

# FORM: Half yearly/preliminary final report

Name of issuer

Hamilton Securities Limited

ACN or ARBN	Half yearly (tick)	Preliminary final (tick)	Half year/financial year ended (‘Current period’)
138 270 201		<input checked="" type="checkbox"/>	30th June 2010

## For announcement to the market

Extracts from this statement for announcement to the market (see note 1).

					\$A
Operating Revenue (item 1.1)	up/down	%	to		11,889
Operating Profit (loss) before abnormal items and tax	up/down	%	to		(45,243)
Operating Profit (loss) before realised gains /(losses) on the investment portfolio	up/down	%	to		(45,243)
Profit (loss) for the period attributable to security holders (item 1.11)	up/down	%	to		(45,423)
Income Distributions			Current period	Previous corresponding period	
Short details of any bonus or cash issue or other item(s) of importance not previously released to the market:					



## Hamilton Securities Limited

### STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 30 JUNE 2010

	Note	30.06.2010
		\$
Income from deposits		11,889
<b>Total income from ordinary activities</b>	2	<b>11,889</b>
Administration expenses		(57,132)
<b>Operating (loss)/profit before income tax</b>		<b>(45,243)</b>
Income tax (expense)/credit relating to ordinary activities		-
<b>(Loss)/profit attributable to members of the company</b>		<b>(45,243)</b>
Other comprehensive income for the financial year		-
<b>Total comprehensive income for the financial year</b>		<b>(45,243)</b>
<b>Overall Operations</b>		
Basic earnings per share (cents per share)		(5.75)
Diluted earnings per share (cents per share)		(5.75)

The accompanying notes form part of these financial statements.

## Hamilton Securities Limited

### STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2010

	Note	30.06.2010
		\$
<b>ASSETS</b>		
Cash and cash equivalents	4	352,254
Trade and other receivables	5	13,247
Financial assets	6	2,209,534
<b>TOTAL ASSETS</b>		<b>2,575,035</b>
<b>LIABILITIES</b>		
Trade and other payables	7	24,535
<b>TOTAL LIABILITIES</b>		<b>24,535</b>
<b>NET ASSETS</b>		<b>2,550,500</b>
<b>EQUITY</b>		
Issued capital	8	2,595,743
Accumulated losses		(45,243)
<b>TOTAL EQUITY</b>		<b>2,550,500</b>

The accompanying notes form part of these financial statements.

## Hamilton Securities Limited

### STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 30 JUNE 2010

	Issued Capital	(Accumulated Losses)	Total
	\$	\$	\$
<b>Balance at 14.7.2009</b>	-	-	-
Loss for the period	-	(45,243)	(45,243)
Total comprehensive income for the period	-	(45,243)	(45,243)
Shares issued as per prospectus	640,000	-	640,000
Capital raising costs	(67,210)	-	(67,210)
Shares issued under takeover bid	2,038,200	-	2,038,200
Shares bought back	(15,247)	-	(15,247)
<b>Balance at 30.06.2010</b>	<b>2,595,743</b>	<b>(45,243)</b>	<b>2,550,500</b>

The accompanying notes form part of these financial statements.

## Hamilton Securities Limited

### STATEMENT OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2010

	30.06.2010
Note	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Interest received	11,756
	<u>11,756</u>
Administration expenses	(33,972)
Bank charges	(138)
	<u>(22,354)</u>
<b>Net cash (used in) operating activities</b>	<b>(22,354)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Purchases for investment portfolio	(182,935)
	<u>(182,935)</u>
<b>Net cash (used in) investing activities</b>	<b>(182,935)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	
Proceeds from issue of shares	640,000
Capital raising costs	(67,210)
Buy back of shares	(15,247)
	<u>557,543</u>
<b>Net cash provided by financing activities</b>	<b>557,543</b>
Net increase / (decrease) in cash held	352,254
Cash at beginning of period	-
	<u>-</u>
<b>Cash at end of period</b>	<b>352,254</b>
4	<u>352,254</u>

The accompanying notes form part of these financial statements.

# Hamilton Securities Limited

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2010

### NOTE 1: SIGNIFICANT ACCOUNTING POLICIES

#### **Basis of Preparation of the Financial Statements**

The financial statements are general purpose financial statements which have been prepared in accordance with the Corporations Act 2001, Accounting Standards and Interpretations, and comply with other requirements of the law.

Accounting Standards include Australian equivalents to International Financial Reporting Standards ('A-IFRS'). Compliance with A-IFRS ensures that the financial statements and notes of the company comply with International Financial Reporting Standards ('IFRS').

The company was incorporated on 14 July 2009 and accordingly there only current year figures covering the period from incorporation are shown.

Hamilton Securities Limited has not applied any Australian Accounting Standards or AASB interpretations that have been issued at balance date but are not yet operative for the year ended 30 June 2010 ("the inoperative standards") with the exception of AASB 9, as noted below. The impact of the inoperative standards has been assessed and the impact has been identified as not being material. The Company only intends to adopt the inoperative standards (with the exception of AASB 9) at the date at which their adoption becomes mandatory.

#### **Basis of Preparation**

##### *Reporting Basis and Conventions*

The financial statements are prepared using the valuation methods described below for holdings of securities. All other items have been treated in accordance with the historical cost convention.

#### **(a) Financial Assets**

The Financial Assets held by the company consist of securities acquired for the purpose of making a profit from the sale or disposal of such securities.

These securities are classified as "mandatorily measured at fair value through profit or loss in accordance with AASB 9".

These securities are initially brought to account at market value, which is the cost of acquisition.

Increments and decrements on the value of securities are taken to profit or loss through the Income Statement.

#### **(b) Income from securities holdings**

Distributions relating to listed securities are recognised as income when those securities are quoted ex-distribution basis and distributions relating to unlisted securities are recognised as income when received. If the distributions are capital returns on ordinary securities the amount of the distribution is treated as an adjustment to the carry value of the securities

#### **(c) Cash and Cash Equivalents**

Cash and cash equivalents include cash on hand, deposits held at call with banks, and other short-term highly liquid investments, which are subject to an insignificant risk of changes in value and have a maturity of three months or less at the date of acquisition.

#### **(d) Taxation**

The Company adopts the liability method of tax-effect accounting whereby the income tax expense is based on the profit from ordinary activities adjusted for any non-assessable or disallowed items.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the income statement except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

# Hamilton Securities Limited

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 30 JUNE 2010

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the economic entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

#### **(e) Goods and Services Tax ( GST )**

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

#### **(f) Financial instruments issued by the company**

Debt and equity instruments are classified as either liabilities or as equity in accordance with substance of the contractual agreement. An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the company are recorded as the proceeds received, net of direct issue costs.

#### **(g) Share capital**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

#### **(h) Initial public offer costs**

The costs incurred in the establishment of the Company and its subsequent public offerings have been charged directly against issued capital.

#### **(i) Split between Revenue and Capital in Other Comprehensive Income**

'Capital' relates to realised or unrealised gains (and the tax thereon) on securities within the Investment portfolio and excludes income in the form of distributions and dividends which are recorded as 'Revenue'. All other items, including expenses, are recorded as Net Operating profit, which is equivalent to 'Revenue'.

#### **(j) Segment Reporting**

Operating segments are reported in a manner consistent with the internal reporting used by the chief operating decision-maker. The Board has been identified as the chief operating decision-maker, as it is responsible for allocating resources and assessing performance of the operating segments

#### **(k) Critical Accounting Estimates and Judgements**

The preparation of financial reports in conformity with AIFRS requires the use of certain critical accounting estimates. This requires the Board and management to exercise their judgement in the process of applying the Company's accounting policies.

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. In accordance with AAS9 the fair value of the company's Financial Assets have in the absence of an active market for those assets been determined by the directors.

Apart from this, there are no key assumptions or sources of estimation uncertainty that have a risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period.



# Hamilton Securities Limited

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2010

30.06.2010

\$

### NOTE 2: REVENUE

#### Income from deposits

Interest received	11,889
<b>Total income from deposits</b>	<b>11,889</b>
<b>Total Revenue</b>	<b>11,889</b>

### NOTE 3: TAXATION

Deferred tax assets not brought to account, the benefits of which will only be realised if the conditions of deductibility set out in Note 1(d) occur

- operating losses	38,102
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### NOTE 4: CASH AND CASH EQUIVALENTS

Cash at bank	42,453
Deposits at call	209,801
Term deposits	100,000
	<b>352,254</b>

### NOTE 5 TRADE AND OTHER RECEIVABLES

Goods and services tax refund	13,114
Withholding tax	133
	<b>13,247</b>

### NOTE 6 FINANCIAL ASSETS

Measured at fair value through profit or loss	2,209,534
	<b>2,209,534</b>

The financial assets consist solely of 67,940 debentures held in the Timbercorp Orchard Trust. Whilst the debentures remain listed on the Australian Securities Exchange, trading therein is has been suspended, accordingly given the lack of an active market in the debentures, the directors consider that an appropriate carrying value for the debentures is their total cost of acquisition.

## Hamilton Securities Limited

### NOTES TO THE FINANCIAL STATEMENTS

#### FOR THE FINANCIAL YEAR ENDED 30 JUNE 2010

#### NOTE 7: TRADE AND OTHER PAYABLES

Accrued charges	24,535
	24,535

#### NOTE 8 ISSUED CAPITAL & OPTIONS

Movements in Issued Capital of the Company during the financial year were as follows:

Date	Details	A Class Shares	B Class Shares	Issue Price \$	Issued Capital \$
14/07/2009	Incorporation of Company	-	4.00	1.00	4
21/07/2009	Allotment of shares		39,996	1.00	39,996
30/09/2009	Allotment of shares	120,000	480,000	1.00	600,000
30/09/2009	Capital raising costs				(67,210)
12/05/2010	Allotment of shares	2,038,200	-	1.00	2,038,200
28/06/2010	Buy back of shares	(30,000)	-	0.50	(15,247)
30/06/2010	Balance	<b>2,128,200</b>	<b>520,000</b>		<b>2,595,743</b>

All ordinary shares rank equally inter se for all purposes of participation in profits or capital of the Company.

A Class shares confer on their holder the right to receive notices, reports and accounts and to attend and speak, but not to vote at general meetings of the Company.

B Class shares confer on their holder the right to receive notices, reports and accounts and to attend and speak and vote at general meetings of the Company.

#### Options

During the period the company issued B Class options as follows:

Date	Details	B Class Options
14/07/2009	Incorporation of Company	
21/07/2009	Issue of options	200,000
30/09/2009	Issue of options pursuant to prospectus dated 6 August	600,000
30/09/2009	Bonus issue of options	203,872
31/12/2009	Balance	<b>1,003,872</b>

A B Class option entitles the holder to the issue of one B class share upon payment to the company of \$1.00 at any time up to 30 November 2019. As at the reporting date none of the options had been exercised.

# Hamilton Securities Limited

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 30 JUNE 2010

#### NOTE 9 EARNINGS PER SHARE

Weighted average number of ordinary shares outstanding during the year used in the calculation of basic earnings per share	787,475
Weighted average number of options outstanding	787,475
Weighted average number of ordinary shares outstanding during the year used in calculation of dilutive earnings per share	787,475
	\$
- Loss attributable to members of the company	(45,243)
	<b>Cents</b>
a. Basic earnings per share	(5.75)
b. Diluted earnings per share	(5.75)

#### NOTE 10 AUDITORS' REMUNERATION

Remuneration of the auditor of the company for:	\$
- auditing and reviewing the financial reports	<u>8,023</u>

#### NOTE 11 SEGMENT REPORTING

##### (a) Description of segments

The Board makes the strategic resource allocations for the Company. The Company has therefore determined the operating segments based on the reports reviewed by the Board, which are used to make strategic decisions.

The Board is responsible for the Company's entire portfolio of investments and considers the business to have a single operating segment. The Board's asset allocation decisions are based on a single, integrated investment strategy, and the Company's performance is evaluated on an overall basis.

The Company invests in distressed debt securities and other instruments to provide shareholders with attractive investment returns.

##### (b) Segment information provided to the Board

The internal reporting provided to the Board for the Company's assets, liabilities and performance is prepared on a consistent basis with the measurement and recognition principles of Australian Accounting Standards.

The Board considers the Company's net asset backing per share after tax to be a key measure of the Company's performance.

	<b>Cents</b>
Net asset backing per share	96.31

##### (c) Other Segment Information

The Company is domiciled in Australia and all of the Companies income is derived from Australian entities.