

FORM: Half yearly/preliminary final report

Name of issuer

Hamilton Securities Limited

ACN or ARBN

138 270 201

Half yearly
(tick)

Preliminary
final (tick)

Half year/financial year ended
(‘Current period’)

30th June 2016

For announcement to the market

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

					\$A
Operating Revenue (item 1.1)	Down	80%	To		39,847
Operating Profit (loss) before abnormal items and tax	Down	267%	To		(204,105)
Operating Profit (loss) for the period after tax but before minority equity interests (item 1.9)	Down	312%	To		(181,051)
Profit (loss) for the period attributable to security holders (item 1.11)	Down	312%	To		(181,051)
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:					

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

--

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:
.....
(Director)

Date: 8/10/16

Print name:
Steven Dahl

HAMILTON SECURITIES LIMITED

ABN 59 138 270 201

**ANNUAL REPORT
2016**

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Hamilton Securities Limited

DIRECTORS' REPORT

Your directors present their report on the Company for the financial year ended 30 June 2016. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

Directors

The names of directors in office at any time during or since the end of the year are:

Steven Shane Pritchard
Giles Cameron Craig
Frederick Raymond Woollard
Gordon Bradley Elkington

Company Secretary

Melanie Holmes has held the position of company secretary for the whole of the financial year. She holds a Bachelor of Commerce degree from the University of Newcastle and is a member of CPA Australia.

Principal Activities

The principal activity of the Company during the financial year was investing in distressed debt opportunities.

Operating Results

The Company made a net operating loss for the year of \$181,051 (2015: profit \$85,568).

Dividends Paid or Recommended

No dividends have been paid since the date of incorporation and the directors do not recommend the payment of a dividend.

Background to Hamilton Securities Limited

Hamilton was formed in 2009 to invest in distressed debt and funds where redemptions had been frozen. We believed that we could add value for investors in such securities by providing liquidity where none existed and by taking an activist role in relation to the securities. Individual investors often feel that they have little power to influence how their investments are run, but collectively they can wield a lot of power. Hamilton was formed, in part, to bridge that gap, and to create value both for investors trapped in difficult situations and for Hamilton shareholders.

Review of operations

In mid-2015, we made a takeover bid for Asset Resolution Ltd (ARL), an unlisted public company. As a result of that bid, we own 6.3% of ARL. In July 2015, we requisitioned a meeting of ARL shareholders to vote on a proposal to replace the board of ARL with three nominees, two of whom (Giles Craig and Fred Woollard) are Hamilton directors. At the meeting held on 11 September 2015, our nominees were duly elected.

In November, ARL successfully realised its last major asset and now holds approximately \$12m of cash. It also has exposure to Octaviar debt. While there are some assets backing this debt, the exact amount of these assets is far from clear and they are subject to complex claims and cross claims. Hence, the board of ARL, consistent with the position of the previous board, has not ascribed any value to them.

The board of ARL is currently seeking a stock exchange listing of that company and is evaluating a number of possible investment opportunities.

Our Statement of Profit or Loss and Other Comprehensive income shows that Hamilton lost \$181,051 during the year. There are two main reasons for this result. The main one is that accounting standards require Hamilton to equity account for its holding in ARL. As ARL reported a large loss during the year, we had to include \$129,313, or 6.3% of that loss in our Income Statement.

For the first time since Hamilton's incorporation in 2009, we decided to pay a total of \$60,000 in directors' fees. This was intended as modest compensation for the considerable efforts, particularly by Giles Craig, on Hamilton's three projects, Timbercorp Orchard Trust, Elders sandalwood and ARL.

During the year Hamilton bought back 144,130 of its own shares (or 6.6% of the total shares on issue) at an average price of \$1.00 per share. These purchases provided an exit for those shareholders who wanted to sell, but as we paid less than Hamilton's net asset value per share, the purchases were also beneficial for shareholders who did not sell.

After Balance Date Events

There have been no other activities which have 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 the future.

Outlook for Hamilton Securities

Hamilton continues to look for investment opportunities. In the absence of a compelling alternative use of our funds, we intend to continue buying back our shares, provided we can do so on attractive terms.

The board intends to re-evaluate its strategy upon the listing of ARL.

Hamilton Securities Limited

DIRECTORS' REPORT

Future Developments, Prospects and Business Strategies

We do not believe it is possible or appropriate to make a prediction on the future course of markets or the performance of our investments. Accordingly, we do not provide a forecast of the likely results of our activities.

Environmental Issues

The company's operations are not regulated by any significant environmental regulation under the law of the Commonwealth or any state.

Information on Directors

Steven Shane Pritchard	—	Executive Chairman
Qualifications	—	Bachelor of Commerce, Certified Practising Accountant, Registered Tax Agent, Fellow of the Taxation Institute of Australia, Graduate Diploma Applied Finance and Investment, and Fellow of the Financial Services Institute of Australasia
Experience	—	Board member and Chairman since 14 July 2009
Interest in Shares and Options	—	60,428 Ordinary shares and 91,509 B Class Options
Special Responsibilities	—	Member of the Audit Committee
Directorships held in other listed entities	—	Current director of Florin Mining Investment Company Limited (since 29 September 2004), Illuminator Investment Company Limited (since 22 December 2003), Pritchard Equity Limited (since 10 May 2002) and Winpar Holdings Limited (since 4 July 2004)
Giles Cameron Craig	—	Executive Director
Qualifications	—	Bachelor of Science (Economics) Hons, Fellow of the Institute of Chartered Accountants in England and Wales
Experience	—	Board member since 14 July 2009
Interest in Shares and Options	—	51,428 Ordinary Shares and 105,596 B Class Options
Special Responsibilities	—	None
Directorships held in other listed entities	—	None
Frederick Raymond Woollard	—	Executive Director
Qualifications	—	Bachelor of Economics and Fellow of Financial Services Institute of Australasia
Experience	—	Board member since 14 July 2009
Interest in Shares and Options	—	858,685 Ordinary Shares and 1,020,049 B Class Options
Special Responsibilities	—	Member of the Audit Committee
Directorships held in other listed entities	—	None

Hamilton Securities Limited

DIRECTORS REPORT

Information on Directors (continued)

Gordon Bradley Elkington	—	Executive Director
Qualifications	—	Bachelor of Science (Honours), Master of Science, Doctor of Philosophy, Master of Laws
Experience	—	Board member since 14 July 2009
Interest in Shares and Options	—	11,428 Ordinary Shares and 56,041 B Class Options
Special Responsibilities	—	Member of the Audit Committee
Directorships held in other listed entities	—	Director of Pritchard Equity Limited (since 12 December 2005) and Winpar Holdings Limited (since 1994)

CORPORATE GOVERNANCE STATEMENT

The Board has the responsibility of ensuring that the company is properly managed so as to protect and enhance shareholders interests in a manner that is consistent with the company's responsibility to meet its obligations to all parties with which it interacts. To this end, the Board has adopted what it believes to be appropriate corporate governance policies and practices having regard to its size and nature of activities.

The main corporate governance policies are summarised below.

Appointment and Retirement of Non-Executive Directors

It is the Board's policy to determine the terms and conditions relating to the appointment and retirement of non-executive directors on a case by case basis and in conformity with the requirements of the Listing Rules and the Corporations Act.

Directors Access to Independent Professional Advice

It is the Board's policy that any committees established by the Board should:

- Be entitled to obtain independent professional or other advice at the cost of the Company, unless the Board determines otherwise.
- Be entitled to obtain such resources and information from the Company including direct access to employees of and advisers to the Company as they might require.
- Operate in accordance with the terms of reference established by the Board.

Audit Committee

The Audit Committee meets with the external auditors at least once a year. This committee addresses the financial and compliance oversight responsibilities of the Board. The specific activities include assessing and monitoring:

- The adequacy of the Company's internal controls and procedures to ensure compliance with all applicable legal obligations.
- The adequacy of the financial risk management processes.
- The appointment of the external auditor, any reports prepared by the external auditor and liaising with the external auditor.

Hamilton Securities Limited

REMUNERATION REPORT

This report details the nature and amount of remuneration for each director of Hamilton Securities Limited, and for the executives receiving the highest remuneration.

Remuneration policy

All issues in relation to remuneration of both executive directors and non-executive directors are dealt with by the board.

The constitution of Hamilton Securities Limited requires approval by the shareholders in general meetings of a maximum amount of remuneration per year to be allocated between Non-Executive Directors as they determine. In proposing the maximum amount for consideration in general meeting, and in determining the allocation, the Board takes account of the time demands made on Directors, together with such factors as the general level of fees paid to Directors. The amount of remuneration currently approved by shareholders for Non-Executive Directors is a maximum of \$200,000 per annum.

Non-Executive Directors hold office until such time as they retire, resign or are removed from office under the terms set out in the constitution of the Company.

Non-Executive Directors do not receive any performance based remuneration.

Details of remuneration for year ended 30 June 2016

The Company has four executives, all of whom are Directors of the Company.

Details of the remuneration for each Director of the Company was as follows:

2016	Salary & Fees	Superannuation Contributions	Other	Total
	\$	\$	\$	\$
Steven Shane Pritchard	10,000	-	-	10,000
Giles Cameron Craig	27,397	2,603	-	30,000
Frederick Raymond Woollard	9,132	868	-	10,000
Gordon Bradley Elkington	-	10,000	-	10,000
	46,829	13,471	-	60,000

Meetings of Directors

During the financial year, five meetings of directors (including committees) were held. Attendances were:

	DIRECTORS MEETINGS		AUDIT COMMITTEE MEETINGS	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Steven Shane Pritchard	4	4	1	1
Giles Cameron Craig	4	4	1	1
Frederick Raymond Woollard	4	4	1	1
Gordon Bradley Elkington	4	4	1	1

Shareholdings – Ordinary shares

Number of shares held by directors

	Balance 01.07.2015	Received as Remuneration	Options Exercised	Other Change*	Balance 30.06.2016
Steven Shane Pritchard	60,428	-	-	-	60,428
Giles Cameron Craig	51,428	-	-	-	51,428
Frederick Raymond Woollard	858,685	-	-	-	858,685
Gordon Bradley Elkington	11,428	-	-	-	11,428
Total	981,969	-	-	-	981,969

Hamilton Securities Limited

REMUNERATION REPORT

Shareholdings – B Class Options

Number of options held by directors

	Balance 01.07.2015	Received as Remuneration	Options Exercised	Other Change*	Balance 30.06.2016
Steven Shane Pritchard	91,509	-	-	-	91,509
Giles Cameron Craig	105,596	-	-	-	105,596
Frederick Raymond Woollard	1,020,049	-	-	-	1,020,049
Gordon Bradley Elkington	56,041	-	-	-	56,041
Total	1,273,195	-	-	-	1,273,195

*Other change refers to shares/options purchased or sold during the financial year.

Options

At the date of this report, the company had 1,632,564 B Class options outstanding.

Indemnifying Officers or Auditor

No indemnities have been given or insurance premiums paid, during or since the end of the financial year, for any person who is or has been an officer or auditor of the Company.

Hamilton Securities Limited

Proceedings on Behalf of Company

No person has applied for leave of the court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings. The company was not a party to any such proceedings during the year.

Auditor's Independence Declaration

The lead auditor's independence declaration for the year ended 30 June 2016 has been received and can be found on page 8 of the annual report.

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



Steven Shane Pritchard

Director

8 September 2016

September 8, 2016

The Board of Directors
Hamilton Securities Limited
10 Murray Street
HAMILTON NSW 2303

Dear Board Members

Auditor's Independence Declaration under section 307C of the *Corporations Act 2001*

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the audit of Hamilton Securities Limited for the year ended 30 June 2016, I declare that, to the best of my knowledge and belief, there have been:

- (a) No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (b) No contraventions of any applicable code of professional conduct in relation to the audit.

PKF
Chartered Accountants

Clayton Hickey
Partner

Newcastle, NSW

PKF(NS) Audit & Assurance Limited
Partnership
ABN 91 850 861 839

Liability limited by a scheme
approved under Professional
Standards Legislation

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PKF International Limited administers a network of legally independent firms which carry on separate business under the PKF Name. PKF International Limited is not responsible for the acts or omissions of individual member firms of the network.

For office locations visit www.pkf.com.au

Hamilton Securities Limited

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

	Note	30.06.2016	30.06.2015
		\$	\$
Income from deposits		39,847	45,057
Net changes to net fair value of investments		-	156,471
Total income from ordinary activities	2	39,847	201,528
Share of net loss of equity accounted investment		(129,313)	-
Administration expenses	3	(54,639)	(79,288)
Directors fees		(60,000)	-
Operating (loss)/ profit before income tax		(204,105)	122,240
Income tax benefit/ (expense) relating to ordinary activities	4	23,054	(36,672)
(Loss)/ profit attributable to members of the company		(181,051)	85,568
Other comprehensive income for the financial year		-	-
Total comprehensive income for the financial year		(181,051)	85,568
 Overall operations			
Basic earnings per share (cents per share)	12	(7.82)	3.42
Diluted earnings per share (cents per share)	12	(7.82)	3.42

The accompanying notes form part of these financial statements.

Hamilton Securities Limited

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2016

	Note	30.06.2016	30.06.2015
		\$	\$
ASSETS			
Cash and cash equivalents	5	1,862,542	1,974,188
Trade and other receivables	6	2,458	467,840
Investments accounted for using the equity method	7	430,581	494,469
Deferred tax assets	8	35,043	12,613
TOTAL ASSETS		2,330,624	2,949,110
LIABILITIES			
Trade and other payables	9	21,440	288,116
Provision for tax		-	23,984
Deferred tax liabilities	10	-	8
TOTAL LIABILITIES		21,440	312,108
NET ASSETS		2,309,184	2,637,002
EQUITY			
Issued capital	11	2,388,243	2,535,010
Retained earnings		(79,059)	101,992
TOTAL EQUITY		2,309,184	2,637,002

The accompanying notes form part of these financial statements.

Hamilton Securities Limited

STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

	Issued capital	Retained earnings	Total
	\$	\$	\$
Balance at 01.07.2014	2,754,678	16,424	2,771,102
Profit for the period	-	85,568	85,568
Total comprehensive income for the period	-	85,568	85,568
Shares bought back	(219,668)	-	(219,668)
Balance at 30.06.2015	2,535,010	101,992	2,637,002
Balance at 01.07.2015	2,535,010	101,992	2,637,002
Loss for the period	-	(181,051)	(181,051)
Total comprehensive income for the period	-	(181,051)	(181,051)
Shares bought back	(146,767)	-	(146,767)
Balance at 30.06.2016	2,388,243	(79,059)	2,309,184

The accompanying notes form part of these financial statements.

Hamilton Securities Limited

STATEMENT OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

		30.06.2016	30.06.2015
	Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Interest received		39,872	45,062
Payments to suppliers		(71,302)	(85,975)
Bank charges		(208)	(264)
Directors fees paid		(61,000)	-
Other receipts		12,748	7,607
Tax paid		(23,367)	-
Net cash used in operating activities	15	(103,257)	(33,570)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of financial assets		506	2,731,421
Proceeds from capital reduction of financial assets		459,352	108,287
Purchases to acquire financial assets		(321,480)	(812,976)
Net cash provided by investing activities		138,378	2,026,732
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment for buy back of shares		(146,767)	(219,999)
Net cash used in financing activities		(146,767)	(219,999)
Net (decrease) / increase in cash held		(111,646)	1,773,163
Cash at beginning of period		1,974,188	201,025
Cash at end of period	5	1,862,542	1,974,188

The accompanying notes form part of these financial statements.

Hamilton Securities Limited
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

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 and 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).

All amounts are presented in Australian dollars unless otherwise noted.

The financial statements were authorised for issue by the directors on 8 September 2016.

Basis of Preparation

Reporting Basis and Conventions

Adoption of new and revised Accounting Standards

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 2016 (“the inoperative standards”) except for AASB 9. 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 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 company’s accounting policies. However, the pronouncements will result in changes to information currently disclosed in the financial statements. The company does not intend to adopt any of these pronouncements before their effective dates.

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 their sale or disposal.

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

(b) Income from securities holdings

Distributions relating to listed securities are recognised as income when those securities are quoted on an 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.

(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.

Hamilton Securities Limited

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Taxation

The company adopts the liability method of tax-effect accounting where 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.

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 statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows 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 agreements. 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) 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.

(j) 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 AASB 9 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 2016

	30.06.16	30.06.2015
	\$	\$
NOTE 2: REVENUE		
Interest received	39,847	45,057
Net changes in fair value of investments	-	156,471
Total revenue	39,847	201,528

NOTE 3: ADMINISTRATION EXPENSES		
Accountancy fees	17,012	25,988
Auditor's remuneration	11,839	9,068
Company secretarial	276	7,492
Share registry fees	8,678	8,804
Other expenses	16,834	27,936
Total administration expenses	54,639	79,288

NOTE 4: INCOME TAX EXPENSE

a. The components of tax expense comprise		
Decrease in deferred tax liabilities – other	(7)	(109,619)
(Increase) / decrease in deferred tax assets – other	(22,430)	122,307
(Decrease) / increase in income taxes payable	(617)	23,984
Tax on equity	-	-
	(23,054)	36,672

NOTE 5: CASH AND CASH EQUIVALENTS

Cash at bank	8,406	81,349
Deposits at call	1,854,136	1,892,839
	1,862,542	1,974,188

All cash investments are invested with Authorised Deposit Taking Institutions. All deposits are guaranteed by the Commonwealth of Australia. The credit risk exposure of the company in relation to cash and cash equivalents is the carrying amount and any unpaid accrued interest.

NOTE 6: TRADE AND OTHER RECEIVABLES

Accrued income	-	25
Goods and services tax refund	2,458	7,956
Sundry debtors	-	459,859
	2,458	467,840

Receivables are non-interest bearing and unsecured. The credit risk exposure of the company in relation to receivables is the carrying amount.

Hamilton Securities Limited

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

NOTE 7: INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Interests are held in the following associated company:

Name	Principal activities	Country of incorporation	Class of shares	Ownership interest		Carrying amount of interest	
				30.06.2016	30.06.2015	30.06.2016	30.06.2015
Unlisted:				%	%	\$	\$
Asset Resolution Limited	Investing	Australia	Ordinary	6.30	-	430,581	-
						430,581	-

Consolidated

	30.06.2016	30.06.2015
	\$	\$
a. Movements during the year in equity accounted investment in associated companies		
Balance at beginning of the financial year	494,469	-
Add: New investments during the year	65,425	-
Share of associated company's loss after income tax	(129,313)	-
Balance at end of the financial year	430,581	-
b. Equity accounted (losses)/profits of associates are broken down as follows:		
Share of associate's loss before income tax benefit	(160,205)	-
Share of associate's income tax benefit	30,892	-
Share of associate's loss after income tax	(129,313)	-
c. Summarised presentation of aggregate assets, liabilities and performance of associates		
Current assets	12,535,651	-
Non-current assets	-	-
Total assets	12,535,651	-
Current liabilities	72,592	-
Non-current liabilities	-	-
Total liabilities	72,592	-
Net assets	12,463,059	-
Revenues	122,128	-
Loss after income tax of associates	(2,052,587)	-

Hamilton Securities Limited

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

	30.06.2016	30.06.2015
	\$	\$

NOTE 8: DEFERRED TAX ASSET

The deferred tax asset is made up of the following estimated tax benefits

-	Tax losses	25,219	-
-	Temporary differences	9,824	12,613
		35,043	12,613
		35,043	12,613

NOTE 9: TRADE AND OTHER PAYABLES

Accrued charges		21,440	275,840
Other payables		-	12,276
		21,440	288,116
		21,440	288,116

NOTE 10: DEFERRED TAX LIABILITIES

Deferred tax liabilities attributable to:

-	Temporary differences	-	8
		-	8
		-	8

NOTE 11: ISSUED CAPITAL AND OPTIONS

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

Date	Details	Ordinary Shares	Price \$	Issued Capital \$
01.07.2015	Balance	2,342,374	-	2,535,587
Various	Buy back of shares	(144,130)	-	(146,767)
30.06.2016	Balance	2,198,244	-	2,388,820
		2,198,244	-	2,388,820

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

Changes to the then Corporations Law abolished the authorised capital and par value concept in relation to share capital from 1 July 1998. Therefore, the company does not have a limited amount of authorised capital and does not calculate a par value for issued shares.

Options

Movements in issued B Class options during the financial year were as follows:

Date	Details	B Class Options	Price \$	Issued Options \$
01.07.2015	Balance	1,632,564	-	(577)
30.06.2016	Balance	1,632,564	-	(577)
		1,632,564	-	(577)

A 'B Class option' entitles the holder to the issue of one ordinary 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 2016

	30.06.2016	30.06.2015
	Number	Number
NOTE 12: EARNINGS PER SHARE		
Weighted average number of ordinary shares used in the calculation of basic earnings per share	2,315,855	2,504,900
Weighted average number of options outstanding	1,632,564	1,632,564
Weighted average number of ordinary shares used in calculation of dilutive earnings per share	2,315,855	2,504,900
	\$	\$
- (Loss)/ profit attributable to members of the company	(181,051)	85,568
	Cents	Cents
a. Basic earnings per share	(7.82)	3.42
b. Diluted earnings per share	(7.82)	3.42

NOTE 13: AUDITOR'S REMUNERATION

Remuneration of the auditor of the company for:	\$	\$
- auditing and reviewing the financial reports	11,839	9,068

NOTE 14: 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	110.93	112.58

(c) Other Segment Information

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

Hamilton Securities Limited

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

	30.06.2016	30.06.2015
	\$	\$
NOTE 15: CASH FLOW INFORMATION		
a. Reconciliation of cash flow from operations with (loss)/ profit after income tax		
(Loss) / profit after income tax	(181,051)	85,568
Changes to net fair value of investments	-	(156,471)
Share of associated companies net loss after income tax	129,313	-
Decrease in trade and other receivables	5,523	678
Decrease in trade payables and accruals	(10,621)	(17)
(Decrease) / increase in taxes payable	(46,421)	36,672
Cash flow from operations	(103,257)	(33,570)

NOTE 16: RELATED PARTY TRANSACTIONS

Transactions with related parties:

- Pritchard & Partners Pty Limited
 - Brokerage 2,166 3,315

Steven Pritchard has an interest in the above transactions as a director and beneficial shareholder of Pritchard & Partners Pty Limited.
- Newcastle Capital Markets Registries Pty Limited
 - Share registry fees 8,678 8,804

Steven Pritchard has an interest in the above transaction as a director and a beneficial shareholder of Newcastle Capital Markets Registries Pty Limited
- Rees Pritchard Pty Limited
 - Accounting fees & Company secretarial 17,287 33,480

Steven Pritchard has an interest in the above transaction as a director and a beneficial shareholder of Rees Pritchard Pty. Limited
- The directors and their related entities have the following shares and options in Hamilton Securities Limited. Details are as follows.

Director	Ordinary Shares	B Class options
Gordon Bradley Elkington	11,428	56,041
Giles Cameron Craig	51,428	105,596
Steven Shane Pritchard	60,428	91,509
Frederick Raymond Woollard	858,685	1,020,049

NOTE 17: DIRECTORS AND EXECUTIVES DISCLOSURE

In accordance with the Corporations Amendments Regulation 2005 (No 4) the company has transferred the disclosure required by AASB 1046 from the notes to the Financial Statements to the Directors' Report under the heading of Remuneration Report.

Hamilton Securities Limited

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

NOTE 18: FINANCIAL INSTRUMENTS

(a) Financial Risk Management

Accounting Standards identify four types of risk associated with financial instruments (i.e. the Company's investments, receivables, payables and borrowings):

Credit Risk

This is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Credit risk is managed as noted in the Notes to the financial statements with respect to cash and trade and other receivables. None of these assets are over-due or considered to be impaired.

Liquidity Risk

This is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

The Company monitors its cash-flow requirements and ensures that it has either cash available sufficient to meet any payments.

Market Risk

This is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market price.

The Company seeks to minimise market risk by ensuring that it buys securities at a price which reflects their lack of liquidity and lack of ongoing cashflow.

The Company does not have set parameters as to a minimum or maximum amount of the portfolio that can be invested in a single company or sector.

The Company currently only has one investment, details in respect of which are contained in Note 7.

Interest Rate Risk

This is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company currently has no borrowings and accordingly is not subject to interest rate risk.

Capital Management

It is the Board's policy to maintain a strong capital base as to maintain investors and market confidence.

To achieve this, the Board monitors the Company's net tangible assets, its levels of borrowings and its investment performance.

The Company is not subject to any externally imposed capital requirements.

(b) Fair Value Measurement

The company has adopted the amendment to AASB 7 Financial Instruments: Disclosures which requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- (a) quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- (b) inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (level 2); and
- (c) inputs for the asset or liabilities that are not based on observable market data (unobservable inputs) (level 3).

	Level 1	Level 2	Level 3	Total
30 June 2016	\$	\$	\$	\$
Financial assets at fair value through profit or loss	-	430,581	-	430,581
Total	-	430,581	-	430,581

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The company uses a variety of valuation methods and makes assumptions that are based on market conditions at the end of each reporting period. These instruments are included in level 2, and comprise the company's investment in Asset Resolution Limited.

Hamilton Securities Limited

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

NOTE 19: SUBSEQUENT EVENTS

There have been no other activities which have 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 the future.

NOTE 20: CONTINGENCIES

At balance date the Directors are not aware of any other material contingent liabilities or contingent assets other than those already disclosed elsewhere in the financial report.

NOTE 21: COMPANY DETAILS

The registered office of Hamilton Securities Limited is:

10 Murray Street,
Hamilton NSW 2303

Hamilton Securities Limited

DIRECTORS' DECLARATION

The directors of the company declare that:

- (a) 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;
- (b) in the director' opinion, the attached financial statements and notes thereto are in accordance with the *Corporations Act 2001*, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the company;
- (c) In the directors opinion, the financial statements and notes thereto are in accordance with International Financial Reporting Standards issued by the International Accounting Standard Board; and
- (d) the directors have been given the declarations required by section 259A of the *Corporations Act 2001*.

This declaration is made in accordance with a resolution of the Board of Directors pursuant to s.303 (5) of the Corporations Act 2001.



Steven Shane Pritchard

8 September 2016

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

Report on the Financial Report

We have audited the accompanying financial report of Hamilton Securities Limited, which comprises the statement of financial position as at 30 June 2016, and statement of profit or loss and other comprehensive income, statement of changes in equity and the statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' Responsibility 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 (including the Australian Accounting Interpretations) 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 Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

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

PKF(NS) Audit & Assurance Limited
Partnership
ABN 91 850 961 838

Liability limited by a scheme
approved under Professional
Standards Legislation

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For office locations visit www.pkf.com.au

Auditor's Opinion

In our opinion:

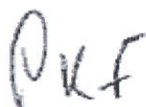
- (a) the financial report of Hamilton Securities Limited is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the company's financial position as at 30 June 2016 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and
- (b) the financial report also complies with *International Financial Reporting Standards* as disclosed in note 1.

Report on the Remuneration Report

We have audited the Remuneration Report included from pages 5 to 6 of the directors' report for the year ended 30 June 2016. 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.

Auditor's Opinion

In our opinion, the Remuneration Report of Hamilton Securities Limited for the year ended 30 June 2016, complies with section 300A of the *Corporations Act 2001*.



PKF
Chartered Accountants



CLAYTON HICKEY
Partner

Dated: September 8, 2016

Newcastle, NSW

Hamilton Securities Limited

STOCK EXCHANGE INFORMATION

Top 20 holders of Fully Paid Ordinary Shares as at 5 August 2016.

Shareholder	Shares	% of Issued
JP Morgan Nominees Australia Limited	857,999	39.15
Mr Aravind Lal Patel and Mrs Dhanlaxmi Patel	108,000	4.93
HSBC Custody Nominees (Australia) Limited	100,140	4.57
North Shore Custodians Pty Limited	45,713	2.09
A & M Salter Nominees Pty Ltd <ALF Salter and Associates SuperFund>	27,428	1.25
A & M Salter Nominees Pty Ltd <Salter & Assoc S/F>	26,357	1.20
Henley Underwriting and Investment Company Pty Limited	25,000	1.14
Mr Kok Tong Yeo and Ms Shirley Tan	22,500	1.03
Mrs Annie Charlotte Neill	20,280	0.93
Mr Julian David Constable	20,000	0.91
Netwealth Investments Limited	19,800	0.90
Mr Simon Plunkett	18,450	0.84
Mr Dean Henry Stone and Mrs Carole Julia Stone	16,500	0.75
Miss Margaret Elizabeth Elkington	15,000	0.68
Miss Rosemary Isabel Elkington	15,000	0.68
Herapaki Pty Ltd	15,000	0.68
Mr Harry Hiller	15,000	0.68
Ms Elizabeth Martyn	15,000	0.68
Mr Andrew Rowan Metcalf	15,000	0.68
Huon Mitchell More O'Sullivan	15,000	0.68
	1,413,167	64.49

Number of ordinary shares held

1 – 1,000
 1,001 – 5,000
 5,001 – 10,000
 10,001 – 100,000
 100,001 and over

Number of Shareholders

14
 131
 37
 27
 3

Hamilton Securities Limited

STOCK EXCHANGE INFORMATION

Top 20 holders of B class options as at 5 August 2016.

Option holder	Options	% of Issued
JP Morgan Nominees Australia Limited	1,019,873	62.47
North Shore Custodians Pty Limited	104,162	6.38
Dr Gordon Bradley Elkington	56,041	3.43
The Pritchard Family Company Pty Limited	44,036	2.70
A & M Salter Nominees Pty Ltd <ALF Salter and Associates SuperFund A/C>	39,555	2.42
Henley Underwriting and Investment Company Pty Limited	26,370	1.62
Miss Margaret Elizabeth Elkington	19,778	1.21
Miss Rosemary Isabel Elkington	19,778	1.21
Longbow Croft Capital Pty Limited	19,778	1.21
Mr David Neil Constable	13,185	0.81
Denholm Investments Pty Limited	13,185	0.81
Elro Pty Ltd <JHG Elrington Super Fund A/C>	13,185	0.81
Illuminator Investment Company Limited	13,185	0.81
Anthony John Shields	13,185	0.81
Jane Elizabeth Wilkins	13,185	0.81
Winpar Holdings Limited	13,185	0.81
Famenz Nominees Pty Limited	10,637	0.65
A & M Salter Nominees Pty Ltd <ALF Salter & Assoc S/F A/C>	8,570	0.52
Miss Patricia Yvonne Baxter and Mr Donald Charles Steel	6,593	0.40
Mr Brian John Delaney	6,593	0.40
	1,474,059	90.29

Number of B class options held

1 – 1,000
 1,001 – 5,000
 5,001 – 10,000
 10,001 – 100,000
 100,001 and over

Number of Option holders

12
 39
 7
 15
 2

Hamilton Securities Limited

CORPORATE DIRECTORY

Directors	Steven Pritchard Giles Craig Frederick Woollard Gordon Elkington
Company Secretary	Melanie Holmes
Registered Office	10 Murray Street Hamilton NSW 2303 Telephone 02 4920 2877 Facsimile 02 4920 2878 Email: mail@hamsec.com.au Web: www.hamsec.com.au
Business Office	10 Murray Street Hamilton NSW 2303 Telephone 02 4920 2877 Facsimile 02 4920 2878
Share Registry	Newcastle Capital Markets Registries Pty Limited 10 Murray Street Hamilton NSW 2303 Telephone 02 4920 2877 Facsimile 02 4920 2878
Stockbrokers	Pritchard & Partners Pty Limited 10 Murray Street Hamilton NSW 2303 Telephone 02 4920 2877 Facsimile 02 4920 2878
Auditors	PKF Newcastle 755 Hunter Street Newcastle West NSW 2302 Telephone 02 4962 2688 Facsimile 02 4962 3245