5,483,508)	6,650,421	954,594	17,006,953
Profit for the year	-	3,659,218	-	-	3,659,218
Other comprehensive loss	-	-	-	(48,304)	(48,304)
Total comprehensive income/(loss) for the year	-	3,659,218	-	(48,304)	3,610,914
<i>Transactions with shareholders:</i>					
Shares issued	13,603,735	-	-	-	13,603,735
Capital raising transaction cost	(545,489)	-	-	-	(545,489)
Tax on transaction cost	163,647	-	-	-	163,647
Dividend provided or paid	-	-	(2,012,822)	-	(2,012,822)
Transfer of share based payment on sale of associate	-	-	906,290	(906,290)	-
Transfers (to)/from reserve	-	(3,659,218)	3,659,218	-	-
At 30 June 2017	28,107,339	(5,483,508)	9,203,107	-	31,826,938
At 1 July 2015	18,001,875	(5,483,508)	6,845,528	989,968	20,353,863
Profit for the year	-	2,031,172	-	-	2,031,172
Other comprehensive loss	-	-	-	(19,911)	(19,911)
Total comprehensive income/(loss) for the year	-	2,031,172	-	(19,911)	2,011,261
<i>Transactions with shareholders:</i>					
Exercise of share options	1,722,500	-	-	-	1,722,500
Shares bought back	(4,539,690)	-	-	-	(4,539,690)
Options bought back	(260,000)	-	-	-	(260,000)
Share buyback transaction cost	(58,357)	-	-	-	(58,357)
Tax on buyback transaction cost	19,118	-	-	-	19,118
Dividend provided or paid	-	-	(2,241,742)	-	(2,241,742)
Transfers (to)/from reserve	-	(2,046,635)	2,046,635	-	-
Share based payment	-	15,463	-	(15,463)	-
At 30 June 2016	14,885,446	(5,483,508)	6,650,421	954,594	17,006,953

The above statement of changes in equity should be read in conjunction with the notes to the financial statements set out on pages 11 to 33.

Eildon Capital Limited

Statement of Cash Flows

For the Year Ended 30 June 2017

	Notes	2017 \$	2016 \$
Cash flows from operating activities			
Cash receipts in the course of operations		352,383	433,138
Cash payments in the course of operations		(625,701)	(933,672)
Payment for financial assets at fair value through profit and loss		-	(809,537)
Proceeds from disposal of financial assets at fair value through profit and loss		-	1,131,864
Interest received		1,507,560	674,731
Dividends received		126,700	4,035,116
Income tax (paid)/refund		(671,768)	235,081
Net cash provided by operating activities	5(b)	689,174	4,766,721
Cash flows from investing activities			
Loan repaid		6,838,708	1,859,298
Loan provided		(15,957,266)	(14,080,940)
Payments for equity investments		(3,368,780)	(267,070)
Proceeds from sale of equity investments		6,585,517	5,668,072
Net cash used in investing activities		(5,901,821)	(6,820,640)
Cash flows from financing activities			
Dividends paid		(1,472,797)	(2,241,742)
Proceeds from issue of shares		13,603,735	-
Payment for share issue transaction cost		(784,000)	-
Proceeds from exercise of option		-	1,722,500
Payment for option buy-back		-	(260,000)
Payments for share buy back		-	(4,539,690)
Transaction costs of share buy back		-	(58,357)
Net cash provided by/ (used in) financing activities		11,346,938	(5,377,289)
Net increase/(decrease) in cash held		6,134,291	(7,431,208)
Cash and cash equivalents at the beginning of the financial year		16,456	7,447,664
Cash and cash equivalents at the end of the financial year	5(a)	6,150,747	16,456

The above statement of cash flows should be read in conjunction with the notes to the financial statements set out on pages 11 to 33.

Eildon Capital Limited

Notes to the Financial Statements For the Year Ended 30 June 2017

Note 1: Statement of Accounting Policies

The significant policies which have been adopted in the preparation of this financial report are:

a) Basis of Preparation

The financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the *Corporations Act 2001* and Australian Accounting Standards. The financial report has been prepared on a historical cost basis, except for “available-for-sale” investments which have been measured at fair value.

The financial report is presented in Australian dollars.

Management is required to make judgements, estimates and assumptions in relation to the carrying value of assets and liabilities, that have significant risk of material adjustments in the next year and these have been disclosed in the relevant notes to the financial statements.

b) Statement of Compliance

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (AIFRS). The financial report also complies with International Financial Reporting Standards (IFRS).

There are no standards, interpretations or amendments to existing standards that are effective for the first time for the financial year commencing 1 July that have a material impact on the Company.

Certain new accounting standards and interpretations have been published that are not mandatory for the 30 June 2017 reporting period:

(i) *AASB 9 Financial Instruments*

AASB 9 Financial Instruments was released in December 2014 and is mandatory for periods beginning on or after 1 January 2018. The Standard addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets.

The Company has yet to undertake a detailed assessment of the classification and measurement of financial assets. The financial assets held by the group include loans and receivables currently measured at amortised cost using the effective interest rate method which would likely continue to be measured on the same basis under the standard

Accordingly the Company does not expect the new guidance to have a significant impact on the classification and measurement of its financial assets.

The new impairment model requires the recognition of impairment provisions based on expected credit losses rather than only incurred credit losses as is the case under AASB 139. While the Company has not yet undertaken a detailed assessment of how its impairment provisions would be affected by the new model, it may result in an earlier recognition of credit losses.

The new standard also introduces expanded disclosure requirements and changes in presentation. These are expected to change the nature and extent of the Company's disclosures about its financial instruments particularly in the year of the adoption of the new standard.

(ii) *AASB 15 Revenue from contracts with customers*

AASB 15 Revenue from contracts with customers was released in October 2015 and is mandatory for periods beginning on or after 1 January 2018. The standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer – so the notion of control replaces the existing notion of risks and rewards. The Company does not expect the new standard to have any material impact on the timing of recognition of its revenues in the initial period of application.

Eildon Capital Limited

Notes to the Financial Statements (Continued) For the Year Ended 30 June 2017

Note 1: Statement of Accounting Policies (Cont.)

c) Cash and Cash Equivalents

For the statement of cash flows, cash includes cash on hand and short-term deposits with an original maturity of three months or less.

d) Revenue Recognition

Interest Income

Revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount as at the end of the financial year.

Sale of Non-Current Assets

The gain or loss on sale of non-current asset sales is included as income at the date control of the asset passes to the buyer, usually when a contract of sale becomes unconditional. The gain or loss on disposal is calculated as the difference between the carrying amount of the asset at the time of disposal and the net proceeds on disposal and in the case of “available-for-sale” assets will include any amount attributable to the asset which is included in reserves.

If the equity investment continues to be held as an “available-for-sale” asset, changes in its fair value will be recognised directly in other comprehensive income. This may impact the ability to directly compare financial information.

Fee Income

Fees and commissions that relate to the execution of a significant act (for example, advisory or arrangement services, placement fees and underwriting fees) are recognised when the significant act has been completed.

Fees charged for providing ongoing services (for example, managing and administering existing facilities and funds) are recognised as income over the service period.

Dividends and Other Income

Revenue is recognised when the Company's right to receive payment is established.

e) Trade and Other Payables

Trade payables and other payables are carried at amortised costs and represent liabilities for goods and services provided to the Company prior to the end of the financial year that are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

f) Trade and Other Receivables

Trade and other receivables, which generally have 30 day terms, are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, with any difference between cost and recoverable value being recognised in net income over the period on an effective interest basis.

An allowance for doubtful debts is made when there is objective evidence that the Company will not be able to collect the debts. Bad debts are written off when identified.

Eildon Capital Limited

Notes to the Financial Statements (Continued) For the Year Ended 30 June 2017

Note 1: Statement of Accounting Policies (Cont.)

g) Investments and Other Financial Assets

Financial assets are classified as either financial assets at fair value through profit or loss, loans and receivables, "held-to-maturity" investments, or "available-for-sale" investments. The classification depends on the purpose for which the investments were acquired. When financial assets are recognised initially, they are measured at fair value, plus, in case of investments not at fair value through profit or loss, transaction costs. The Company determines the classification of its financial assets at initial recognition and re-evaluates this designation at each financial year-end.

The purchase and sale of financial assets are recognised on the trade date i.e. the date that the Company commits to purchase the asset.

The Company assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired. In the case of investments classified as "available-for-sale", a significant or prolonged decline in the fair value of a security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for "available-for-sale" financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the statement of profit or loss and other comprehensive income – is removed from equity and recognised in the statement of profit or loss and other comprehensive income. Impairment losses recognised in the statement of profit or loss and other comprehensive income on equity instruments classified as "available-for-sale" are not reversed through the statement of profit or loss and other comprehensive income.

Associates

Associates are those entities, other than partnerships, over which the Company exercises significant influence but not control. The Company generally deems it has significant influence if it has over 20% of the voting rights, but no more than 50%.

Investments in associates are carried in the statement of financial position at cost plus post-acquisition changes in the Company's share of net assets in the associates. Following initial recognition the Company assesses whether it is necessary to recognise any impairment loss with respect to the investment in the associate.

The Company's equity accounted share of the associates' post-acquisition profits or losses is recognised in the statement of profit or loss and other comprehensive income, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment.

When the Company's share of losses in an associate equals or exceeds its interest in the associate, including any unsecured long-term receivables and loans, the Company does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in the statement of profit or loss and other comprehensive income when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

"Available-for-Sale" Investments

"Available-for-sale" investments are those non-derivative financial assets that are designated as "available-for-sale". After initial recognition "available-for-sale" investments are measured at fair value with gains or losses being recognised as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is recognised in the statement of profit or loss and other comprehensive income.

The fair value of equity securities that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the reporting date. For investments with no active market, fair value is determined using valuation techniques, such as discounted cash flow analysis. Where fair value cannot be reliably measured investments are measured at cost.

Eildon Capital Limited

Notes to the Financial Statements (Continued) For the Year Ended 30 June 2017

Note 1: Statement of Accounting Policies (Cont.)

h) Income Tax and Other Taxes

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities on the current period's taxable income at the tax rates enacted by the reporting date. Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred income tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profits will be available against which deductible temporary differences and the carry-forward of unused tax credits and tax losses can be utilised. Unrecognised deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

Income taxes relating to items recognised directly in equity are recognised in equity and not in comprehensive income.

Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of Goods and Services Tax (GST), except:

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

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

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

i) Contributed Equity

Issued capital is recognised at the fair value of the consideration received by the Company. Incremental costs directly attributable to the issue or cancellation of shares are shown in equity as a deduction, net of tax, from proceeds.

j) Segment Reporting

A business segment is a distinguishable component of the entity that is engaged in providing differentiated products or services.

Eildon Capital Limited

Notes to the Financial Statements (Continued)

For the Year Ended 30 June 2017

Note 1: Statement of Accounting Policies (Cont.)

k) Impairment

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Non-financial assets that suffered an impairment are tested for possible reversal of the impairment whenever events or changes in circumstances indicate that the impairment may have reversed.

l) Share-based Payments

The Company provides benefits to employees (including senior executives) of the Company in the form of share-based payments, whereby employees render services in exchange for shares or rights over shares (equity-settled transactions).

The cost of these equity-settled transactions with employees is measured by reference to the fair value of the equity instruments at the date at which they are granted, and amortised over the term of the plan.

m) Profit distribution reserve

Profits transferred to the profit distribution reserve are segregated to facilitate potential future dividend payments that may be declared by the directors.

n) Non-current assets (or disposal groups) held for sale

Non-current assets (or disposal groups) are classified as held for sale if their carrying amounts will be recovered through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell.

Note 2: Auditor's Remuneration

The auditor of the Company is HLB Mann Judd NSW Partnership.

	2017 \$	2016 \$
<i>Amounts received or due and receivable by the auditors for:</i>		
Audit and review of financial report		
HLB Mann Judd NSW Partnership	36,250	33,500
Non-audit services		
HLB Mann Judd Assurance (NSW) Pty Ltd	20,900	-

Note 3: Income Tax

(a) Income tax expense

Accounting profit before income tax	5,227,454	2,072,236
Income tax expense at the statutory income tax rate of 30%	1,568,236	621,671
Adjustment to income tax benefit due to:		
- Franked dividends received	-	(580,750)
- Non-deductible items	-	22
Income tax expense on profit for the year	1,568,236	40,943
Adjustments in respect of current income tax of previous years	-	121
Income tax expense	1,568,236	41,064

Eildon Capital Limited

Notes to the Financial Statements (Continued)

For the Year Ended 30 June 2017

	2017 \$	2016 \$
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Note 3: Income Tax (Cont.)

(a) Income tax expense (Cont.)

The major components of income tax expense are:

- Current income tax charge	1,441,476	772,204
- Deferred income tax	126,760	(731,261)
- Adjustments in respect of current income tax of previous years	-	121

Income tax expense reported in the statement of profit or loss and other comprehensive income

1,568,236	41,064
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Deferred tax benefit relating to items credited directly to equity

595,557	23,180
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(b) Deferred income tax

Deferred income tax balances at 30 June relates to the following:

	Included in income \$	2017 Included in equity \$	Total \$	Included in income \$	2016 Included in equity \$	Total \$
Deferred tax assets						
Provisions and accrued expenses	6,594	-	6,594	9,540	-	9,540
Impairment expenses	30,055	-	30,055	233,545	-	233,545
Tax losses	77,144	-	77,144	753,764	-	753,764
Equity accounted income	2,606	-	2,606	-	-	-
Other	63,160	202,194	265,354	127,078	15,749	142,827
	<u>179,559</u>	<u>202,194</u>	<u>381,753</u>	<u>1,123,927</u>	<u>15,749</u>	<u>1,139,676</u>
Deferred tax liabilities						
Equity accounted income	-	-	-	377,790	388,410	766,200
Other	-	-	-	-	20,702	20,702
	<u>-</u>	<u>-</u>	<u>-</u>	<u>377,790</u>	<u>409,112</u>	<u>786,902</u>

(c) Current Tax Liabilities

	2017 \$	2016 \$
<i>Income tax payable</i>		
Balance at the end of the year	1,441,476	700,378

Eildon Capital Limited

Notes to the Financial Statements (Continued)

For the Year Ended 30 June 2017

Note 4: Dividends

A fully franked dividend of 3.5 cents per share amounting to \$1,057,393 was declared on 28 February 2017 and paid 22 March 2017.

A fully franked dividend of 1.375 cents per share amounting to \$415,404 was declared on 31 March 2017 and paid 24 April 2017.

A fully franked dividend of 1.7875 cents per share amounting to \$540,025 was declared on 30 June 2017 and paid 24 July 2017.

	2017 \$	2016 \$
Dividend franking account:		
Franking credits available to shareholders for subsequent financial years	<u>2,534,057</u>	<u>1,955,218</u>

The franking account is stated on a tax paid basis. The balance comprises the franking account at year end adjusted for:

- (a) franking credits that will arise from the payment of the amount of the provision for income tax;
- (b) franking debits that will arise from the refund of overpaid tax instalments paid;
- (c) franking debits that will arise from the payment of dividends recognised as a liability at year end;
- (d) franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date; and
- (e) franking credits that the entity may be prevented from distributing in subsequent years.

The ability to utilise the franking credits is dependent upon there being sufficient available equity to declare dividends.

Note 5: Notes to the Statement of Cash Flows

(a) Reconciliation of cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents comprise the following at the end of the financial year:

Cash at bank	<u>6,150,747</u>	<u>16,456</u>
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Cash at bank earns interest at floating rates based on daily bank deposit rates. The carrying amount of cash and cash equivalents represents fair value.

Eildon Capital Limited

Notes to the Financial Statements (Continued)

For the Year Ended 30 June 2017

Note 5: Notes to the Statement of Cash Flows (Cont.)

(b) Reconciliation of profit after income tax to net cash from operations

	2017 \$	2016 \$
Net profit after tax	3,659,218	2,031,172
<i>Adjustments for:</i>		
Recovery of equity investment impairment	(678,302)	(1,470,471)
Net (gain)/loss on sale of equity investments	(1,665,587)	855,397
Impairment of financial assets	-	848,756
Share of equity accounted profits	(118,012)	(399,200)
Increase in capital raising cost	248,543	-
<i>Change in operating assets and liabilities:</i>		
(Increase)/decrease in other assets	(37,748)	1,411
Increase in interest receivables	(1,733,404)	(495,651)
Increase in GST	(2,932)	(2,333)
Decrease in dividend income	126,700	3,328,900
Increase/(decrease) in payables	1,189	(526,132)
Increase/(decrease) in deferred tax assets and liabilities	155,370	(731,139)
Decrease in sundry creditors and accruals	(6,959)	(3,600)
Increase in tax payable	741,098	1,007,284
Decrease in financial assets at fair value through profit or loss	-	322,327
Net cash provided by operating activities	<u>689,174</u>	<u>4,766,721</u>

Note 6: Trade and Other Receivables

Current:		
Goods and services tax	9,471	6,541
Prepayments	41,790	4,044
	<u>51,261</u>	<u>10,585</u>

Trade and other receivables are generally on 30 day terms.

Eildon Capital Limited

Notes to the Financial Statements (Continued)

For the Year Ended 30 June 2017

Note 7: Financial Assets – “Available for Sale”

	2017 \$	2016 \$
Current:		
Listed shares at market value (a)	-	736,324

(a) Listed shares at market value:

The carrying value of certain investments in ASX listed companies has been determined by using the fair value approach. The closing bid-price at reporting date was determined to be an appropriate indication for the fair value of the investment.

Note 8: Investments Accounted for Using the Equity Method

	Ownership Interest		Investment Carrying Amount	
	2017 %	2016 %	2017 \$	2016 \$
Interest in ordinary shares of associate				
Green's Food Holdings Pty Limited (a)	-	10	-	-
79 Logan Road Trust (b)	35	-	3,360,442	-
79 Logan Road Pty Limited (c)	35	-	35	-
Kingsgrove (Vanessa Road) Unit Trust (d)	25	-	-	-
			3,360,477	-

- (a) Green's Food Holdings Pty Limited is an Australian based company producing and distributing household food products. In June 2016, the directors of the Company decided to sell its shareholding in Green's Foods Holdings Pty Limited. In September 2016, the Company sold all its holdings in Green's Food Holdings Pty Limited for approximately \$5.5 million generating a profit of \$1.9 million.
- (b) 79 Logan Road Trust is a commercial property in Woolloongabba, Queensland with a long term lease to an ASX listed entity, with residential development approval. The carrying value of 79 Logan Road Trust has been calculated as \$3,360,442 based on the net asset backing methodology, using the most recent reports provided by the company.
- (c) 79 Logan Road Pty Limited is the trustee of 79 Logan Road Trust.
- (d) Kingsgrove (Vanessa Road) Unit Trust is a residential property development in Kingsgrove, New South Wales.

Eildon Capital Limited

Notes to the Financial Statements (Continued)

For the Year Ended 30 June 2017

Note 8: Investments Accounted for Using the Equity Method (Cont.)

Summarised financial information

The following table illustrates summarised financial information relating to the Company's associates:

	79 Logan Road Trust		Green's Food Holdings Pty Ltd	
	2017	2016	2017	2016
	\$	\$	\$	\$
Summarised balance sheet				
Current assets	142,468	-	-	-
Current liabilities	41,458	-	-	-
Current net assets	101,010	-	-	-
Non-current assets	20,990,254	-	-	-
Non-current liabilities	11,490,000	-	-	-
Non-current net assets	9,500,254	-	-	-
Net assets	9,601,264	-	-	-
Reconciliation to carrying amounts:				
<i>Opening net assets 1 July</i>	-	-	-	-
Profit for the period	337,178	-	-	-
Share issued	9,626,086	-	-	-
Dividend paid	(362,000)	-	-	-
Closing net assets	9,601,264	-	-	-
The Company's share - percentage	35%	-	n/a	n/a
The Company's share - dollars	3,360,442	-	-	-
Carrying amount	3,360,442	-	-	-
Summarised statement of comprehensive income				
Revenue	766,667	-	-	210,552,000
Net profit	337,178	-	-	3,992,000
Other comprehensive income	-	-	-	-
Total comprehensive income	337,178	-	-	3,992,000
Dividends received	126,700	-	-	800,000

Eildon Capital Limited

Notes to the Financial Statements (Continued)

For the Year Ended 30 June 2017

Note 8: Investments Accounted for Using the Equity Method (Cont.)

Individually immaterial investments accounted for using the equity method

In addition to the interests in investments accounted for using the equity method disclosed above, the Company also has interests in a number of individually immaterial investments that are accounted for using the equity method.

	2017 \$	2016 \$
Aggregate carrying amount of individually immaterial investments accounted for using the equity method	35	-
Aggregate amounts of the Company's share of profit for the period	-	-
	<u>-</u>	<u>-</u>
Total comprehensive income	<u>-</u>	<u>-</u>

Note 9: Assets Classified as Held for Sale

Non-current assets held for sale

Shares in unlisted corporation	-	3,574,309
	<u>-</u>	<u>3,574,309</u>

In June 2016, the directors of the Company decided to sell its holding in Green's Foods Holdings Pty Limited. Refer Note 8.

Note 10: Loans and Receivables

Current:

Secured loans to other corporations	20,718,653	13,048,683
Unsecured loan to related entity	83,550	-
	<u>20,802,203</u>	<u>13,048,683</u>

Non-Current:

Secured loans to other corporations	3,098,444	-
	<u>3,098,444</u>	<u>-</u>

When an entity does not pay a scheduled payment of principal and interest or management consider that there is evidence that an amount may not be recoverable then a review is conducted to determine if a loan is considered to be impaired. The carrying value of loans to other corporations has been determined in accordance with the repayment terms.

Movements in the provision for impairment loss were as follows:

Carrying amount at the beginning of the year	-	304,879
Loan repaid during the year	-	(304,879)
	<u>-</u>	<u>-</u>
Carrying amount at the end of the year	<u>-</u>	<u>-</u>

Full details of loans are set out in note 17.

Eildon Capital Limited

Notes to the Financial Statements (Continued)

For the Year Ended 30 June 2017

	2017 \$	2016 \$
Note 11: Trade and Other Payables		
Current:		
Sundry creditors and accruals	36,446	31,800
Dividend payable	540,025	-
	<u>576,471</u>	<u>31,800</u>

Trade and sundry creditors are non-interest bearing and are generally on 30 day terms.

Note 12: Earnings per share

	Cents	Cents
Basic earnings per share	15.91	11.17
Diluted earnings per share	15.91	10.65
	\$	\$
Net profit attributable to shareholders used in calculation of basic and diluted earnings per share	<u>3,659,218</u>	<u>2,031,172</u>
	Number	Number
Weighted average number of shares used as the denominator in calculating basic earnings per share	22,999,574	18,190,520
Adjustments for calculation of diluted earnings per share:		
Options*	-	878,823
Weighted average number of shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	<u>22,999,574</u>	<u>19,069,343</u>

*Options

Options granted under the Option Plan are considered to be potential ordinary shares and have been included in the determination of diluted earnings per share to the extent to which they are dilutive, and for the period in which they existed.

Note 13: Contributed Equity

	2017 Number of shares	\$	2016 Number of shares	\$
Issued and paid up share capital:				
Ordinary shares fully paid	<u>30,211,208</u>	<u>28,107,339</u>	<u>17,244,172</u>	<u>14,885,446</u>
Ordinary shares:				
Balance at the beginning of the year	17,244,172	14,885,446	18,474,249	18,001,875
Issue of shares	12,967,036	13,603,735	-	-
Transaction costs of share issue	-	(545,489)	-	-
Exercise of share options	-	-	2,650,000	1,722,500
Shares bought back	-	-	(3,880,077)	(4,539,690)
Options bought back	-	-	-	(260,000)
Transaction costs of share buy back	-	-	-	(58,357)
Income tax on share transaction costs	-	163,647	-	19,118
Balance at the end of the year	<u>30,211,208</u>	<u>28,107,339</u>	<u>17,244,172</u>	<u>14,885,446</u>

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up the company in proportion to the number of shares held.

Eildon Capital Limited

Notes to the Financial Statements (Continued)

For the Year Ended 30 June 2017

Note 13: Contributed Equity (Cont.)

Total capital of the Company is as follows:

	2017 \$	2016 \$
Total equity	31,826,938	17,006,953
Net assets per share	1.05	0.99

The Company is not subject to any externally imposed capital requirements. Management's objective is to achieving returns for shareholders commensurate with the risks associated with making investments in Australia.

A share placement was completed in October 2016 and 3,533,073 shares were issued at \$1.02 per share.

On 24 February 2017 the Company completed a capital raising of \$10 million and was admitted to the Official List of ASX Limited. 9,433,963 new shares were issued at the price of \$1.06 per share.

A fully franked dividend of 3.5 cents per share amounting to \$1,057,393 was declared on 28 February 2017 and paid 22 March 2017.

A fully franked dividend of 1.375 cents per share amounting to \$415,404 was declared on 31 March 2017 and paid 24 April 2017.

A fully franked dividend of 1.7875 cents per share amounting to \$540,025 was declared on 30 June 2017 and paid 24 July 2017.

Note 14: Retained Earnings

Retained earnings at the beginning of the year	(5,483,508)	(5,483,508)
Net profit attributable to members	3,659,218	2,031,172
Transfers to profit distribution reserve	(3,659,218)	(2,031,172)
Retained earnings at the end of the year	(5,483,508)	(5,483,508)

Note 15: Profit Distribution Reserve

Profit distribution reserve at the beginning of the year	6,650,421	6,845,528
Transfers from retained earnings	3,659,218	2,031,172
Transfer of share based payment on sale of associate	906,290	-
Transfer from other reserves	-	15,463
Dividend paid	(2,012,822)	(2,241,742)
Profit distribution reserve at the end of the year	9,203,107	6,650,421

Profits transferred to the profit distribution reserve are segregated to facilitate potential future dividend payments that may be declared by the directors.

Eildon Capital Limited

Notes to the Financial Statements (Continued)

For the Year Ended 30 June 2017

Note 16: Other Reserves

	Market Value Reserve	Foreign Exchange Reserve	Share Based Payments Reserve	Total
	\$	\$	\$	\$
Year ended 30 June 2017				
At the beginning of the year	48,304	-	906,290	954,594
Amount transferred from other reserves to other comprehensive income on sale	(69,006)	-	-	(69,006)
Income tax effect on amount transferred from other reserves to other comprehensive income on sale	20,702	-	-	20,702
Transfer of share based payment on sale of associate	-	-	(906,290)	(906,290)
At the end of the year	-	-	-	-
Year ended 30 June 2016				
At the beginning of the year	23,369	44,846	921,753	989,968
Increase in fair value of investments	69,006	-	-	69,006
Income tax effect on increase in fair value of investments	(20,702)	-	-	(20,702)
Amount transferred from other reserves to other comprehensive income on sale	(33,384)	(64,066)	-	(97,450)
Income tax effect on amount transferred from other reserves to other comprehensive income on sale	10,015	19,220	-	29,235
Share based payments	-	-	(15,463)	(15,463)
At the end of the year	48,304	-	906,290	954,594

Nature and purpose of reserve

Market value reserve

The market valuation reserve is used to record increments and decrements in the fair value of "available-for-sale" financial assets to the extent that they offset one another.

Foreign Exchange Reserve

The foreign exchange reserve includes exchange differences arising on translation of foreign entities where their functional currency is different to the presentation currency of the Company.

Share based payments reserve

The share based payments reserve is used to record the value of share based payments for the Company and associate entity provided to key management personnel.

Eildon Capital Limited

Notes to the Financial Statements (Continued)

For the Year Ended 30 June 2017

Note 17: Financial Instruments

The Company's activities expose it to a variety of financial risks: market risk (including market price risk and interest rate risk), credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on financial performance.

The Company uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and price risk.

The responsibility for operational risk management resides with the Board of Directors who seeks to manage the exposure of the Company. There have been no significant changes in the types of financial risks or the Company's risk management program (including methods used to measure the risks) since the prior year.

(a) Interest Rate Risk

The Company's exposure to interest rate risks and the effective interest rates of financial assets and liabilities both recognised and unrecognised at the reporting date are as follows:

	Note	Floating interest rate \$	Fixed interest rate 1 year or less \$	1 to 5 years \$	Non- interest bearing \$	Total \$
2017						
Financial assets						
Cash and cash equivalents	5	6,150,747	-	-	-	6,150,747
Trade and other receivables	6	-	-	-	51,261	51,261
Loans and receivables	10	-	20,802,203	3,098,444	-	23,900,647
		<u>6,150,747</u>	<u>20,802,203</u>	<u>3,098,444</u>	<u>51,261</u>	<u>30,102,655</u>
Financial liabilities						
Trade and other payables	11	-	-	-	576,471	576,471
		<u>-</u>	<u>-</u>	<u>-</u>	<u>576,471</u>	<u>576,471</u>
2016						
Financial assets						
Cash and cash equivalents	5	16,456	-	-	-	16,456
Trade and other receivables	6	-	-	-	10,585	10,585
Loans and receivables	10	-	13,048,683	-	-	13,048,683
		<u>16,456</u>	<u>13,048,683</u>	<u>-</u>	<u>10,585</u>	<u>13,075,724</u>
Financial liabilities						
Trade and other payables	11	-	-	-	31,800	31,800
		<u>-</u>	<u>-</u>	<u>-</u>	<u>31,800</u>	<u>31,800</u>

The Company holds a significant amount of cash balances which are exposed to movements in interest rates. To reduce the risk the Company typically deposits uncommitted cash with financial institutions at fixed rates with maturity of between 30 – 90 days. Interest bearing loans and receivables are made at a mix of fixed and floating rates.

Eildon Capital Limited

Notes to the Financial Statements (Continued)

For the Year Ended 30 June 2017

Note 17: Financial Instruments (Cont.)

(a) Interest Rate Risk (Cont.)

Sensitivity

As the Company expects interest rates to increase by 50 basis points during the 2018 financial year (2017: decrease by 50 basis points), at reporting date the impact for the 2017 financial year on the Company, with all other variables held constant, would be:

	Increase of 50 bp \$	Decrease of 50 bp \$
2017		
Net profit	35,275	-
Equity increase	35,275	-
2016		
Net loss	-	38,108
Equity decrease	-	38,108

(b) Market Price Risk

At 30 June 2016 the Company had investments in listed securities which could be adversely affected if general equity markets were to decline. The Company also holds investments in unlisted securities however these are less susceptible to movements in value as a result of market sentiment as they are valued based on operational fundamentals.

Sensitivity

Listed Securities

If equity prices had been 10% higher/(lower) while all other variables were held constant the impact net of tax as at 30 June 2016 would be:

	Increase of 10% \$	Decrease of 10% \$
Net profit/(loss)	-	-
Equity increase/(decrease)	51,543	(51,543)

The Company does not hold listed securities at 30 June 2017.

(c) Credit Risk Exposure

Credit risk refers to the loss that the Company would incur if a debtor or counterparty fails to perform under its obligations. The carrying amounts of financial assets recognised in the statement of financial position best represent the Company's maximum exposure to credit risk at reporting date. The Company seeks to limit its exposure to credit risk by performing appropriate background investigations on counterparties before entering into arrangements with them and seek collateral with a value in excess of the counterparty's obligations to the Company, providing a "margin of safety" against loss.

The Company minimises concentrations of credit risk in relation to trade receivables by undertaking transactions with a number of counterparties, and is managed through normal payment terms of 30 days. At reporting date there are no overdue trade debtors.

Eildon Capital Limited

Notes to the Financial Statements (Continued)

For the Year Ended 30 June 2017

Note 17: Financial Instruments (Cont.)

(c) Credit Risk Exposure (Cont.)

The credit quality of financial assets that are neither past due nor impaired is as follows:

	2017 \$	2016 \$
Cash and cash equivalents	<u>6,150,747</u>	<u>16,456</u>
Trade and other receivables		
Government	9,471	6,541
Other – unrated	<u>41,790</u>	<u>4,044</u>
	<u>51,261</u>	<u>10,585</u>
Loans and receivables		
Other – unrated	<u>23,900,647</u>	<u>13,048,683</u>

(d) Liquidity Risk

The Company manages liquidity risk by maintaining sufficient cash balances and holding liquid investments that could be realised to meet commitments. The Company continuously monitors forecast and actual cash flows and matches the maturity profiles of financial assets and liabilities.

The following table details the Company's contractual liabilities.

	Less than 6 months \$	Total \$
2017		
Trade and other payables	<u>576,471</u>	<u>576,471</u>
2016		
Trade and other payables	<u>31,800</u>	<u>31,800</u>

Eildon Capital Limited

Notes to the Financial Statements (Continued) For the Year Ended 30 June 2017

Note 17: Financial Instruments (Cont.)

(e) Fair Value of Financial Assets and Liabilities

The fair values of the financial assets and liabilities of the Company are approximately equal to their carrying values. No financial assets or financial liabilities are readily traded on organised markets in standardised form.

Judgements and estimates were made in determining the fair values of the financial instruments and non-financial assets that are recognised and measured at fair value in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments and non-financial assets into three levels prescribed under the accounting standards.

Level 1 – the fair value is calculated using quoted prices in active markets.

Level 2 – the fair value is estimated using inputs other than quoted prices included in Level 1 that are observable for the asset, either directly (as prices) or indirectly (derived from prices).

Level 3 – the fair value is estimated using inputs for the asset that are not based on observable market data.

The fair value of the financial instruments as well as the methods used to estimate the fair value are summarised in the table below.

	Quoted market price (Level 1) \$	Valuation technique – market observable inputs (Level 2) \$	Valuation technique – non market observable inputs (Level 3) \$	Total \$
Year ending 30 June 2017				
Loans and receivables				
Secured loans to other corporations	-	-	23,900,647	23,900,647
Total financial assets	-	-	23,900,647	23,900,647
Year ending 30 June 2016				
Financial assets				
“Available-for-sale” investments				
Listed shares at market value	736,324	-	-	736,324
Loans and receivables				
Secured loans to other corporations	-	-	13,048,683	13,048,683
Total financial assets	736,324	-	13,048,683	13,785,007

Eildon Capital Limited

Notes to the Financial Statements (Continued)

For the Year Ended 30 June 2017

Note 17: Financial Instruments (Cont.)

(f) Fair Value of Financial Assets and Liabilities (Cont.)

Reconciliation of Level 3 fair value movements:

	2017 \$	2016 \$
Balance at the beginning of the year	13,048,683	1,216,370
Shares sold	-	(995,733)
Loans repaid	(8,229,112)	(304,879)
Loan provided	15,957,266	12,605,651
Interest	3,123,810	443,032
Gain recognised in other income	-	148,308
Losses recognised in other comprehensive income	-	(64,066)
Balance at the end of the year	23,900,647	13,048,683

There is no quantitative information for level 3 financial instruments. The fair value has been determined based on the terms of the loan agreement.

Eildon Capital Limited

Notes to the Financial Statements (Continued)

For the Year Ended 30 June 2017

Note 18: Segmental Information

The company in Australia as an investment company.

The revenues and results by business segments are as follows:

	Private Equity and Venture Capital \$	Listed Investments \$	Property \$	Total \$
Year ended 30 June 2017:				
Revenues:				
Total revenue for reportable segments	1,936,674	407,215	3,475,980	5,819,869
Unallocated amounts:				
Interest income				117,258
Total revenue				5,937,127
Equity accounted income	-	-	118,012	118,012
Results:				
Total profit for reportable segments	1,936,674	407,215	3,475,980	5,819,869
Share of profit of equity accounted investees	-	-	118,012	118,012
	1,936,674	407,215	3,593,992	5,937,881
Unallocated amounts: corporate expenses				(2,278,663)
Total profit after tax				3,659,218
Assets:				
Segment assets	-	-	23,900,647	23,900,647
Unallocated amounts:				
Cash and cash equivalents				6,150,747
Equity accounted investments				3,360,477
Other assets				433,014
Total assets				33,844,885
Liabilities:				
Segment liabilities	-	-	-	-
Unallocated amounts:				
Other liabilities				2,017,947
Total liabilities				2,017,947

Eildon Capital Limited

Notes to the Financial Statements (Continued)

For the Year Ended 30 June 2017

Note 18: Segmental Information (Cont.)

	Private Equity and Venture Capital \$	Listed Investments \$	Property \$	Total \$
Year ended 30 June 2016:				
Revenues:				
Total revenue for reportable segments	607,216	1,569,471	1,419,796	3,596,483
Unallocated amounts:				
Interest income				183,723
Total revenue				3,780,206
Equity accounted income	399,200	-	-	399,200
Results:				
Total profit for reportable segments	755,524	(282,989)	1,419,796	1,892,331
Share of profit of equity accounted investees	399,200	-	-	399,200
	1,154,724	(282,989)	1,419,796	2,291,531
Unallocated amounts: corporate expenses				(260,359)
Total profit after tax				2,031,172
Assets:				
Segment assets	3,574,309	736,325	13,048,682	17,359,316
Unallocated amounts:				
Cash and cash equivalents				16,456
Equity accounted investments				-
Other assets				1,150,261
Total assets				18,526,033
Liabilities:				
Segment liabilities	-	-	-	-
Unallocated amounts:				
Other liabilities				1,519,080
Total liabilities				1,519,080

Eildon Capital Limited

Notes to the Financial Statements (Continued)

For the Year Ended 30 June 2017

Note 19: Related Party Information

19.1 Key management personnel

	2017	2016
	\$	\$
Salary based payment	54,795	-
Post-employment benefits – superannuation	10,205	15,000
	<u>65,000</u>	<u>15,000</u>

The only key management personnel of the Company are the directors and company secretary. The Company does not have any other employees.

Detailed remuneration disclosures are provided in the remuneration report.

19.2 Transactions with related parties

The Company pays management fees to its investment manager. CVC Managers Pty Limited was investment manager until 23 November 2015 and charged management fees at 2.5% of the higher of the net assets of the Company or capital raised by the Company at the end of the previous financial year. Effective 31 December 2010 the investment manager agreed to reduce the annual management fees to a pro-rata \$181,818 per annum. During the year management fees of nil (2016: \$71,717) were paid to CVC Managers Pty Limited. During the year Messrs Beard and Read were also directors of CVC Managers Pty Limited.

Effective 23 November 2015 the investment manager was changed to Eildon Funds Management Limited. Monthly management fees have been calculated as one twelfth of 0.75% of the net asset value plus one twelfth of 1% of invested capital of the Company, calculated as at the last day of the previous month, provided that each month the total management fees shall not be less than \$15,000. Management fees of \$361,135 (2016: \$154,850) were paid to Eildon Funds Management Limited during the financial year. During the year Messrs Beard, Avery and Hunter were directors of Eildon Funds Management Limited.

During the year, the Company sold its listed investments at fair value to its parent entity, CVC Limited, for a total of \$809,739 (2016: \$1,812,733). CVC Limited ceased to be parent entity of the Company on 24 February 2017.

19.3 Loans to key management personnel

There were no loans to key management personnel during the year or existing at the end of the financial year.

19.4 Share-based payments to key management personnel

The Company had an Option Plan which was approved by shareholders on 26 November 2012. An option not exercised at the end of the term would lapse. The maximum number of options available to be issued under the plan is 3,700,000.

Options granted under the plan carried no dividend or voting rights. When exercised, each option is convertible into one ordinary share of the Company.

The following is a summary of options granted under the plan.

Grant Date	Exercise Date	Exercise Price (cents)	Balance at start of year	Exercised during the year	Buy-back during the year	Balance at end of year	Vested
<i>Year ended 30 June 2016</i>							
16 Jan 2013	15 Jan 2016	65.0	<u>3,150,000</u>	<u>(2,650,000)</u>	<u>(500,000)</u>	<u>-</u>	<u>-</u>

Eildon Capital Limited

Notes to the Financial Statements (Continued) For the Year Ended 30 June 2017

Note 19: Related Party Information (Cont.)

19.4 Share-based payments to key management personnel (Cont.)

The assessed fair value per option at grant date is allocated equally over the period from grant date to vesting date.

All the above options were either exercised or bought back during the year. The fair value per option has been determined by using the Black Scholes option pricing model that takes into account the exercise price, the term of the option, the share price and expected volatility of the underlying share and the risk-free interest rate for the term of the option. The theoretical value of the options are calculated as being 0.6 cents per option. Further terms and conditions include:

Price of the underlying shares - 62.66 cents;

Implied volatility - 5.28%;

The exercise price is adjusted for corporate actions; and

Risk-free interest rate for the life of the options – 3.25%.

19.5 Loan with related party

The Company provided a loan of \$83,550 (2016: nil) to Kingsgrove (Vanessa Road) Unit Trust during the financial year.

Note 20: Commitments and Contingent Liabilities

20.1 Loans and other investments

Amounts available to be drawn by borrowers under existing loan facility agreements

	2017	2016
	\$	\$
Unrelated entities	2,555,368	-

20.2 Contingent liabilities

Commencing 1 January 2016, a performance fee is payable to Eildon Funds Management Limited where the Company achieves an annual return during the calculation period of greater than the hurdle rate of 9% per annum. The performance fee payable is calculated as 20% of the increase in the share price of the Company in excess of the 9% hurdle rate, after factoring in dividends and other distributions.

No performance fee is payable for the 2017 and 2016 financial years.

Note 21: Other Information

The Company was incorporated on 23 February 1993. The Company is registered and domiciled in Australia. Its registered office and principal place of business are at Suite 3118, Level 31, 120 Collins Street, Melbourne Victoria 3000.

Note 22: Subsequent Events

A fully franked dividend of 1.7875 cents per share amounting to \$540,025 was declared on 30 June 2017 and paid 24 July 2017.

Other than as set out above, there are no matters or circumstances that have arisen since the end of the financial period 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 financial periods subsequent to 30 June 2017.

Eildon Capital Limited

Directors' Declaration

In accordance with a resolution of the directors of Eildon Capital Limited, we state that:

In the opinion of the Directors:

- (a) the financial statements and notes of the Company are in accordance with *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the Company's financial position as at 30 June 2017 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the *Corporation Regulations 2001*.
- (b) the financial statements and notes also comply with International Financial Reporting Standards as disclosed in Note 1; and
- (c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
- (d) the audited remuneration disclosures set out on pages 3 to 5 of the Directors' Report comply with Accounting Standards AASB 124 Related Party Disclosures and the Corporations Regulations 2001.

This declaration has been made after receiving the declarations required to be made to the Directors in accordance with s. 295A of the Corporations Act 2001 for the financial period ended 30 June 2017.

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

Dated at Sydney 25 August 2017.



Mark Avery
Director



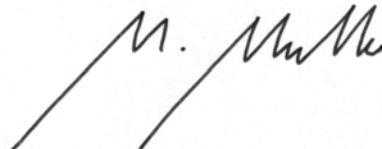
Alexander Beard
Director

**EILDON CAPITAL LIMITED
ACN 059 092 198****AUDITOR'S INDEPENDENCE DECLARATION**

As lead auditor for the audit of the financial report of Eildon Capital Limited for the year ended 30 June 2017, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (a) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (b) any applicable code of professional conduct in relation to the audit.

Sydney, NSW
25 August 2017



M D Muller
Partner

**EILDON CAPITAL LIMITED
ACN 059 092 198**

INDEPENDENT AUDITOR'S REPORT

To the Members of Eildon Capital Limited

REPORT ON THE AUDIT OF THE FINANCIAL REPORT

Opinion

We have audited the financial report of Eildon Capital Limited ("the Company") which comprises the statement of financial position as at 30 June 2017, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

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

- (a) giving a true and fair view of the Company's financial position as at 30 June 2017 and of its financial performance for the year then ended; and
- (b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

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

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

Key Audit Matters

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

HLB Mann Judd (NSW Partnership) ABN 34 482 821 289

Level 19 207 Kent Street Sydney NSW 2000 Australia | Telephone +61 (0)2 9020 4000 | Fax +61 (0)2 9020 4190

Email: mailbox@hlbnsw.com.au | Website: www.hlb.com.au

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**EILDON CAPITAL LIMITED
ACN 059 092 198**

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Key Audit Matters (continued)

Key Audit Matter	How our audit addressed the key audit matter
Loans Receivable	
The Company had a significant balance of loans receivable as at 30 June 2017 (refer to Note 10).	We reviewed loan agreements and other supporting documentation.
A large portion of the loans have been provided to property developers with properties provided as security for the loans.	We obtained client workings and assessed reasonableness of recoverability assessment, including where relevant, the prospect of recovering the loan within the next 12 months.
We have therefore identified loans receivable as an area requiring particular audit attention.	We reviewed security of loan and assessed for reasonableness. We obtained current external valuations, where available, and assessed the competence, independence and integrity of the external expert appointed by management. We obtained loan confirmation from third parties. We considered the classification of the loan balance to ensure it was reasonable.

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

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended 30 June 2017, but does not include the financial report and our auditor's report thereon.

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

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

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

Responsibilities of the Directors for the Financial Report

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

**EILDON CAPITAL LIMITED
ACN 059 092 198**

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Responsibilities of the Directors for the Financial Report (continued)

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

Auditor's Responsibilities for the Audit of the Financial Report

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

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

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

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

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

**EILDON CAPITAL LIMITED
ACN 059 092 198**

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Auditor's Responsibilities for the Audit of the Financial Report (continued)

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

REPORT ON THE REMUNERATION REPORT

Opinion on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2017.

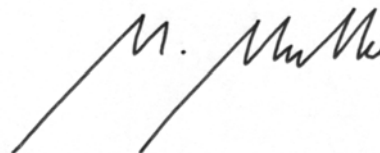
In our opinion, the Remuneration Report of Eildon Capital Limited for the year ended 30 June 2017 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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

A handwritten signature in black ink that reads 'HLB Mann Judd'.

**HLB Mann Judd
Chartered Accountants**

A handwritten signature in black ink that appears to read 'M. Muller'.

**M D Muller
Partner**

**Sydney, NSW
25 August 2017**

Eildon Capital Limited

Additional Information

The following information was current as at 31 July 2017.

Distribution schedule

The distribution of shareholders and their shareholdings was as follows:

Category (size of holding)	Number of ordinary shareholders
1 - 1,000	6
1,001 - 5,000	132
5,001 - 10,000	86
10,001 - 100,000	134
100,001 - over	25
Total	383

Unmarketable parcels

	Minimum parcel size	Number of sharehold ers
Minimum \$500.00 parcel at \$1.055 per share	474	2

Substantial holders

The names of the Company's substantial holders and the number of ordinary shares in which each has a relevant interest as disclosed in substantial holder notices given to the Company are as follows:

Shareholder	Number of ordinary shares in which interest held
CVC Limited	11,848,851
Chemical Trustee Limited	3,069,377
J K M Securities Pty Limited	3,000,000

Eildon Capital Limited

Additional Information (Continued)

20 largest shareholders ordinary shares

As at 31 July 2017, the top 21 shareholders and their shareholdings were as follows:

Shareholder	Shares held	% of issued capital held
CVC Limited	11,817,577	39.12
Chemical Trustee Limited	3,069,377	10.16
J K M Securities Pty Limited	3,000,000	9.93
JP Morgan Nominees Australia Limited	842,570	2.79
Dr David John Ritchie & Dr Gillian Joan Ritchie	600,000	1.99
Fifty-Second Celebration Pty Ltd	500,376	1.66
JPR Holdings Pty Limited	500,000	1.66
Ms Marnie Ross	500,000	1.66
Alexander Beard & Pascale Beard	400,000	1.32
Mr Jamie Pherous	400,000	1.32
Hudson Conway Investments Pty Ltd	236,000	0.78
Equitas Nominees Pty Limited <PB-600755 A/C>	235,849	0.78
Tigershark Investments Pty Ltd	202,000	0.67
AD & MP Beard Super Fund	200,000	0.66
Equitas Nominees Pty Limited < PB-600865 A/C>	200,000	0.66
Thirty-Fifth Celebration Pty Ltd	183,250	0.61
Tyroc Pty Limited	160,417	0.53
G & G Millar Pty Limited	154,589	0.51
Friday Investments Pty Limited	150,000	0.50
LIC Investments Pty Ltd	150,000	0.50
Medellin Pty Ltd	150,000	0.50
	23,652,005	78.31

Voting Rights

The Company's constitution details the voting rights of members and states that every member, present in person or by proxy, shall have one vote for every ordinary share registered in his or her name.

Registered Office

The Company is registered and domiciled in Australia. Its registered office and principal place of business are at Suite 3118, Level 31, 120 Collins Street, Melbourne VIC 3000.