

HAMILTON SECURITIES LIMITED

ABN 59 138 270 201

**INTERIM FINANCIAL REPORT
FOR THE HALF-YEAR ENDED
31 DECEMBER 2012**

Hamilton Securities Limited

ABN 59 138 270 201

Interim Financial Report

DIRECTORS' REPORT

Your directors submit the financial report of the company for the half-year ended 31 December 2012.

Directors

The directors who held office during or since the end of the half-year are:

Steven Shane Pritchard

Giles Cameron Craig

Frederick Raymond Woollard

Gordon Bradley Elkington

Review of Operations

The company invests in distressed debt opportunities.

The net loss after tax for the half-year ended 31 December 2012 was \$35,041.

As at 31 December 2012 the company had \$90,988 in cash.

The company's main assets are Timbercorp Orchard Trust debentures.

During the period under review we have been working to protect the interests of debenture holders in what have been difficult circumstances of a complex receivership.

We believe that there continues to be a range of attractive takeover targets as the global financial crisis plays out and we are currently reviewing a number of these opportunities.

Auditor's Declaration

The lead auditor's independence declaration under section 307C of the *Corporations Act* is set out on page 3 for the half-year ended 31 December 2012.

This report is signed in accordance with a resolution of the Board of Directors.



Director

Steven Pritchard

04 March 2013

**AUDITOR'S INDEPENDENCE DECLARATION
TO THE DIRECTORS OF HAMILTON SECURITIES 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 Hamilton Securities Limited.

As lead audit partner for the review of the financial statements of Hamilton Securities Limited for the half-year ended 31 December 2012, 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.



FORSYTHES ASSURANCE & RISK



M.J. Matthews
Partner
Newcastle, 4 March 2013

Hamilton Securities Limited

ABN 59 138 270 201

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CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED 31 DECEMBER 2012

| | Note | 31.12.2012 | 31.12.2011 |
|---|----------|-----------------|-----------------|
| | | \$ | \$ |
| Income from deposits | | 1,985 | 4,994 |
| Total income from ordinary activities | 2 | 1,985 | 4,994 |
| Administration expenses | | 37,026 | 31,264 |
| Operating loss before income tax | | (35,041) | (26,270) |
| Income tax (expense)/credit relating to ordinary activities | | - | - |
| Loss attributable to members of the company | | (35,041) | (26,270) |
| Other comprehensive income for the half-year | | - | - |
| Total comprehensive income for the half-year | | (35,041) | (26,270) |
| Overall Operations | | | |
| Basic earnings per share (cents per share) | | (1.52) | (1.07) |
| Diluted earnings per share (cents per share) | | (1.52) | (1.07) |

The accompanying notes form part of these condensed financial statements.

Hamilton Securities Limited

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CONDENSED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2012

| | Note | 31.12.2012 | 30.06.2012 |
|-----------------------------|------|------------------|------------------|
| | | \$ | \$ |
| ASSETS | | | |
| Cash and cash equivalents | | 90,988 | 140,340 |
| Trade and other receivables | | 2,895 | 1,729 |
| Financial assets | | 2,209,534 | 2,209,534 |
| TOTAL ASSETS | | 2,303,417 | 2,351,603 |
| LIABILITIES | | | |
| Trade and other payables | | 11,670 | 22,725 |
| TOTAL LIABILITIES | | 11,670 | 22,725 |
| NET ASSETS | | 2,291,747 | 2,328,878 |
| EQUITY | | | |
| Issued capital | 3 | 2,464,752 | 2,466,842 |
| Accumulated losses | | (173,005) | (137,964) |
| TOTAL EQUITY | | 2,291,747 | 2,328,878 |

The accompanying notes form part of these condensed financial statements.

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CONDENSED STATEMENT OF CHANGES IN EQUITY FOR THE HALF-YEAR ENDED 31 DECEMBER 2012

| | Issued Capital | Accumulated Losses | Total |
|---|------------------|--------------------|------------------|
| | \$ | \$ | \$ |
| Balance at 01.07.2011 | 2,525,067 | (88,537) | 2,436,530 |
| Loss for the period | - | (26,270) | (26,270) |
| Total comprehensive income for the period | - | (26,270) | (26,270) |
| Buy back of A class shares on market | (28,284) | - | (28,284) |
| Balance at 31.12.2011 | 2,496,783 | (114,807) | 2,381,976 |
| | | | |
| Balance at 01.07.2012 | 2,466,842 | (137,964) | 2,328,878 |
| Loss for the period | - | (35,041) | (35,041) |
| Total comprehensive income for the period | - | (35,041) | (35,041) |
| Buy back of shares on market | (2,090) | - | (2,090) |
| Balance at 31.12.2012 | 2,464,752 | (173,005) | 2,291,747 |

The accompanying notes form part of these condensed financial statements.

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CONDENSED STATEMENT OF CASH FLOWS FOR THE HALF-YEAR ENDED 31 DECEMBER 2012

| | Note | 31.12.2012 | 31.12.2011 |
|--|------|-----------------|-----------------|
| | | \$ | \$ |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Interest received | | 2,399 | 4,994 |
| Other receipts | | 2,350 | 3,878 |
| | | 4,749 | 8,872 |
| Administration expenses | | (45,601) | (41,654) |
| Bank charges | | (135) | (269) |
| Net cash used in operating activities | | (40,987) | (33,051) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Net cash used in investing activities | | - | - |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Buy back of shares and options | | (8,365) | (28,284) |
| Net cash used in financing activities | | (8,365) | (28,284) |
| Net decrease in cash held | | (49,352) | (61,335) |
| Cash at beginning of period | | 140,340 | 240,107 |
| Cash at end of period | | 90,988 | 178,772 |

The accompanying notes form part of these condensed financial statements.

Hamilton Securities Limited

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NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2012

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation of the Condensed Financial Statements

The half-year financial report is a general purpose financial report prepared in accordance with the *Corporations Act*, Australian Accounting Standard *AASB 134: Interim Financial Reporting*, Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board. Compliance with AASB 134 ensures compliance with International Financial Reporting Standards *IAS 34 Interim Financial Reporting*. The half-year report does not include notes of the type normally included in an annual financial report and must be read in conjunction with the most recent annual financial report.

The condensed financial statements have been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the company's 2012 annual financial report for the financial year ended 30 June 2012, except for the impact of the Standards and Interpretations described below. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

The company has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to their operations and effective for the current reporting period.

New and revised Standards and amendments thereof and Interpretations effective for the current half-year that are relevant to the Company include:

- Amendments to AASB 1, 7, 101, 112, 120, 121, 132, 133 and 134 as a consequence of AASB 2011-9 '*Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income*'

The adoption of these amendments has not resulted in any changes to the Company's accounting policies and has no effect on the amounts reported for the current or prior periods.

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NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2012

| | 31.12.2012 | 31.12.2011 |
|-----------------------------------|--------------|--------------|
| | \$ | \$ |
| NOTE 2: REVENUE | | |
| Income from deposits | | |
| Deposit income | 1,985 | 4,994 |
| Total income from deposits | 1,985 | 4,994 |
| Total Revenue | 1,985 | 4,994 |

NOTE 3: ISSUED CAPITAL

Movements in issued capital of the company during the half year were as follows:

| Date | Details | A Class Shares | B Class Shares | Purchase Price \$ | Issued Capital \$ |
|------------|--------------------|-------------------|-------------------|----------------------|----------------------|
| 01/07/2012 | Opening balance | 1,807,740 | 504,000 | | 2,467,424 |
| Various | Buy back of shares | (3,500) | (2,000) | 0.35 | (2,090) |
| 31/12/2012 | Balance | <u>1,804,240</u> | <u>502,000</u> | | <u>2,465,334</u> |

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.

a. Options

On 30 September 2009 the company issued 800,000 B Class Options. A B Class option entitles the optionholder to the issue of one B class share upon payment of \$1.00 at any time up to 30 November 2019. As at the reporting date none of the options had been exercised.

| Date | Details | B Class Options | Purchase Price \$ | Issued Capital \$ |
|------------|-----------------|--------------------|----------------------|----------------------|
| 01/07/2012 | Opening balance | 977,496 | - | (582) |
| 31/12/2012 | Balance | <u>977,496</u> | - | <u>(582)</u> |

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NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2012

| | 31.12.2012 | 31.12.2011 |
|---|------------|------------|
| NOTE 4: EARNINGS PER SHARE | \$ | \$ |
| Weighted average number of ordinary shares outstanding during the period used in the calculation of basic earnings per share | 2,309,995 | 2,450,799 |
| Weighted average number of options outstanding | 977,496 | 1,003,872 |
| Weighted average number of ordinary shares outstanding during the period used in the calculation of dilutive earnings per share | 2,309,995 | 2,450,799 |
| a. Basic and diluted earnings per share | \$ | \$ |
| Loss attributable to members of the company | (35,041) | (26,270) |
| | Cents | Cents |
| Basic earnings per share | (1.52) | (1.07) |
| Diluted earnings per share | (1.52) | (1.07) |

NOTE 5: 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 for the purpose of providing 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.

| | | |
|-----------------------------|--------------|--------------|
| | Cents | Cents |
| Net asset backing per share | 99.37 | 99.49 |

Hamilton Securities Limited

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NOTES TO THE CONDENSED FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2012

| | 31.12.2012 | 31.12.2011 |
|--|------------|------------|
| | \$ | \$ |
| NOTE 6: RELATED PARTY TRANSACTIONS | | |
| Transactions with related parties: | | |
| — Rees Pritchard Pty. Limited for accounting services | 14,747 | 10,593 |
| Steven Pritchard is interested in the above transactions as a director and a beneficial shareholder of Rees Pritchard Pty. Limited. | | |
| — Newcastle Capital Markets Registries Pty. Limited for share registry fees | 4,318 | 3,485 |
| Steven Pritchard is interested in the above transactions as a director and a beneficial shareholder of Newcastle Capital Markets Registries Pty Limited. | | |

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties.

NOTE 7: DIRECTORS AND EXECUTIVES DISCLOSURE

Remuneration arrangements of key management personnel are disclosed in the annual financial report.

NOTE 8: EVENTS SUBSEQUENT TO REPORTING DATE

Since 31 December 2012 to the date of this report there has been no event specific to the company of which the Directors are aware which has had a material effect on the company or its financial position.

NOTE 9: COMPANY DETAILS

The registered office of the Company is:

10 Murray Street

Hamilton NSW 2303

Hamilton Securities Limited

ABN 59 138 270 201

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DIRECTORS' DECLARATION

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 4 to 12:
 - a. comply with Accounting Standards and the Corporations Regulations; and
 - b. give a true and fair view of the entity's financial position as at 31 December 2012 and of its performance for the half year ended on that date.
2. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors pursuant to s. 303(5) of the *Corporations Act*.



Steven Shane Pritchard

04 March 2013

**INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF HAMILTON SECURITIES LIMITED**

Report on the half year financial report

We have reviewed the accompanying half-year financial report of Hamilton Securities Limited, which comprises the condensed statement of financial position as at 31 December 2012, and the condensed statement of profit or loss and other comprehensive income, condensed statement of changes in equity and condensed statement of cash flows for the period ended on that date, a statement of accounting policies, other explanatory notes and the directors' declaration of the company.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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 Australian Auditing Standard on Review Engagements ASRE 2410 *Review of Interim 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 financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of Hamilton Securities Limited's financial position at 31 December 2012 and its performance for the period ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*. As the auditor of Hamilton Securities Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of 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.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

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 Hamilton Securities Limited is not in accordance with the *Corporations Act 2001* including:

- (i) giving a true and fair view of the Hamilton Securities Limited's financial position as at 31 December 2012 and of its performance for the period ended on that date; and
- (ii) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.



FORSYTHES ASSURANCE & RISK



MJ Matthews
Partner
Chartered Accountants
Newcastle, 4 March 2013