

# 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	✓		31 <sup>st</sup> December 2014

## For announcement to the market

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

				\$A
Operating Revenue (item 1.1)	UP	411%	To	168,229
Operating Profit (loss) before abnormal items and tax	UP	301%	To	122,569
Operating Profit (loss) for the period after tax but before minority equity interests (item 1.9)	UP	247%	To	85,798
Profit (loss) for the period attributable to security holders (item 1.11)	UP	247%	To	85,798
<b>Income Distributions</b>				
Short details of any bonus or cash issue or other item(s) of importance not previously released to the market:				

**Annual meeting**  
(Preliminary final statement only)

The annual meeting will be held as follows:

Place

Date

Time

Approximate date the annual report will be available


**Compliance statement**

1. This statement has been prepared under accounting policies which comply with accounting standards as defined in the *Corporations Act* or other standards acceptable to the Exchange (see note 13).

Identify other standards used

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2. This statement, and the financial statements under the *Corporations Act* (if separate), use the same accounting policies.
3. This statement does/does not\* (*delete one*) give a true and fair view of the matters disclosed (see note 2).

4. This statement is based on financial statements to which one of the following applies:

- The financial statements have been audited.       The financial statements have been subject to review by a registered auditor (or overseas equivalent).
- The financial statements are in the process of being audited or subject to review.       The financial statements have *not* yet been audited or reviewed.

5. If the accounts have been or are being audited or subject to review and the audit report is not attached, details of any qualifications are attached/will follow immediately they are available\* (*delete one*). (*Half yearly statement only - the audit report must be attached to this statement if the statement is to satisfy the requirements of the Corporations Act.*)

6. The issuer ~~has~~/does not have\* (*delete one*) a formally constituted audit committee.

Sign here:  .....

Date: 13 March 2011

.....  
(Director/Company secretary)

Print name: Steve P. Hill .....

**HAMILTON SECURITIES LIMITED**

ABN 59 138 270 201

**INTERIM FINANCIAL REPORT  
FOR THE HALF-YEAR ENDED  
31 DECEMBER 2014**

# 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 2014. In order to comply with the provisions of the *Corporations Act 2001*, the directors report as follows:

#### 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 incurred a net profit after tax for the half-year ended 31 December 2014 of \$85,798.

As at 31 December 2014 the company had \$2,888,734 in cash and no borrowings.

The company was formed to invest in distressed debt and equity investments.

The highlight for the first half of the year was the receipt of \$2,731,421 from Timbercorp Orchard Trust ("TOT"), representing 40.2% of the face value of our debentures. This was more than we expected and was the reason we were able to report a profit of \$85,798 for the half year.

Although we made an accounting profit on our TOT investment, it produced a far from satisfactory return, particularly for the amount of time and money we spent on it. We were extremely unhappy with the actions taken by TOT's receivers, lawyers, and the debenture trustee. TOT took more than five years to wind up, and the insolvency cost over \$10m. It still annoys us that with only 12% of the debentures, we were unable to influence the conduct of the insolvency to ensure a quicker and better outcome for creditors.

What now for Hamilton? We are looking at new investment opportunities, and will advise the NSX and shareholders of any developments when it is appropriate to do so.

In the meantime, we are using some of the company's cash for an on market buy back of its shares.

#### Auditor's Declaration

The lead auditor's independence declaration under section 307C of the *Corporations Act* for the half-year ended 31 December 2014 is set out on page 2.

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



Director

Steven Pritchard

13 March 2015

**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 2014, I declare that to the best of my knowledge and belief, there have been no contraventions of:

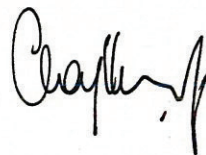
- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.



**PKF LAWLER**  
Chartered Accountants

Newcastle

Dated: 13 March 2015



**CLAYTON HICKEY**  
Partner

# Hamilton Securities Limited

ABN 59 138 270 201

## Interim Financial Report

### CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

	Note	31.12.2014	31.12.2013
		\$	\$
Income from deposits	2	11,733	3,292
Net realised changes to fair value of investments		156,496	-
<b>Total income from ordinary activities</b>		<b>168,229</b>	<b>3,292</b>
Administration expenses		(45,660)	(64,269)
<b>Operating profit/ (loss) before income tax</b>		<b>122,569</b>	<b>(60,977)</b>
Income tax (expense)/ benefit relating to ordinary activities		(36,771)	2,635
<b>Profit/ (loss) attributable to members of the company</b>		<b>85,798</b>	<b>(58,342)</b>
Other comprehensive income for the half-year			
<b>Total comprehensive income for the half-year</b>		<b>85,798</b>	<b>(58,342)</b>
<b>Overall Operations</b>			
Basic earnings per share (cents per share)		3.33	2.25
Diluted earnings per share (cents per share)		3.33	2.25

The accompanying notes form part of these condensed financial statements.

# Hamilton Securities Limited

ABN 59 138 270 201

## Interim Financial Report

### CONDENSED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2014

	Note	31.12.2014	30.06.2014
		\$	\$
<b>ASSETS</b>			
Cash and cash equivalents		2,888,734	201,025
Trade and other receivables		8,119	1,936
Financial assets		-	2,574,926
Deferred tax asset		11,778	134,920
<b>TOTAL ASSETS</b>		<b>2,908,631</b>	<b>2,912,807</b>
<b>LIABILITIES</b>			
Trade and other payables		50,407	32,078
Deferred tax liability		1,324	109,627
<b>TOTAL LIABILITIES</b>		<b>51,731</b>	<b>141,705</b>
<b>NET ASSETS</b>		<b>2,856,900</b>	<b>2,771,102</b>
<b>EQUITY</b>			
Issued capital	3	2,754,678	2,754,678
Retained earnings		102,222	16,424
<b>TOTAL EQUITY</b>		<b>2,856,900</b>	<b>2,771,102</b>

The accompanying notes form part of these condensed financial statements.

# Hamilton Securities Limited

ABN 59 138 270 201

## Interim Financial Report

### CONDENSED STATEMENT OF CHANGES IN EQUITY FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

	Issued capital	Retained earnings/ (accumulated losses)	Total
	\$	\$	\$
<b>Balance at 01.07.2013</b>	<b>2,460,159</b>	<b>(275,462)</b>	<b>2,184,697</b>
Loss for the period	-	(58,342)	(58,342)
Total comprehensive income for the period	-	(58,342)	(58,342)
Issue of A class shares from rights issue	319,230	-	319,230
<b>Balance at 31.12.2013</b>	<b>2,779,389</b>	<b>(333,804)</b>	<b>2,445,585</b>
<b>Balance at 01.07.2014</b>	<b>2,754,678</b>	<b>16,424</b>	<b>2,771,102</b>
Profit for the period	-	85,798	85,798
Other comprehensive income for the year (net of tax)	-	-	-
Total comprehensive income for the period	-	85,798	85,798
<b>Balance at 31.12.2014</b>	<b>2,754,678</b>	<b>102,222</b>	<b>2,856,900</b>

The accompanying notes form part of these condensed financial statements.



# Hamilton Securities Limited

ABN 59 138 270 201

## Interim Financial Report

### CONDENSED STATEMENT OF CASH FLOWS FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

	Note	31.12.2014	31.12.2013
		\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Interest received		11,733	3,324
Other receipts		3,281	9,070
		15,014	12,394
Administration expenses		(58,584)	(87,507)
Bank charges		(142)	(193)
<b>Net cash used in operating activities</b>		<b>(43,712)</b>	<b>(75,306)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from the redemption of debentures		2,731,421	-
<b>Net cash provided by investing activities</b>		<b>2,731,421</b>	<b>-</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Issue of A class shares from rights issue		-	327,534
Capital raising costs in relation to rights issue		-	(7,337)
<b>Net cash used in financing activities</b>		<b>-</b>	<b>320,197</b>
Net increase in cash held		2,687,709	244,891
Cash at beginning of period		201,025	17,848
<b>Cash at end of period</b>		<b>2,888,734</b>	<b>262,739</b>

The accompanying notes form part of these condensed financial statements.

## Hamilton Securities Limited

ABN 59 138 270 201

### Interim Financial Report

#### NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

##### 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 2001*, 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 2014 annual financial report for the financial year ended 30 June 2014, 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 not applied any Australian Accounting Standards or AASB interpretations that have been issued at balance date but are not yet operative for the half year ended 31 December 2014 ("the inoperative standards"). The impact of the inoperative standards has been assessed and the impact has been identified as not being material. The Group only intends to adopt inoperative standards at the date at which their adoption becomes mandatory.

The adoption of the various Australian Accounting Standards and Interpretations in issue but not yet effective will not impact the Group's accounting policies. However, the pronouncements will result in changes to information currently disclosed in the financial statements. The Group does not intend to adopt any of these pronouncements before their effective dates.

# Hamilton Securities Limited

ABN 59 138 270 201

## Interim Financial Report

### NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

	31.12.2014	31.12.2013
<b>NOTE 2: REVENUE</b>	\$	\$
<b>Income from deposits</b>		
Deposit income	11,733	3,292
<b>Total income from deposits</b>	<b>11,733</b>	<b>3,292</b>
<b>Total revenue</b>	<b>11,733</b>	<b>3,292</b>

### NOTE 3: ISSUED CAPITAL

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

Date	Details	Ordinary Shares	Purchase Price \$	Issued Capital \$
01.07.2014	Opening balance	2,578,274		2,755,256
31.12.2014	Balance	2,578,274		2,755,256

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

Ordinary 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

On 30 September 2009 the company issued 800,000 B Class Options. A 'B Class option' entitles the optionholder to the issue of one 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 \$
01.07.2014	Opening balance	1,632,564	-	(577)
31.12.2014	Balance	1,632,564	-	(577)

# Hamilton Securities Limited

ABN 59 138 270 201

## Interim Financial Report

### NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

	31.12.2014	31.12.2013
<b>NOTE 4: EARNINGS PER SHARE</b>	<b>\$</b>	<b>\$</b>
Weighted average number of ordinary shares outstanding during the period used in the calculation of basic earnings per share	2,578,274	2,588,867
Weighted average number of options outstanding	1,632,564	1,569,749
Weighted average number of ordinary shares outstanding during the period used in the calculation of dilutive earnings per share	2,578,274	2,588,867
Basic and diluted earnings per share	<b>\$</b>	<b>\$</b>
Profit/ (loss) attributable to members of the company	85,798	(58,342)
	Cents	Cents
Basic earnings per share	3.33	(2.25)
Diluted earnings per share	3.33	(2.25)

#### 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	110.81	94.47

# Hamilton Securities Limited

ABN 59 138 270 201

## Interim Financial Report

### NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

	31.12.2014	31.12.2013
	\$	\$

#### NOTE 6: RELATED PARTY TRANSACTIONS

Transactions with related parties:

—	Fees paid to Rees Pritchard Pty. Limited for accounting and company secretarial services	13,121	16,146
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Steven Pritchard is interested in the above transactions as a director and a beneficial shareholder of Rees Pritchard Pty. Limited.

—	Fees paid to Newcastle Capital Markets Registries Pty. Limited for share registry services	4,314	4,369
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Steven Pritchard is interested in the above transactions as a director and a beneficial shareholder of Newcastle Capital Markets Registries Pty Limited.

Transactions with related parties are on normal commercial terms and conditions no less 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 balance date, the company has bought back 102,650 of its shares at an average price of \$0.8707 per share.

Apart from the above, since 31 December 2014 to the date of this report there have 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**

**Interim Financial Report**

**DIRECTORS' DECLARATION**

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 3 to 10:
  - 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 2014 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 in accordance with section 303(5) of the *Corporations Act 2001*.



Steven Shane Pritchard

13 March 2015

**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 statement of financial position as at 31 December 2014, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration.

**Directors' responsibility for the 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 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 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 the consolidated entity's financial position as at 31 December 2014 and its performance for the half-year ended on that date; and complying with Australian 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.



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


**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 of the company's financial position as at 31 December 2014 and of its performance for the half-year ended on that date; and
- (ii) complying with Australian Accounting Standard AASB 134 Interim Financial Reporting and the *Corporations Regulations 2001*.



**PKF LAWLER**  
Chartered Accountants

Newcastle

Dated: 13 March 2015



**CLAYTON HICKEY**  
Partner