

**RESULTS ANNOUNCEMENT**  
**FOR THE YEAR ENDED JUNE 30, 2018**

**INTRODUCTION**

Eildon Capital Limited (ASX: EDC) is pleased to report a net profit after tax of \$3.0 million (2017: \$3.7 million). The 2018 financial year represents the first full period that the strategy of the Company has been focused on property investments following the change from the focus on private equity and listed investments during the 2017 financial year.

Property income continues to grow year-on-year with current earnings being generated predominately from interest income earned on the loan portfolio. The following table provides an indication of the growth in operating income for the financial year:

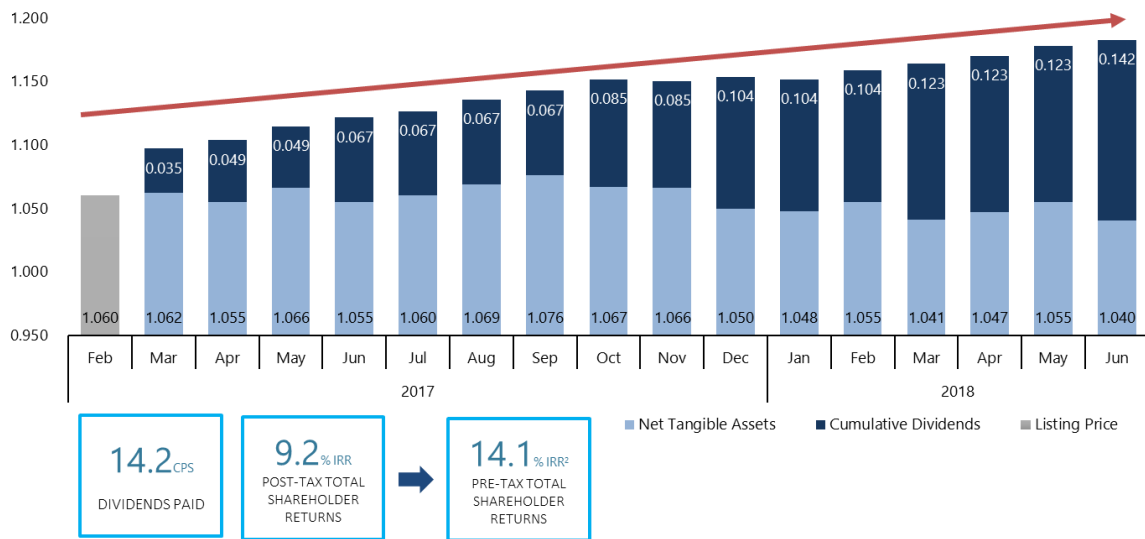
	<b>2018</b>	<b>2017</b>
<b>Revenue</b>	<b>\$</b>	<b>\$</b>
Property	5,198,487	3,593,992
Private equity and listed investments	-	2,343,889
Bank interest	192,967	117,258
<b>Total</b>	<b>5,391,454</b>	<b>6,055,139</b>

Although earnings during the financial year was 7.9 cents per share, compared to 15.9 cents per share in 2017, the 2017 results included the once off sale of Green's Foods Holdings Pty Limited and the remaining listed investment portfolio, which provided an earnings per share contribution of 10.2 cents per share to the 2017 profit.

During the year, the Company completed a capital raising of \$16.6 million at \$1.05 per share. The capital raising has allowed the Company to continue to grow its property investment portfolio. The proceeds of this initiative have now been fully deployed / committed to investments which is anticipated to deliver increased earnings.

Net tangible assets as at 30 June 2018 were \$1.04 per share and during the year shareholders have been paid fully franked dividends of 7.5 cents per share. Since listing on the ASX in February 2017 at \$1.06, the Company has generated total shareholder returns of 9.2% as at 30 June 2018 not accounting for the benefit of franking credits paid to investors in that period.

## NTA & ACCUMULATED DIVIDENDS SINCE ASX LISTING



1. Calculated using subscription price at listing, dividends paid and closing price at 30 June 2018 and latest dividend
2. Pre-tax results have been adjusted for the 30% tax rate paid by Eildon Capital Limited

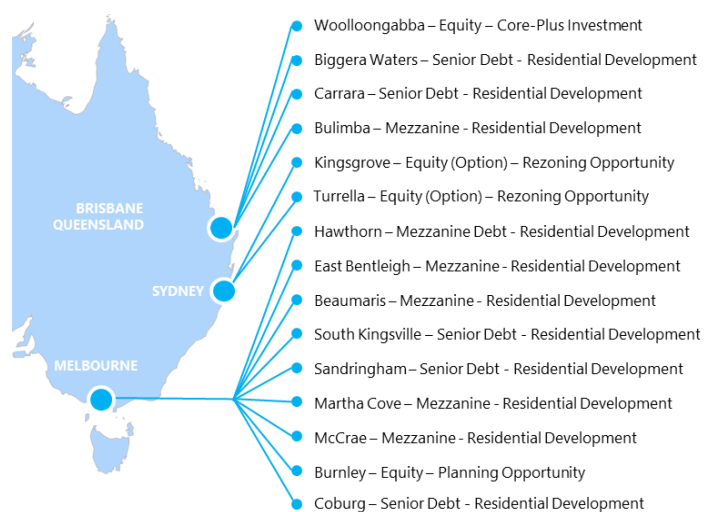
## INVESTMENT PORTFOLIO

At the end of the financial year Eildon Capital held an investment portfolio valued at \$38.8 million. During the year the portfolio generated income of \$5.3 million, delivered mainly through interest earned on loan facilities.

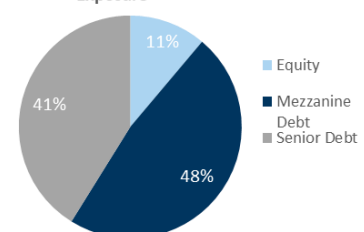
The investment portfolio is weighted toward debt investments (11 in total) to provide capital protection should property markets weaken and values stagnate or decrease. Some strategic equity investments (4 in total) are held where there is potential to see meaningful capital growth through either asset repositioning, market re-rating or planning outcomes.

The portfolio also has strong geographic distribution with investments in Queensland, Victoria and New South Wales.

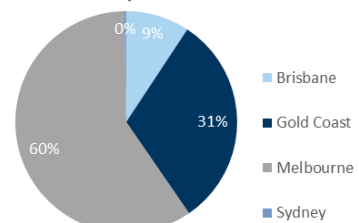
### Eildon Capital Investment by Geography



### EDC Portfolio by Type - Peak Exposure <sup>1</sup>



### EDC Portfolio By Geography - Peak Exposure <sup>1</sup>



1. Based on peak investment exposures

## **OUTLOOK**

The directors remain focused on generating recurrent income streams and capital appreciation through investment in the property sector. This will be achieved through growing the investment book through a 'best fit' combination of:

- Loans
- Longer term core plus style assets
- Option exposures
- Equity partnerships

A key to being able to deliver performance is a commitment to remain a capital partner of choice. To do this the Company needs to:

- Provide clear and timely feedback to funding requests
- Be flexible in its ability to structure transactions
- Reduce turnaround time for approval, documentation and funding

Eildon Capital Limited will remain prudent and conservative in the way transactions are assessed and will continue to mitigate risk through the diligence and ongoing management phases of an investment.

Deal flow into the Company is particularly strong and it is likely that transaction volumes which are undertaken will increase. It is forecast that the current portfolio weighting toward debt will likely continue given the market opportunity for involvement in this segment of the property capital structure.

Targeted portfolio returns from investment remains at 14% per annum which will be achieved through a blend of qualifying transactions across asset classes, geographies and risk positions.

## **CAPITAL MANAGEMENT**

Having raised capital during the financial year it has been important to carefully select appropriate investments that these funds can be deployed / committed toward. At the start of August 2018, the Company was fully deployed / committed. Prior investments are starting to roll off and these funds will be redeployed into qualifying investments as this occurs.

Eildon Capital Limited will continue to explore efficient financing structures to improve returns and performance for shareholders to optimise the investment opportunity that exists in the current market.

The Directors paid a final dividend of 1.925 cents per share fully franked on 24 July 2018. It is expected that Eildon Capital will continue to pay fully franked quarterly dividends at this level. The anticipated dividend payment calendar for the next 12 months is as follows:

Quarter	Anticipated Payment Date
September, 2018	24 October, 2018
December, 2018	24 January, 2019
March, 2019	24 April, 2019
June, 2019	24 July, 2019

Mark Avery  
Managing Director  
30 August 2018

## 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 2018	30 June 2017

#### Results

Income from ordinary activities	up/down	11%	to	\$5,391,454
Profit after tax attributable to members	up/down	18%	to	\$3,006,055
Net profit for the period attributable to members	up/down	18%	to	\$3,006,055

#### Dividends (distributions)

	Payment Date	Amount per security	Franked amount per security
June 2018 Ordinary Dividend	24 July 2018	1.925¢	1.925¢
March 2018 Ordinary Dividend	24 April 2018	1.925¢	1.925¢
December 2017 Ordinary Dividend	5 February 2018	1.925¢	1.925¢
September 2017 Ordinary Dividend	24 October 2017	1.7875¢	1.7875¢

#### Information on Dividends:

A fully franked dividend in respect of the June 2018 quarter for the financial year ended 30 June 2018 of 1.925 cents per share was paid on 24 July 2018. The Dividend Reinvestment Plan was in operation and the June quarterly dividend qualified. The dividend reinvestment price was calculated as 98.49 cents per share which was based on the volume weighted average price over the five trading days between 5 July 2018 and 11 July 2018.

#### Net tangible asset per security

	Year ended 30 June 2018	Year ended 30 June 2017
Net assets per share	\$1.04	\$1.05
Net tangible assets (“NTA”) per share	\$1.04	\$1.05

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**

## **2018 Annual Report**

The financial report was authorised for issue by the Directors on 30 August 2018.

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

# Eildon Capital Limited

## Company Particulars

### REGISTERED OFFICE:

Level 25  
360 Collins Street  
MELBOURNE VIC 3000  
Tel: (03) 9691 5480

### DIRECTORS:

James R Davies - Chairman  
Mark A Avery  
Alexander D H Beard  
Michelle E Harpur

### SECRETARIES:

John A Hunter

### 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 2018

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The Directors present their report together with the financial report of Eildon Capital Limited (the "Company") for the year ended 30 June 2018 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 in the property finance and residential development divisions. Mr Avery also worked for private and listed property development and investment groups. Mr Avery commenced at CVC Limited, the former parent of the Company, in 2010, and has been responsible for all of the group's real estate investment activities, including appointed as Managing Director of the Company in 2015. He is also a director of Eildon Funds Management Limited.

#### **Alexander Damien Harry Beard (Non-Executive Director)**

B.Com. (UNSW) FCA AICD

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, Probiotec Limited, Tasfoods Limited, Eildon Funds Management Limited and formerly a Chairman and non-executive director of Cellnet Group Limited. Mr Beard is a member of the Audit Committee of the Company.

#### **James R Davies (Independent Director)**

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)**

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.

### Company Secretary:

#### **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.

# Eildon Capital Limited

## Directors' Report

For the Year Ended 30 June 2018

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### 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	4	4
A D H Beard	4	4
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	2	2
J R Davies	2	2
M E Harpur	2	2

### Directors' benefits

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

### Directors' 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 \$3,006,055 (2017: \$3,659,218).



# Eildon Capital Limited

## Directors' Report

For the Year Ended 30 June 2018

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### Dividends

Dividends proposed or paid during the year and included within the statement of changes in equity by the Company are:

	Cents Per Share	Total \$	Date of Payment	Tax rate for Franking Credits	Percentage Franked
2018 June quarter dividend on ordinary shares	1.925	885,887	24-Jul-18	30%	100%
2018 March quarter dividend on ordinary shares	1.925	885,699	24-Apr-18	30%	100%
2017 December quarter dividend on ordinary shares	1.925	885,699	5-Feb-18	30%	100%
2017 September quarter dividend on ordinary shares	1.7875	540,025	3-Oct-17	30%	100%

### Review of Operations

During the financial year the Company completed a capital raising on 17 January 2018 including an invitation for existing shareholders to participate in a Share Purchase Plan, at \$1.05 per share. The total amount raised amounted \$16.6 million, with the additional funds to be deployed into further investment opportunities.

### 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 \$150,000, 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 2018

### 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)	<b>2018</b>	-	-	-	-
(Managing Director)	2017	-	-	-	-
James Davies	<b>2018</b>	<b>45,662</b>	<b>4,338</b>	<b>50,000</b>	<b>100%</b>
(Non-Executive Chairman)	2017	30,442	2,891	33,333	100%
Alexander Beard (b)	<b>2018</b>	-	-	-	-
(Non-Executive Director)	2017	-	-	-	-
Michelle Harpur	<b>2018</b>	<b>15,000</b>	<b>25,000</b>	<b>40,000</b>	<b>100%</b>
(Non-Executive Director)	2017	24,353	2,314	26,667	100%
John Read	<b>2018</b>	-	-	-	-
(Non-Executive Director)	2017	-	5,000	5,000	100%
<i>Other Key Management Personnel</i>					
John Hunter (b)	<b>2018</b>	-	-	-	-
(Company Secretary)	2017	-	-	-	-
	<b>2018</b>	<b>60,662</b>	<b>29,338</b>	<b>90,000</b>	
	2017	54,795	10,205	65,000	

#### Notes:

- (a) Base % reflects the amount of base level remuneration that is not dependent on individual or the Company's performance.
- (b) The remuneration of Messrs Avery, Beard, Bower, 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 2018

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### 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	600,000	64,285	-	664,285
Mr M. A. Avery	22,000	14,285	-	36,285
Ms M. E. Harpur	10,000	9,523	-	19,523
Mr J. R. Davies	25,000	984	-	25,984
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.

	2018 \$	2017 \$
Net profit after tax	3,006,055	3,659,218
Comprehensive loss	-	(48,304)
Total comprehensive income	3,006,055	3,610,914
Dividends paid	3,197,311	2,012,822
Shares bought back on market	-	-
Share price	1.04	1.05
Net assets per share	1.04	1.05
Change in net assets per share	(0.01)	0.06

### Significant changes in the state of affairs of the Company

There were no 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 1.925 cents per share amounting to \$885,887 was declared on 26 June 2018 and paid 24 July 2018 of which \$20,656 was reinvested under the Dividend Reinvestment Plan.

Subsequent to year end, on 23 August 2018 a loan agreement was entered into to provide a \$4.0 million construction facility for a mixed-use townhouse and apartment project in Bulimba, Queensland of which \$2.1 million was drawn on 27 August 2018.

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 2018.

# Eildon Capital Limited

## Directors' Report

For the Year Ended 30 June 2018

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### 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 Partnership) as the auditors for the 2018 financial year. During the financial year no non-audit services were provided.

A copy of the Independence Declaration is included on page 34. Further information on Auditors' Remuneration is included in note 2.

Signed in accordance with a resolution of Directors.

Dated at Sydney 30 August 2018



Mark Avery  
Director



Alexander Beard  
Director

# Eildon Capital Limited

## Statement of Profit or Loss and Other Comprehensive Income For the Year Ended 30 June 2018

	Notes	2018 \$	2017 \$
<b>INCOME</b>			
Interest income		5,185,636	3,240,966
Net gain on sale of equity investments		-	1,665,587
Impairment recovery		100,182	678,302
Fee income		187,556	352,172
Other income		-	100
<b>Total income</b>		<b>5,473,374</b>	<b>5,937,127</b>
<b>Share of net (loss)/profit of associate accounted for using the equity method</b>	7	<b>(81,920)</b>	<b>118,012</b>
<b>EXPENSES</b>			
Accountancy		19,390	10,290
Audit fees	2	46,950	36,250
Insurance		72,802	32,011
Legal fees		2,796	3,003
Directors fees	17	90,000	65,000
Management fees		596,828	361,135
Net loss on sale of equity investments		99,049	-
Share registry		64,297	36,559
Capital raising expenses		-	248,543
Other expenses		104,978	34,894
<b>Total expenses</b>		<b>1,097,090</b>	<b>827,685</b>
<b>Profit before income tax</b>		<b>4,294,364</b>	<b>5,227,454</b>
Income tax expense	3	1,288,309	1,568,236
<b>Net profit after tax</b>		<b>3,006,055</b>	<b>3,659,218</b>
<b>Basic earnings per share (cents)</b>	10	<b>7.90</b>	<b>15.91</b>
<b>Diluted earnings per share (cents)</b>	10	<b>7.90</b>	<b>15.91</b>
<b>Other comprehensive income</b>			
Amount transferred from other reserves to other comprehensive income on sale		-	(69,006)
Income tax on items taken directly from equity		-	20,702
<b>Other comprehensive loss for the year, net of tax</b>		<b>-</b>	<b>(48,304)</b>
<b>Total comprehensive income for the year</b>		<b>3,006,055</b>	<b>3,610,914</b>

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 32.

**Eildon Capital Limited**  
**Statement of Financial Position**  
**As at 30 June 2018**

	Notes	2018 \$	2017 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	5	10,209,431	6,150,747
Trade and other receivables	6	60,430	51,261
Loans and receivables	8	29,279,007	20,802,203
<b>Total current assets</b>		<b>39,548,868</b>	<b>27,004,211</b>
<b>NON-CURRENT ASSETS</b>			
Loans and receivables	8	5,987,361	3,098,444
Investments accounted for using the equity method	7	3,027,607	3,360,477
Financial assets – “at fair value through profit or loss”		469,668	-
Deferred tax assets	3	391,041	381,753
<b>Total non-current assets</b>		<b>9,875,677</b>	<b>6,840,674</b>
<b>TOTAL ASSETS</b>		<b>49,424,545</b>	<b>33,844,885</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	9	1,013,388	576,471
Current tax liabilities	3	538,803	1,441,476
<b>Total current liabilities</b>		<b>1,552,191</b>	<b>2,017,947</b>
<b>TOTAL LIABILITIES</b>		<b>1,552,191</b>	<b>2,017,947</b>
<b>NET ASSETS</b>		<b>47,872,354</b>	<b>31,826,938</b>
<b>EQUITY</b>			
Contributed equity	11	44,344,011	28,107,339
Retained earnings	12	(5,483,508)	(5,483,508)
Profit distribution reserve	13	9,011,851	9,203,107
<b>TOTAL EQUITY</b>		<b>47,872,354</b>	<b>31,826,938</b>

The above statement of financial position should be read in conjunction with the notes to the financial statements set out on pages 11 to 32.

# Eildon Capital Limited

## Statement of Changes in Equity For the Year Ended 30 June 2018

	Contributed equity \$	Retained earnings \$	Profit distribution reserve \$	Other reserves \$	Total \$
<b>At 1 July 2017</b>	<b>28,107,339</b>	<b>(5,483,508)</b>	<b>9,203,107</b>	<b>-</b>	<b>31,826,938</b>
Profit for the year	-	3,006,055	-	-	3,006,055
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>3,006,055</b>	<b>-</b>	<b>-</b>	<b>3,006,055</b>
<i>Transactions with shareholders:</i>					
Shares issued	16,598,808	-	-	-	16,598,808
Capital raising transaction cost	(517,337)	-	-	-	(517,337)
Tax on transaction cost	155,201	-	-	-	155,201
Dividend provided or paid	-	-	(3,197,311)	-	(3,197,311)
Transfers (to)/from reserve	-	(3,006,055)	3,006,055	-	-
<b>At 30 June 2018</b>	<b>44,344,011</b>	<b>(5,483,508)</b>	<b>9,011,851</b>	<b>-</b>	<b>47,872,354</b>
<b>At 1 July 2016</b>	<b>14,885,446</b>	<b>(5,483,508)</b>	<b>6,650,421</b>	<b>954,594</b>	<b>17,006,953</b>
Profit for the year	-	3,659,218	-	-	3,659,218
Other comprehensive loss	-	-	-	(48,304)	(48,304)
<b>Total comprehensive income/(loss) for the year</b>	<b>-</b>	<b>3,659,218</b>	<b>-</b>	<b>(48,304)</b>	<b>3,610,914</b>
<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	-	-
<b>At 30 June 2017</b>	<b>28,107,339</b>	<b>(5,483,508)</b>	<b>9,203,107</b>	<b>-</b>	<b>31,826,938</b>

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 32.

# Eildon Capital Limited

## Statement of Cash Flows

For the Year Ended 30 June 2018

	Notes	2018 \$	2017 \$
<b>Cash flows from operating activities</b>			
Cash receipts in the course of operations		187,557	352,383
Cash payments in the course of operations		(933,978)	(625,701)
Proceeds from disposal of financial assets at fair value through profit and loss		1,133	-
Loan repaid		11,407,785	6,838,708
Loan provided		(20,403,972)	(15,957,266)
Interest and fee income received		2,843,855	1,507,560
Dividends received		-	126,700
Income tax paid		(2,045,069)	(671,768)
<b>Net cash used in operating activities</b>	<b>5(b)</b>	<b>(8,942,689)</b>	<b>(8,429,384)</b>
<b>Cash flows from investing activities</b>			
Payments for equity investments		(469,568)	(3,368,780)
Proceeds from equity investments		250,950	6,585,517
<b>Net cash (used in)/provided by investing activities</b>		<b>(218,618)</b>	<b>3,216,737</b>
<b>Cash flows from financing activities</b>			
Dividends paid		(2,841,774)	(1,472,797)
Proceeds from issue of shares		16,589,134	13,603,735
Payment for share issue transaction cost		(527,369)	(784,000)
<b>Net cash provided by financing activities</b>		<b>13,219,991</b>	<b>11,346,938</b>
<b>Net increase in cash held</b>		<b>4,058,684</b>	<b>6,134,291</b>
<b>Cash and cash equivalents at the beginning of the financial year</b>		<b>6,150,747</b>	<b>16,456</b>
<b>Cash and cash equivalents at the end of the financial year</b>	<b>5(a)</b>	<b>10,209,431</b>	<b>6,150,747</b>

The above statement of cash flows should be read in conjunction with the notes to the financial statements set out on pages 11 to 32.



# Eildon Capital Limited

## Notes to the Financial Statements For the Year Ended 30 June 2018

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### 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 2018 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 2018

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### 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.

##### **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.

##### **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 cost 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 2018

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### **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.

#### **At fair value through profit or loss**

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. After initial recognition “at fair value through profit or loss” assets are measured at fair value with gains or losses being recognised in the statement of profit or loss and other comprehensive income.

The fair value of investments 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.

# Eildon Capital Limited

## Notes to the Financial Statements (Continued) For the Year Ended 30 June 2018

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### 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 2018

### 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.

### Note 2: Auditor's Remuneration

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

	2018 \$	2017 \$
<i>Amounts received or due and receivable by the auditors for:</i>		
Audit and review of financial report		
HLB Mann Judd NSW Partnership	<b>46,950</b>	36,250
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	<b>4,294,364</b>	5,227,454
Income tax expense at the statutory income tax rate of 30%	<b>1,288,309</b>	1,568,236

# Eildon Capital Limited

## Notes to the Financial Statements (Continued)

### For the Year Ended 30 June 2018

	2018 \$	2017 \$
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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	1,170,560	1,441,476
- Deferred income tax	117,749	126,760
	<u>1,288,309</u>	<u>1,568,236</u>
Income tax expense reported in the statement of profit or loss and other comprehensive income		
	<u>1,288,309</u>	<u>1,568,236</u>
Deferred tax benefit relating to items credited directly to equity	88,900	595,557
	<u>88,900</u>	<u>595,557</u>

##### (b) Deferred income tax

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

	Included in income \$	2018 Included in equity \$	Total \$	Included in income \$	2017 Included in equity \$	Total \$
<b>Deferred tax assets</b>						
Provisions and accrued expenses	8,100	-	8,100	6,594	-	6,594
Impairment expenses	-	-	-	30,055	-	30,055
Tax losses	106,858	-	106,858	77,144	-	77,144
Equity accounted income	-	-	-	2,606	-	2,606
Other	46,151	229,932	276,083	63,160	202,194	265,354
	<u>161,109</u>	<u>229,932</u>	<u>391,041</u>	<u>179,559</u>	<u>202,194</u>	<u>381,753</u>

##### (c) Current Tax Liabilities

	2018 \$	2017 \$
<i>Income tax payable</i>		
Balance at the end of the year	<u>538,803</u>	<u>1,441,476</u>

# Eildon Capital Limited

## Notes to the Financial Statements (Continued) For the Year Ended 30 June 2018

### Note 4: Dividends

Dividends proposed or paid in previous years and included within the statement of changes in equity by the Company are:

	Cents Per Share	Total \$	Date of Payment	Tax rate for Franking Credit	Percentage Franked
2018 June quarter dividend on ordinary shares	1.925	885,887	24-Jul-18	30%	100%
2018 March quarter dividend on ordinary shares	1.925	885,699	24-Apr-18	30%	100%
2017 December quarter dividend on ordinary shares	1.925	885,699	5-Feb-18	30%	100%
2017 September quarter dividend on ordinary shares	1.7875	540,025	24-Oct-17	30%	100%
2017 June quarter dividend on ordinary shares	1.7875	540,025	24-Jul-17	30%	100%
2017 March quarter dividend on ordinary shares	1.375	415,404	24-Apr-17	30%	100%
2016 December quarter dividend on ordinary shares	3.5	1,057,393	22-Mar-17	30%	100%
		<b>2018</b>		<b>2017</b>	
		<b>\$</b>		<b>\$</b>	
Dividend franking account:					
Franking credits available to shareholders for subsequent financial years		<b>2,277,568</b>		<b>2,534,057</b>	

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	<b>10,209,431</b>	<b>6,150,747</b>
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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 2018

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

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

	2018 \$	2017 \$
Net profit after tax	3,006,055	3,659,218
<i>Adjustments for:</i>		
Recovery of equity investment impairment	-	(678,302)
Net gain on sale of equity investments	-	(1,665,587)
Share of equity accounted loss/(profits)	81,920	(118,012)
Increase in capital raising cost	-	248,543
<i>Change in operating assets and liabilities:</i>		
Increase in other assets	(5,110)	(37,748)
Increase in interest bearing loans	(11,337,967)	(10,851,962)
Increase in GST	(4,058)	(2,932)
Decrease in dividend income	-	126,700
Increase in payables	69,250	1,189
Increase in deferred tax assets and liabilities	145,913	155,370
Increase/(decrease) in sundry creditors and accruals	3,981	(6,959)
(Decrease)/increase in tax payable	(902,673)	741,098
Net cash used in operating activities	<u>(8,942,689)</u>	<u>(8,429,384)</u>

### Note 6: Trade and Other Receivables

#### Current:

Goods and services tax	13,530	9,471
Prepayments	46,900	41,790
	<u>60,430</u>	<u>51,261</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 2018

#### Note 7: Investments Accounted for Using the Equity Method

	Ownership Interest		Investment Carrying Amount	
	2018	2017	2018	2017
	%	%	\$	\$
<b>Interest in ordinary shares of associate</b>				
79 Logan Road Trust (a)	<b>35</b>	35	<b>3,027,572</b>	3,360,442
79 Logan Road Pty Limited (b)	<b>35</b>	35	<b>35</b>	35
Kingsgrove (Vanessa Road) Unit Trust (c)	<b>25</b>	25	-	-
			<b>3,027,607</b>	3,360,477

- (a) 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 \$3,027,572 based on the net asset backing methodology, using the most recent reports provided by the company.
- (b) 79 Logan Road Pty Limited is the trustee of 79 Logan Road Trust.
- (c) 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 2018

#### Note 7: Investments Accounted for Using the Equity Method (Cont.)

##### Summarised financial information

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

	<b>79 Logan Road Trust</b>	
	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
<b>Summarised balance sheet</b>		
Current assets	<b>55,692</b>	142,468
Current liabilities	<b>46,958</b>	41,458
Current net assets	<b>8,734</b>	101,010
Non-current assets	<b>20,131,472</b>	20,990,254
Non-current liabilities	<b>11,490,000</b>	11,490,000
Non-current net assets	<b>8,641,472</b>	9,500,254
<b>Net assets</b>	<b>8,650,206</b>	9,601,264
<b>Reconciliation to carrying amounts:</b>		
<i>Opening net assets 1 July</i>	<b>9,601,264</b>	-
Profit for the period	<b>(234,058)</b>	337,178
Share issued	-	9,626,086
Return of capital	<b>(700,501)</b>	-
Dividend paid	<b>(16,499)</b>	(362,000)
<b>Closing net assets</b>	<b>8,650,206</b>	9,601,264
The Company's share - percentage	<b>35%</b>	35%
The Company's share - dollars	<b>3,027,572</b>	3,360,442
Carrying amount	<b>3,027,572</b>	3,360,442
<b>Summarised statement of comprehensive income</b>		
Revenue	<b>1,074,292</b>	766,667
<b>Net profit</b>	<b>(234,058)</b>	337,178
Other comprehensive income	-	-
<b>Total comprehensive income</b>	<b>(234,058)</b>	337,178
Dividends received	<b>5,775</b>	126,700

# Eildon Capital Limited

## Notes to the Financial Statements (Continued)

### For the Year Ended 30 June 2018

#### Note 7: 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.

	2018 \$	2017 \$
Aggregate carrying amount of individually immaterial investments accounted for using the equity method	35	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 8: Loans and Receivables

##### Current:

Secured loans to other corporations	29,279,007	20,718,653
Unsecured loan to related entity	-	83,550
	<u>29,279,007</u>	<u>20,802,203</u>

##### Non-Current:

Secured loans to other corporations	5,861,811	3,098,444
Unsecured loan to related entity	125,550	-
	<u>5,987,361</u>	<u>3,098,444</u>

#### Note 9: Trade and Other Payables

##### Current:

Sundry creditors and accruals	127,501	36,446
Dividend payable	885,887	540,025
	<u>1,013,388</u>	<u>576,471</u>

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

# Eildon Capital Limited

## Notes to the Financial Statements (Continued)

### For the Year Ended 30 June 2018

	2018	2017
<b>Note 10: Earnings per share</b>		
	<b>Cents</b>	<b>Cents</b>
Basic earnings per share	<b>7.90</b>	15.91
Diluted earnings per share	<b>7.90</b>	15.91
	<b>\$</b>	<b>\$</b>
Net profit attributable to shareholders used in calculation of basic and diluted earnings per share	<b>3,006,055</b>	3,659,218
	<b>Number</b>	<b>Number</b>
Weighted average number of shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	<b>38,067,694</b>	22,999,574

### Note 11: Contributed Equity

	2018		2017	
	<b>Number of shares</b>	<b>\$</b>	<b>Number of shares</b>	<b>\$</b>
Issued and paid up share capital:				
Ordinary shares fully paid	<b>46,020,079</b>	<b>44,344,011</b>	30,211,208	28,107,339
<b>Ordinary shares:</b>				
Balance at the beginning of the year	<b>30,211,208</b>	<b>28,107,339</b>	17,244,172	14,885,446
Issue of shares	<b>15,808,871</b>	<b>16,598,808</b>	12,967,036	13,603,735
Transaction costs of share issue	-	<b>(517,337)</b>	-	(545,489)
Income tax on share transaction costs		<b>155,201</b>	-	163,647
Balance at the end of the year	<b>46,020,079</b>	<b>44,344,011</b>	30,211,208	28,107,339

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.

Total capital of the Company is as follows:

	2018	2017
	<b>\$</b>	<b>\$</b>
Total equity	<b>47,872,354</b>	31,826,938
Net assets per share	<b>1.04</b>	1.05

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.

# Eildon Capital Limited

## Notes to the Financial Statements (Continued)

### For the Year Ended 30 June 2018

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	2018 \$	2017 \$
<b>Note 12: Retained Earnings</b>		
Retained earnings at the beginning of the year	(5,483,508)	(5,483,508)
Net profit attributable to members	3,006,055	3,659,218
Transfers to profit distribution reserve	(3,006,055)	(3,659,218)
	<u>(5,483,508)</u>	<u>(5,483,508)</u>
Retained earnings at the end of the year	<u>(5,483,508)</u>	<u>(5,483,508)</u>

#### Note 13: Profit Distribution Reserve

Profit distribution reserve at the beginning of the year	9,203,107	6,650,421
Transfers from retained earnings	3,006,055	3,659,218
Transfer of share based payment on sale of associate	-	906,290
Dividend paid	(3,197,311)	(2,012,822)
	<u>9,011,851</u>	<u>9,203,107</u>
Profit distribution reserve at the end of the year	<u>9,011,851</u>	<u>9,203,107</u>

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 2018

#### Note 14: Other Reserves

	Market Value Reserve	Share Based Payments Reserve	Total
	\$	\$	\$
<b>Year ended 30 June 2017</b>			
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)
<b>At the end of the year</b>	<b>-</b>	<b>-</b>	<b>-</b>

#### 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.

##### *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 2018

#### Note 15: 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 \$
<b>2018</b>						
<b>Financial assets</b>						
Cash and cash equivalents	5	10,209,431	-	-	-	10,209,431
Trade and other receivables	6	-	-	-	60,430	60,430
Loans and receivables	8	-	29,279,007	5,987,361	-	35,266,368
		<u>10,209,431</u>	<u>29,279,007</u>	<u>5,987,361</u>	<u>60,430</u>	<u>45,536,229</u>
<b>Financial liabilities</b>						
Trade and other payables	9	-	-	-	1,013,388	1,013,388
		<u>-</u>	<u>-</u>	<u>-</u>	<u>1,013,388</u>	<u>1,013,388</u>
<b>2017</b>						
<b>Financial assets</b>						
Cash and cash equivalents	5	6,150,747	-	-	-	6,150,747
Trade and other receivables	6	-	-	-	51,261	51,261
Loans and receivables	8	-	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>
<b>Financial liabilities</b>						
Trade and other payables	9	-	-	-	576,471	576,471
		<u>-</u>	<u>-</u>	<u>-</u>	<u>576,471</u>	<u>576,471</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 2018

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#### Note 15: Financial Instruments (Cont.)

##### (a) Interest Rate Risk (Cont.)

###### *Sensitivity*

As the Company expects interest rates to increase by 50 basis points during the 2019 financial year (2018: increase by 50 basis points), at reporting date the impact for the 2018 financial year on the Company, with all other variables held constant, would be:

	Increase of 50 bp \$
<b>2018</b>	
Net profit	38,098
Equity increase	(38,098)
<b>2017</b>	
Net profit	35,275
Equity increase	35,275

##### (b) 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 2018

### Note 15: Financial Instruments (Cont.)

#### (b) Credit Risk Exposure (Cont.)

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

	2018 \$	2017 \$
Cash and cash equivalents	<u>10,209,431</u>	<u>6,150,747</u>
Trade and other receivables		
Government	13,530	9,471
Other – unrated	<u>46,900</u>	<u>41,790</u>
	<u>60,430</u>	<u>51,261</u>
Loans and receivables		
Other – unrated	<u>35,266,368</u>	<u>23,900,647</u>

#### (c) 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 \$
<b>2018</b>		
Trade and other payables	<u>1,013,388</u>	<u>1,013,388</u>
<b>2017</b>		
Trade and other payables	<u>576,471</u>	<u>576,471</u>

# Eildon Capital Limited

## Notes to the Financial Statements (Continued)

For the Year Ended 30 June 2018

### Note 15: Financial Instruments (Cont.)

#### (d) 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.

	Valuation technique – non market observable inputs (Level 3) \$
<b>Year ending 30 June 2018</b>	
<b>Financial assets</b>	
<i><b>“Investment at fair value through profit or loss”</b></i>	
Unlisted shares at market value	<b>469,668</b>
<b>Loans and receivables</b>	
Secured loans to other corporations	<b>35,266,368</b>
<b>Total financial assets</b>	<b>35,736,036</b>
<b>Year ending 30 June 2017</b>	
<b>Loans and receivables</b>	
Secured loans to other corporations	23,900,647
<b>Total financial assets</b>	<b>23,900,647</b>

# Eildon Capital Limited

## Notes to the Financial Statements (Continued)

For the Year Ended 30 June 2018

### Note 15: Financial Instruments (Cont.)

#### (d) Fair Value of Financial Assets and Liabilities (Cont.)

Reconciliation of Level 3 fair value movements:

	2018 \$	2017 \$
<b>Balance at the beginning of the year</b>	<b>23,900,647</b>	13,048,683
Shares purchased	<b>469,668</b>	-
Loans repaid	<b>(14,030,917)</b>	(8,229,112)
Loan provided	<b>20,403,971</b>	15,957,266
Interest and fees	<b>4,992,667</b>	3,123,810
<b>Balance at the end of the year</b>	<b>35,736,036</b>	23,900,647

There is no quantitative information for level 3 financial instruments. The fair value for Loans and receivables has been determined based on the terms of the loan agreement. The fair value of Investment at fair value through profit or loss has been determined based on acquisition cost.

### Note 16: Segmental Information

The company operates in one business segment being an investment company and in one geographical location being Australia for financial year 2018.

# Eildon Capital Limited

## Notes to the Financial Statements (Continued)

### For the Year Ended 30 June 2018

#### Note 16: Segmental Information (Cont.)

The revenues and results by business segments for financial year 2017 are as follows:

	Private Equity and Venture Capital \$	Listed Investments \$	Property \$	Total \$
<b>Year ended 30 June 2017:</b>				
<b>Revenues:</b>				
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
<b>Results:</b>				
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
<b>Assets:</b>				
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
<b>Liabilities:</b>				
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 2018

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### Note 17: Related Party Information

#### 17.1 Key management personnel

	2018	2017
	\$	\$
Salary based payment	60,662	54,795
Post-employment benefits – superannuation	29,338	10,205
	<u>90,000</u>	<u>65,000</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.

#### 17.2 Transactions with related parties

The Company pays management fees to its investment manager, 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 \$596,828 (2017: \$361,135) 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.

#### 17.3 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.

#### 17.4 Loan with related party

The Company provided a loan of \$125,550 (2017: \$83,550) to Kingsgrove (Vanessa Road) Unit Trust during the financial year.

# Eildon Capital Limited

## Notes to the Financial Statements (Continued)

For the Year Ended 30 June 2018

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### Note 18: Commitments and Contingent Liabilities

#### 18.1 Loans and other investments

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

	2018	2017
	\$	\$
Unrelated entities	<u>5,805,196</u>	<u>2,555,368</u>

#### 18.2 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 2018 and 2017 financial years.

### Note 19: 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 Level 25, 360 Collins Street, Melbourne Victoria 3000.

### Note 20: Subsequent Events

A fully franked dividend of 1.925 cents per share amounting to \$885,887 was declared on 26 June 2018 and paid 24 July 2018 of which \$20,656 was reinvested under the Dividend Reinvestment Plan.

Subsequent to year end, on 23 August 2018 a loan agreement was entered into to provide a \$4.0 million construction facility for a mixed-use townhouse and apartment project in Bulimba, Queensland of which \$2.1 million was drawn on 27 August 2018.

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 2018.

# Eildon Capital Limited

## Directors' Declaration

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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 2018 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 2018.

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

Dated at Sydney 30 August 2018.



Mark Avery  
Director



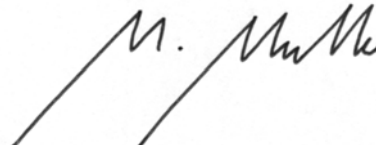
Alexander Beard  
Director

**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 2018, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

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

**Sydney, NSW  
30 August 2018**

  
**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 2018, 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 statement of 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 2018 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.

**EILDON CAPITAL LIMITED  
ACN 059 092 198**

**INDEPENDENT AUDITOR'S REPORT (Continued)**

**Key Audit Matters (continued)**

<b>Key Audit Matter</b>	<b>How our audit addressed the key audit matter</b>
<b>Existence and Valuation of Loans Receivable (Note 8)</b>	
The Company had a significant balance of loans receivable as at 30 June 2018.	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 2018, 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.

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.

**EILDON CAPITAL LIMITED  
ACN 059 092 198**

**INDEPENDENT AUDITOR'S REPORT (Continued)**

**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.

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.

**EILDON CAPITAL LIMITED  
ACN 059 092 198**

**INDEPENDENT AUDITOR'S REPORT (Continued)**

**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 2018.

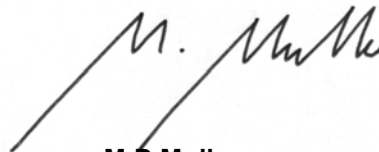
In our opinion, the Remuneration Report of Eildon Capital Limited for the year ended 30 June 2018 complies with section 300A of the *Corporations Act 2001*.

**Responsibilities**

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

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  
30 August 2018**

# Eildon Capital Limited

## Additional Information

The following information was current as at 22 August 2018.

### Distribution schedule

The distribution of shareholders and their shareholdings was as follows:

Category (size of holding)	Number of ordinary shareholders
1 - 1,000	14
1,001 - 5,000	115
5,001 - 10,000	79
10,001 - 100,000	193
100,001 - over	40
<b>Total</b>	<b>441</b>

### Unmarketable parcels

	Minimum parcel size	Number of shareholders
Minimum \$500.00 parcel at \$0.99 per share	505	8

### 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	17,823,789
J P Morgan Nominees Australia Limited	3,984,384
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 22 August 2018, the top 20 shareholders and their shareholdings were as follows:

Shareholder	Shares held	% of issued capital held
CVC Limited	17,823,789	38.71
JP Morgan Nominees Australia Limited	4,084,384	8.87
Chemical Trustee Limited	3,069,377	6.67
J K M Securities Pty Limited	3,000,000	6.52
Rubi Holdings Pty Limited	1,300,000	2.82
Fifty-Fith Celebration Pty Ltd	1,184,770	2.57
Dr David John Ritchie & Dr Gillian Joan Ritchie	640,168	1.39
JPR Holdings Pty Limited	500,000	1.09
Ms Marnie Ross	500,000	1.09
Fordholm Consultants Pty Limited	435,000	0.94
Alexander Beard & Pascale Beard	414,285	0.90
Equitas Nominees Pty Limited <PB-600755 A/C>	297,753	0.65
Equitas Nominees Pty Limited < PB-600865 A/C>	242,856	0.53
Mr Jamie Pherous	225,000	0.49
Delta Asset Management Pty Limited	220,000	0.48
AD & MP Beard Super Fund	200,000	0.43
New Avalon Pty Limited	180,905	0.39
Tyroc Pty Limited	160,417	0.35
Mr Elliott Kaplan & Mrs Brenda Kaplan	160,036	0.35
Syvest Pty Limited	160,000	0.35
	<b>34,798,740</b>	<b>75.59</b>

### 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 Level 25, 360 Collins Street, MELBOURNE VIC 3000