

# Appendix 4D

## Half-Year Report

### For the half-year 31 December 2017

Name of entity

**Australian Masters Yield Fund No. 4 Limited**

ABN	Reporting Period	Previous Corresponding Period
62 149 790 563	1 July 2017 to 31 December 2017	1 July 2016 to 31 December 2016

#### Results for announcement to the market

		31 December 2017 (\$)
<b>Total revenue</b> ("revenue from ordinary activities")	Down by 19.98%	\$1,221,757
<b>Net operating profit for the year</b> ("profit from ordinary activities after tax attributable to shareholders")	Down by 36.64%	\$646,084
<b>Total comprehensive income</b> ("net profit for the period attributable to shareholders")	Down by 36.64%	\$646,084

#### Commentary on results

Refer to attached Half-Year Report including Directors' Report. Additional Appendix 4D disclosure requirements can be found in the notes to the Half-Year Report.

#### Dividends

	Amount per Share \$	Franked Amount per Share \$
<b>June 2017 quarter dividend (paid on 28 August 2017)</b>	\$0.34	\$0.31
<b>September 2017 quarter dividend (paid on 30 November 2017)</b>	\$0.28	\$0.25
<b>December 2017 quarter dividend</b>	\$0.28	\$0.28
<b>Total Dividends</b>	\$0.90	\$0.84
<b>December 2017 quarter dividend dates:</b>		
Ex-div date:	Thursday, 1 March 2018	
Record date:	Friday, 2 March 2018	
Payment date:	Friday, 9 March 2018	

The Company does not operate a dividend reinvestment plan.

#### Net tangible assets per unit

31/12/2017	\$ 41.62
30/06/2017	\$ 46.10

#### Earnings per unit

	31 December 2017	31 December 2016
Basic earnings per unit	64.87 cents	102.40 cents
Diluted earnings per unit	64.87 cents	102.40 cents

#### Financial Report

This report is based on the 31 December 2017 Half-Year report and has been audited by Deloitte Touche Tohmatsu.

# **Australian Masters Yield Fund No 4 Limited**

**ABN 62 149 790 563**

## **Half-Year Financial Report - 31 December 2017**

**Australian Masters Yield Fund No 4 Limited**

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**31 December 2017**

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## Australian Masters Yield Fund No 4 Limited

### Directors' report

31 December 2017

The directors present their report, together with the financial statements, on the Company for the half-year ended 31 December 2017.

#### Directors

The following persons were directors of the Company during the whole of the financial half-year and up to the date of this report unless otherwise stated:

Mr Alexander MacLachlan – Non Executive Chairman (appointed Chairman on 19 July 2017)

Mr Christopher Brown – Non Executive Director

Mr Warwick Keneally – Non Executive Director (appointed on 19 July 2017)

Mr Thomas Kline – Non Executive Chairman (resigned on 19 July 2017)

#### Principal activities

The principal activity of the Company during the half-year was investing in Australian fixed and floating income securities.

#### Review of operations

The profit for the Company after providing for income tax amounted to \$646,084 (31 December 2016: \$1,019,772).

The net asset value of the Company at 31 December 2017 was \$41,446,639 (30 June 2017: \$45,909,501). The net asset value per share at 31 December 2017 was \$41.62 (30 June 2017: \$46.10). Consistent with the investment strategy, the decline in the Company's profit and net asset value were primarily driven by the reduction of the income producing assets of the Company as financial investments matured or were sold during the period with the proceeds being paid out as capital returns to investors.

The weighted average number of shares for the half-year was 995,896. The basic and diluted earnings per share after tax was \$0.65 (31 December 2016: \$1.02).

As approved by shareholders at the General Meeting held on 29 November 2016, the Company made its Seventh Capital Return of \$4.51 per share on 28 August 2017.

#### Dividends

Dividends paid during the financial half-year were as follows:

	31 December 2017 \$	31 December 2016 \$
Fully franked dividend of \$0.21 per share paid on 18 August 2016	-	209,138
Fully franked dividend of \$0.37 per share paid on 30 November 2016	-	368,482
90% franked dividend of \$0.34 per share paid on 28 August 2017	338,605	-
90% franked dividend of \$0.28 per share paid on 30 November 2017	278,851	-
	<u>617,456</u>	<u>577,620</u>

Total dividends per share for the half-year ended 31 December 2017 was \$0.62 (2016: \$0.58). The tax rates at which paid dividends have been franked are 27.5% and 30% respectively (2016: 30%).

#### Matters subsequent to the end of the financial half-year

On 5 February 2018, the Company announced a fully franked dividend of \$0.28 per share which is intended to be paid to shareholders on or around 9 March 2018.

**Australian Masters Yield Fund No 4 Limited**

**Directors' report**

**31 December 2017**

No other matter or circumstance has arisen since 31 December 2017 that has significantly affected, or may significantly affect the Company's operations, the results of those operations, or the Company's state of affairs in future financial years.

**Auditor's independence declaration**

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out immediately after this directors' report.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the *Corporations Act 2001*.

On behalf of the directors

A handwritten signature in dark ink, appearing to read 'Alex MacLachlan', is written over a horizontal line.

Mr Alex MacLachlan  
Chairman

20 February 2018

The Board of Directors  
Australian Masters Yield Fund No 4 Limited  
Level 15, 100 Pacific Highway  
NORTH SYDNEY NSW 2060

20 February 2018

Dear Board Members

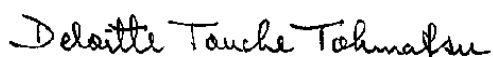
**Australian Masters Yield Fund No 4 Limited**

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of Australian Masters Yield Fund No 4 Limited.

As lead audit partner for the review of the financial statements of Australian Masters Yield Fund No 4 Limited for the half-year ended 31 December 2017, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

Yours sincerely



DELOITTE TOUCHE TOHMATSU



Weng W Ching  
Partner  
Chartered Accountants

**Australian Masters Yield Fund No 4 Limited**  
**Condensed statement of profit or loss and other comprehensive income**  
**For the half-year ended 31 December 2017**

		<b>31 December 2017</b>	<b>31 December 2016</b>
	<b>Note</b>	<b>\$</b>	<b>\$</b>
<b>Revenue</b>	4	1,221,757	1,526,855
Realised loss on disposal/redemption of financial assets		(21,578)	-
Gain on financial assets at fair value through profit or loss		-	189,325
<b>Expenses</b>			
Management and administration fees	11	(191,064)	(216,603)
Accounting and audit fees		(12,198)	(11,985)
Registry fees		(21,398)	(13,912)
Listing fees		(38,992)	(39,171)
Custody fees		(6,917)	(7,807)
Other expenses		(8,051)	(8,020)
<b>Profit before income tax expense</b>		921,559	1,418,682
Income tax expense	5	(275,475)	(398,910)
<b>Profit after income tax expense for the half-year attributable to the shareholders of Australian Masters Yield Fund No 4 Limited</b>		646,084	1,019,772
Other comprehensive income for the half-year, net of tax		-	-
<b>Total comprehensive income for the half-year attributable to the shareholders of Australian Masters Yield Fund No 4 Limited</b>		<u>646,084</u>	<u>1,019,772</u>
		<b>Cents</b>	<b>Cents</b>
Basic earnings per share		64.87	102.40
Diluted earnings per share		64.87	102.40

*The above condensed statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes*

**Australian Masters Yield Fund No 4 Limited**  
**Condensed statement of financial position**  
**As at 31 December 2017**

		<b>31 December</b>	
	<b>Note</b>	<b>2017</b>	<b>30 June 2017</b>
		<b>\$</b>	<b>\$</b>
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents		10,218,158	7,439,270
Other receivables		8,278	7,998
Financial assets	6	10,630,591	10,259,419
Prepayments		139,314	-
Total current assets		<u>20,996,341</u>	<u>17,706,687</u>
<b>Non-current assets</b>			
Financial assets	7	20,630,939	28,374,657
Deferred tax assets	8	3,030	10,918
Total non-current assets		<u>20,633,969</u>	<u>28,385,575</u>
<b>Total assets</b>		<u>41,630,310</u>	<u>46,092,262</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Current tax liabilities		148,775	143,061
Other payables		34,896	39,700
Total current liabilities		<u>183,671</u>	<u>182,761</u>
<b>Total liabilities</b>		<u>183,671</u>	<u>182,761</u>
<b>Net assets</b>		<u>41,446,639</u>	<u>45,909,501</u>
<b>Equity</b>			
Issued capital	9	39,844,208	44,335,698
Retained profits		<u>1,602,431</u>	<u>1,573,803</u>
<b>Total equity</b>		<u>41,446,639</u>	<u>45,909,501</u>

*The above condensed statement of financial position should be read in conjunction with the accompanying notes*



**Australian Masters Yield Fund No 4 Limited**  
**Condensed statement of changes in equity**  
**For the half-year ended 31 December 2017**

	<b>Issued capital \$</b>	<b>Retained profits \$</b>	<b>Total equity \$</b>
Balance at 1 July 2016	53,109,542	1,359,672	54,469,214
Profit after income tax expense for the half-year	-	1,019,772	1,019,772
Other comprehensive income for the half-year, net of tax	-	-	-
Total comprehensive income for the half-year	-	1,019,772	1,019,772
<i>Transactions with shareholders in their capacity as shareholders:</i>			
Capital returns paid	(3,774,445)	-	(3,774,445)
Dividends paid (note 10)	-	(577,620)	(577,620)
Balance at 31 December 2016	<u>49,335,097</u>	<u>1,801,824</u>	<u>51,136,921</u>
	<b>Issued capital \$</b>	<b>Retained profits \$</b>	<b>Total equity \$</b>
Balance at 1 July 2017	44,335,698	1,573,803	45,909,501
Profit after income tax expense for the half-year	-	646,084	646,084
Other comprehensive income for the half-year, net of tax	-	-	-
Total comprehensive income for the half-year	-	646,084	646,084
<i>Transactions with shareholders in their capacity as shareholders:</i>			
Capital returns paid (note 9)	(4,491,490)	-	(4,491,490)
Dividends paid (note 10)	-	(617,456)	(617,456)
Balance at 31 December 2017	<u>39,844,208</u>	<u>1,602,431</u>	<u>41,446,639</u>

*The above condensed statement of changes in equity should be read in conjunction with the accompanying notes*

**Australian Masters Yield Fund No 4 Limited**  
**Condensed statement of cash flows**  
**For the half-year ended 31 December 2017**

	<b>Note</b>	<b>31 December 2017</b>	<b>31 December 2016</b>
		<b>\$</b>	<b>\$</b>
<b>Cash flows from operating activities</b>			
Interest received from investments		737,161	1,040,548
Interest received from banks		35,323	33,974
Dividends received		-	88,983
Management fees paid		(299,015)	(353,830)
Payments to suppliers		(149,125)	(164,445)
Net tax paid		(236,510)	(228,614)
Net cash from operating activities		<u>87,834</u>	<u>416,616</u>
<b>Cash flows from investing activities</b>			
Proceeds from disposal/redemption of investments		<u>7,800,000</u>	<u>3,600,000</u>
Net cash from investing activities		<u>7,800,000</u>	<u>3,600,000</u>
<b>Cash flows from financing activities</b>			
Capital returns paid	9	(4,491,490)	(3,774,445)
Dividends paid	10	<u>(617,456)</u>	<u>(577,620)</u>
Net cash used in financing activities		<u>(5,108,946)</u>	<u>(4,352,065)</u>
Net increase/(decrease) in cash and cash equivalents		2,778,888	(335,449)
Cash and cash equivalents at the beginning of the financial half-year		<u>7,439,270</u>	<u>2,958,722</u>
Cash and cash equivalents at the end of the financial half-year		<u><u>10,218,158</u></u>	<u><u>2,623,273</u></u>

*The above condensed statement of cash flows should be read in conjunction with the accompanying notes*

**Australian Masters Yield Fund No 4 Limited**  
**Notes to the condensed financial statements**  
**31 December 2017**

**1. General information**

The financial statements cover Australian Masters Yield Fund No 4 Limited ("the Company") as an individual entity. The financial statements are presented in Australian dollars, which is the Company's functional and presentation currency.

The Company is a listed public company limited by shares, incorporated and domiciled in Australia.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 20 February 2018.

**2. Significant accounting policies**

These general purpose financial statements for the interim half-year reporting period ended 31 December 2017 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2017 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

**New or amended Accounting Standards and Interpretations adopted**

The Company has adopted all of the new and revised Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are relevant to their operations and effective for the current half-year.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Company.

The following new and revised Standards and Interpretations have been adopted in the current period and, where applicable, only affect disclosure and presentation in this financial report.

- AASB 2016-1 'Amendments to Australian Accounting Standards - Recognition of Deferred Tax Assets for Unrealised Losses'
- AASB 2016-2 'Amendments to Australian Accounting Standards - Disclosure Initiative: Amendments to AASB 107'
- AASB 2017-2 'Amendments to Australian Accounting Standards - Further Annual Improvements 2014-2016 Cycle'

The adoption of the above standard had no material impact on the half-year financial statements.

**3. Operating segments**

The Company is engaged in investing activities conducted in Australia and derives its income from income securities, predominantly fixed and floating interest financial assets.

**Australian Masters Yield Fund No 4 Limited**  
**Notes to the condensed financial statements**  
**31 December 2017**

**4. Revenue**

	<b>31 December 2017</b>	<b>31 December 2016</b>
	<b>\$</b>	<b>\$</b>
Interest from investments in financial assets	1,186,193	1,404,560
Interest from banks	35,564	33,312
Dividend income	-	88,983
Revenue	<u>1,221,757</u>	<u>1,526,855</u>

**5. Income tax expense**

	<b>31 December 2017</b>	<b>31 December 2016</b>
	<b>\$</b>	<b>\$</b>
<b>The components of tax expense comprise:</b>		
Current tax	267,587	333,293
Deferred tax	7,888	65,617
	<u>275,475</u>	<u>398,910</u>

**6. Current assets - Financial assets**

	<b>31 December 2017</b>	<b>30 June 2017</b>
	<b>\$</b>	<b>\$</b>
Investments in financial assets - at amortised cost	<u>10,630,591</u>	<u>10,259,419</u>

The fair value of financial assets approximates their carrying amounts at the reporting date.

**7. Non-current assets - Financial assets**

	<b>31 December 2017</b>	<b>30 June 2017</b>
	<b>\$</b>	<b>\$</b>
Investments in financial assets - at amortised cost	<u>20,630,939</u>	<u>28,374,657</u>

The fair value of financial assets approximates their carrying amounts at the reporting date.

**Australian Masters Yield Fund No 4 Limited**  
**Notes to the condensed financial statements**  
**31 December 2017**

**8. Non-current assets - Deferred tax assets**

	<b>31 December</b>	<b>30 June 2017</b>
	<b>2017</b>	<b>\$</b>
	<b>\$</b>	<b>\$</b>
<i>Deferred tax asset comprises temporary differences attributable to:</i>		
Amounts recognised in profit or loss:		
Other	3,030	10,918
Deferred tax asset	<u>3,030</u>	<u>10,918</u>

**9. Equity - Issued capital**

	<b>31 December</b>	<b>30 June 2017</b>	<b>31 December</b>	<b>30 June 2017</b>
	<b>2017</b>	<b>Shares</b>	<b>2017</b>	<b>Shares</b>
	<b>Shares</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Ordinary shares - fully paid	995,896	995,896	39,844,208	44,335,698

*Movements in ordinary share capital*

<b>Details</b>	<b>Date</b>	<b>Shares</b>	<b>\$</b>
Balance	1 July 2017	995,896	44,335,698
Seventh Capital Return of \$4.51 per share	28 August 2017	-	(4,491,490)
Balance	31 December 2017	<u>995,896</u>	<u>39,844,208</u>

**10. Equity - Dividends**

Dividends paid during the financial half-year were as follows:

	<b>31 December</b>	<b>31 December</b>
	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
Fully franked dividend of \$0.21 per share paid on 18 August 2016	-	209,138
Fully franked dividend of \$0.37 per share paid on 30 November 2016	-	368,482
90% franked dividend of \$0.34 per share paid on 28 August 2017	338,605	-
90% franked dividend of \$0.28 per share paid on 30 November 2017	<u>278,851</u>	<u>-</u>
	<u>617,456</u>	<u>577,620</u>

Total dividends per share for the half-year ended 31 December 2017 was \$0.62 (2016: \$0.58). The tax rates at which paid dividends have been franked are 27.5% and 30% respectively (2016: 30%).

**Australian Masters Yield Fund No 4 Limited**  
**Notes to the condensed financial statements**  
**31 December 2017**

**11. Related party transactions**

*Walsh & Company Asset Management Pty Limited*

Alexander MacLachlan is Director of the Company and Director of the Manager, Walsh & Company Asset Management Pty Limited ("the Manager").

The Manager is entitled to receive a management fee of 0.59% (excluding GST) per annum of the Value of the Portfolio. During the half-year ended 31 December 2017, Walsh & Company Asset Management Pty Limited was paid in advance an annual management fee of \$299,016 (2016: \$353,830), inclusive of GST. Of the total management fee, \$139,314 (2016: \$164,852) is included in prepayments at 31 December 2017.

*Australian Fund Accounting Services Pty Limited*

Australian Fund Accounting Services Pty Limited, a wholly-owned subsidiary of Evans Dixon Pty Limited, the parent of the Manager, provides fund administration services under an agreement with the Manager. These services include net asset valuation, management accounting, statutory reporting, capital management and taxation.

Total fund administration fees paid or payable for the half-year ended 31 December 2017 were \$45,000 (31 December 2016: \$45,000), exclusive of GST.

**12. Contingent liabilities and capital commitments**

No material amounts of contingent liabilities or capital commitments exist at balance date.

**13. Events after the reporting period**

On 5 February 2018, the Company announced a fully franked dividend of \$0.28 per share which is intended to be paid to shareholders on or around 9 March 2018.

No other matter or circumstance has arisen since 31 December 2017 that has significantly affected, or may significantly affect the Company's operations, the results of those operations, or the Company's state of affairs in future financial years.

**Australian Masters Yield Fund No 4 Limited**

**Directors' declaration**

**31 December 2017**

In the directors' opinion:

- the attached financial statements and notes thereto are in accordance with the *Corporations Act 2001*, including compliance with the Accounting Standards;
- the attached financial statements and notes give a true and fair view of the Company's financial position as at 31 December 2017 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the *Corporations Act 2001*.

On behalf of the directors



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Mr Alex MacLachlan  
Chairman

20 February 2018

## **Independent Auditor's Review Report to the members of Australian Masters Yield Fund No 4 Limited**

We have reviewed the accompanying half-year financial report of Australian Masters Yield Fund No 4 Limited, which comprises the condensed statement of financial position as at 31 December 2017, and the condensed statement of profit or loss and other comprehensive income, the condensed statement of cash flows and the condensed statement of changes in equity for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration as set out on pages 5 to 13.

### *Directors' Responsibility for the Half-Year Financial Report*

The directors of the company are responsible for the preparation of the half-year 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 half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of Australian Masters Yield Fund No 4 Limited's financial position as at 31 December 2017 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Australian Masters Yield Fund No 4 Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### *Auditor's Independence Declaration*

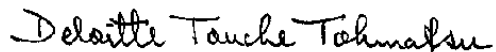
In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Australian Masters Yield Fund No 4 Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.



## *Conclusion*

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Australian Masters Yield Fund No 4 Limited is not in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the company's financial position as at 31 December 2017 and of its performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.



DELOITTE TOUCHE TOHMATSU



Weng W Ching  
Partner

Chartered Accountants  
Sydney, 20 February 2018