

# 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')

30<sup>th</sup> June 2017

## For announcement to the market

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

				\$A
Operating Revenue (item 1.1)	Up	520%	To	246,960
Operating Profit (loss) before abnormal items and tax	Up	171%	To	144,179
Operating Profit (loss) for the period after tax but before minority equity interests (item 1.9)	Up	177%	To	139,719
Profit (loss) for the period attributable to security holders (item 1.11)	Up	177%	To	139,719
<b>Income Distributions</b>		<b>Current period</b>		<b>Previous corresponding period</b>
Short details of any bonus or cash issue or other item(s) of importance not previously released to the market:				



# **HAMILTON SECURITIES LIMITED**

ABN 59 138 270 201

## **ANNUAL REPORT 2017**

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## Hamilton Securities Limited

### DIRECTORS' REPORT

Your directors present their report on the Company for the financial year ended 30 June 2017. 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 profit for the year of \$139,719 (2016: loss \$181,051).

#### 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

Our Statement of Profit or Loss and Other Comprehensive income shows that Hamilton made a profit for the year of \$139,719. This was in large part due to the sale of its holding in Asset Resolution Limited.

The board of Asset Resolution listed the company on NSX, and Hamilton Securities took advantage of this to sell its investment in the company, realising a profit of \$220,587.

During the year Hamilton bought back 72,600 of its own shares at an average price of \$1.04 per share. The 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. Hamilton also bought back 285,477 options.

#### After Balance Date Events

The company has continued to buy back its options and there are currently only 32,271 options outstanding.

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

The board takes the view that there are relatively few investment opportunities that suit its investment mandate and is looking at the most effective way to return capital to shareholders.

# 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.

### Non-audit services

Details of the auditor's remuneration for auditing the company's accounts are set out in note to the accounts. No amounts have been paid or payable to the auditors for non-audit services.

### Information on Directors

<b>Steven Shane Pritchard</b>	— 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
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)
<b>Giles Cameron Craig</b>	— 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 105,590 B Class Options
Special Responsibilities	— None
Directorships held in other listed entities	— Asset Resolution Limited
<b>Frederick Raymond Woollard</b>	— 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 1,019,873 B Class Options
Special Responsibilities	— Member of the Audit Committee
Directorships held in other listed entities	— Asset Resolution Limited (Resigned 30 June 2017)

## Hamilton Securities Limited

### DIRECTORS' REPORT

#### Information on Directors (continued)

<b>Gordon Bradley Elkington</b>	—	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 2017

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:

2017	Salary & Fees	Superannuation Contributions	Other	Total
	\$	\$	\$	\$
Steven Shane Pritchard	10,000	-	-	10,000
Giles Cameron Craig	9,132	868	-	10,000
Frederick Raymond Woollard	10,000	-	-	10,000
Gordon Bradley Elkington	-	10,000	-	10,000
	29,132	10,868	-	40,000

#### 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 01.07.2016	Received as Remuneration	Options Exercised	Other Change*	Balance 30.06.2017
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
<b>Total</b>	<b>981,969</b>	-	-	-	<b>981,969</b>

## Hamilton Securities Limited

### REMUNERATION REPORT

#### Shareholdings – B Class Options

##### Number of options held by directors

	Balance 01.07.2016	Received as Remuneration	Options Exercised	Other Change*	Balance 30.06.2017
Steven Shane Pritchard	91,509	-	-	(91,509)	-
Giles Cameron Craig	105,596	-	-	(6)	105,590
Frederick Raymond Woollard	1,020,049	-	-	(176)	1,019,873
Gordon Bradley Elkington	56,041	-	-	-	56,041
<b>Total</b>	<b>1,273,195</b>	<b>-</b>	<b>-</b>	<b>(91,691)</b>	<b>1,181,504</b>

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

#### Options

At the date of this report, the company had 32,271 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 2017 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

11 September 2017

Hamilton Securities Limited

ACN: 138 270 201

### 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 2017, I declare that, to the best of my knowledge and belief, there have been:

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



PKF



MARTIN MATTHEWS  
PARTNER

11 SEPTEMBER 2017  
NEWCASTLE, NSW

PKF(NS) Audit & Assurance Limited Partnership Sydney

ABN 91 850 861 839  
Liability limited by a scheme  
approved under Professional  
Standards Legislation

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## Hamilton Securities Limited

### STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

	Note	30.06.2017	30.06.2016
		\$	\$
Income from deposits		26,373	39,847
Gain on disposal of investment		220,587	-
<b>Total income from ordinary activities</b>	2	<b>246,960</b>	<b>39,847</b>
Share of net loss of equity accounted investment		-	(129,313)
Administration expenses	3	(62,781)	(54,639)
Directors fees		(40,000)	(60,000)
<b>Operating profit/ (loss) before income tax</b>		<b>144,179</b>	<b>(204,105)</b>
Income tax (expense)/ benefit relating to ordinary activities	4	(4,460)	23,054
<b>Profit/ (loss) attributable to members of the company</b>		<b>139,719</b>	<b>(181,051)</b>
<b>Other comprehensive income for the financial year</b>		-	-
<b>Total comprehensive income for the financial year</b>		<b>139,719</b>	<b>(181,051)</b>
 <b>Overall operations</b>			
Basic earnings per share (cents per share)	11	6.45	(7.82)
Diluted earnings per share (cents per share)	11	6.45	(7.82)

The accompanying notes form part of these financial statements.

## Hamilton Securities Limited

### STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2017

	Note	30.06.2017	30.06.2016
		\$	\$
<b>ASSETS</b>			
Cash and cash equivalents	5	2,358,089	1,862,542
Trade and other receivables	6	1,086	2,458
Investments accounted for using the equity method	7	-	430,581
Deferred tax assets	8	30,584	35,043
<b>TOTAL ASSETS</b>		<b>2,389,759</b>	<b>2,330,624</b>
<b>LIABILITIES</b>			
Trade and other payables	9	25,827	21,440
<b>TOTAL LIABILITIES</b>		<b>25,827</b>	<b>21,440</b>
<b>NET ASSETS</b>		<b>2,363,932</b>	<b>2,309,184</b>
<b>EQUITY</b>			
Issued capital	10	2,303,272	2,388,243
Retained earnings		60,660	(79,059)
<b>TOTAL EQUITY</b>		<b>2,363,932</b>	<b>2,309,184</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 2017

	Issued capital	Retained earnings	Total
	\$	\$	\$
<b>Balance at 01.07.2015</b>	<b>2,535,010</b>	<b>101,992</b>	<b>2,637,002</b>
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)
<b>Balance at 30.06.2016</b>	<b>2,388,243</b>	<b>(79,059)</b>	<b>2,309,184</b>
<b>Balance at 01.07.2016</b>	<b>2,388,243</b>	<b>(79,059)</b>	<b>2,309,184</b>
Profit for the period	-	139,719	139,719
Total comprehensive income for the period	-	139,719	139,719
Shares/ options bought back	(84,971)	-	(84,971)
<b>Balance at 30.06.2017</b>	<b>2,303,272</b>	<b>60,660</b>	<b>2,363,932</b>

The accompanying notes form part of these financial statements.

## Hamilton Securities Limited

### STATEMENT OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

		30.06.2017	30.06.2016
	Note	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Interest received		26,352	39,872
Payments to suppliers		(67,034)	(71,302)
Bank charges		(190)	(208)
Directors fees paid		(42,000)	(61,000)
Other receipts		8,254	12,748
Tax paid		-	(23,367)
Net cash used in operating activities	<b>14</b>	(74,618)	(103,257)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from sale of financial assets		651,168	506
Proceeds from capital reduction of financial assets		-	459,352
Purchases to acquire financial assets		-	(321,480)
Net cash provided by investing activities		651,168	138,378
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from exercise of options		13,187	-
Payment for buy back of shares/options		(94,190)	(146,767)
Net cash used in financing activities		(81,003)	(146,767)
Net increase/ (decrease) in cash held		495,547	(111,646)
Cash at beginning of period		1,862,542	1,974,188
<b>Cash at end of period</b>	<b>5</b>	<b>2,358,089</b>	<b>1,862,542</b>

The accompanying notes form part of these financial statements.



**Hamilton Securities Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017**

**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 11 September 2017.

**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 2017 ("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 2017

#### 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.

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 2017**

	30.06.17	30.06.2016
	\$	\$
<b>NOTE 2: REVENUE</b>		
Interest received	26,373	39,847
Gain on disposal of investment	220,587	-
<b>Total revenue</b>	<b>246,960</b>	<b>39,847</b>

<b>NOTE 3: ADMINISTRATION EXPENSES</b>		
Accountancy fees	17,273	17,012
Auditor's remuneration	9,642	11,839
Company secretarial	1,000	276
Share registry fees	8,793	8,678
Other expenses	26,073	16,834
<b>Total administration expenses</b>	<b>62,781</b>	<b>54,639</b>

**NOTE 4: INCOME TAX EXPENSE**

<b>a. The components of tax expense comprise</b>		
Decrease in deferred tax liabilities – other	-	(7)
Decrease/ (increase) in deferred tax assets – other	4,460	(22,430)
Decrease in income taxes payable	-	(617)
	<b>4,460</b>	<b>(23,054)</b>

**NOTE 5: CASH AND CASH EQUIVALENTS**

Cash at bank	77,601	8,406
Deposits at call	2,280,488	1,854,136
	<b>2,358,089</b>	<b>1,862,542</b>

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	20	-
Goods and services tax refund	1,066	2,458
	<b>1,086</b>	<b>2,458</b>

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 2017

#### 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	
				30.06.2017	30.06.2016	30.06.2017	30.06.2016
<b>Unlisted:</b>				%	%	\$	\$
Asset* Resolution Limited	Investing	Australia	Ordinary	-	6.30	-	430,581
						-	<b>430,581</b>

\*Investment in ARL sold during the year

		Consolidated	
		30.06.2017	30.06.2016
		\$	\$
<b>a.</b>	<b>Movements during the year in equity accounted investment in associated companies</b>		
	Balance at beginning of the financial year	430,581	494,469
	<b>Add:</b> New investments during the year	-	65,425
	Share of associated company's loss after income tax	-	(129,313)
	<b>Less</b> Sale of investment	(430,581)	-
	<b>Balance at end of the financial year</b>	<b>-</b>	<b>430,581</b>
<b>b.</b>	<b>Equity accounted (losses)/profits of associates are broken down as follows:</b>		
	Share of associate's loss before income tax benefit	-	(160,205)
	Share of associate's income tax benefit	-	30,892
	<b>Share of associate's loss after income tax</b>	<b>-</b>	<b>(129,313)</b>
<b>c.</b>	<b>Summarised presentation of aggregate assets, liabilities and performance of associates</b>		
	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	-	<b>(2,052,587)</b>

## Hamilton Securities Limited

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

	30.06.2017	30.06.2016
	\$	\$

#### NOTE 8: DEFERRED TAX ASSET

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

-	Tax losses	22,124	25,219
-	Temporary differences	9,460	9,824
		30,584	35,043
		30,584	35,043

#### NOTE 9: TRADE AND OTHER PAYABLES

Accrued charges		21,858	21,440
Other payables		3,969	-
		25,827	21,440
		25,827	21,440

#### NOTE 10: 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 \$
01.07.2016	Balance	2,198,244	-	2,388,820
08.09.2016	Exercise of options	13,187		13,187
Various	Buy back of shares	(72,600)	-	(75,321)
<b>30.06.2017</b>	<b>Balance</b>	<b>2,138,831</b>	-	<b>2,326,687</b>
		<b>2,138,831</b>	-	<b>2,326,687</b>

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 \$
01.07.2016	Balance	1,632,564	-	(577)
08.09.2016	Exercise of options	(13,187)		-
Various	Buy back of options	(285,477)		(22,838)
<b>30.06.2017</b>	<b>Balance</b>	<b>1,333,900</b>	-	<b>(23,415)</b>
		<b>1,333,900</b>	-	<b>(23,415)</b>

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 13,187 of the options had been exercised.

On 17 May 2017 the company announced that it intended to make an offer to B class option holders to buy back their options at \$0.08 per option. The offer was made on 22 May 2017. As at the date of this report the company had bought back a total of 1,587,106 options under the offer at \$0.08 per option and the offer is now closed.

# Hamilton Securities Limited

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

	30.06.2017	30.06.2016
	Number	Number
<b>NOTE 11: EARNINGS PER SHARE</b>		
Weighted average number of ordinary shares used in the calculation of basic earnings per share	2,164,255	2,315,855
Weighted average number of options outstanding	1,615,093	1,632,564
Weighted average number of ordinary shares used in calculation of dilutive earnings per share	2,164,255	2,315,855
	<b>\$</b>	<b>\$</b>
- Profit/ (loss) attributable to members of the company	139,719	(181,051)
	<b>Cents</b>	<b>Cents</b>
a. Basic earnings per share	6.45	(7.82)
b. Diluted earnings per share	6.45	(7.82)

### NOTE 12: AUDITOR'S REMUNERATION

Remuneration of the auditor of the company for:	<b>\$</b>	<b>\$</b>
- auditing and reviewing the financial reports	9,642	11,839

### NOTE 13: 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.

	<b>Cents</b>	<b>Cents</b>
Net asset backing per share	110.52	105.05

#### (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 2017

	30.06.2017	30.06.2016
	\$	\$
<b>NOTE 14: CASH FLOW INFORMATION</b>		
<b>a. Reconciliation of cash flow from operations with profit/ (loss) after income tax</b>		
Profit/ (loss) after income tax	139,719	(181,051)
Gain on disposal of investment	(220,587)	-
Share of associated companies net loss after income tax	-	129,313
Decrease in trade and other receivables	1,372	5,523
Increase/ (decrease) in trade payables and accruals	418	(10,621)
Increase/ (decrease) in taxes payable	4,460	(46,421)
<b>Cash flow from operations</b>	<b>(74,618)</b>	<b>(103,257)</b>

### NOTE 15: RELATED PARTY TRANSACTIONS

Transactions with related parties:

- Pritchard & Partners Pty Limited		
- Brokerage	4,959	2,166
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	8,793	8,678
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	18,273	17,287
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.		
<b>Director</b>	<b>Ordinary Shares</b>	<b>B Class options</b>
Gordon Bradley Elkington	11,428	56,041
Giles Cameron Craig	51,428	105,596
Steven Shane Pritchard	60,428	-
Frederick Raymond Woollard	858,685	1,020,049

### NOTE 16: 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 2017

#### NOTE 17: 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.

##### **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.

#### NOTE 18: 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 19: 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 20: 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

11 September 2017

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

## Report on the Financial Report

### Opinion

We have audited the accompanying financial report of Hamilton Securities Limited (the Company), which comprises the statement of financial position as at 30 June 2017, the statement of profit or loss and other comprehensive income, the 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 of the company and the entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

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 entity's financial position as at 30 June 2017 and of its performance for the year ended on that date; and
  - ii) Complying with Australian Accounting Standards and the Corporations Regulations 2001.

### Basis for Opinion

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. Our responsibilities under those standards are further described in the Auditor's Responsibility section of our report.

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

### Independence

We are independent of the entity in accordance with the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For the matters below, our description of how our audit addressed each matter is provided in that context.

PKF(NS) Audit & Assurance Limited Partnership

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Liability limited by a scheme  
approved under Professional  
Standards Legislation

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Newcastle

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Newcastle West NSW 2302 Australia  
PO Box 2368 Dangar NSW 2309  
p +61 2 4962 2688  
f +61 2 4962 3245

## Key Audit Matters (cont'd)

### 1. Disposal of Asset Resolution Limited equity accounted investment

#### Why significant

The Company disposed of its equity accounted investment in Asset Resolution Limited ("ARL") during the financial year ended 30 June 2017.

The Company received proceeds of \$651,168 from the disposal of the ARL investment.

This transaction is material to the understanding of the 30 June 2017 financial statements and accordingly is considered to be a Key Audit Matter.

#### How our audit addressed the key audit matter

Our procedures included but were not limited to:

- Reviewing sale documentation;
- Agree proceeds from sale to bank statements
- Recalculating reported gain on sale of the ARL investment

We have also assessed the appropriateness of the disclosures included on the Statement of Profit & Loss and Other Comprehensive Income and Note 7 in respect of the transaction.

### 2. Recognition and Valuation of Deferred Tax Assets

#### Why significant

As disclosed in Note 8 of the financial report, at 30 June 2017 the Company has recorded a deferred tax asset of \$30,584 relating to deductible temporary differences and tax losses incurred.

As noted in Note 1(d) of the financial report, deferred tax assets are only recognised if the Company considers it probable that future taxable income will be generated to utilise these temporary differences and losses.

Significant judgement is required in forecasting future taxable income.

Based on the above, we have considered the recognition and valuation of deferred tax assets to be a Key Audit Matter.

#### How our audit addressed the key audit matter

We have assessed and challenged management's judgements relating to the Company's ability to generate future taxable income, and also the recognition criteria under AASB 112.

Our procedures included but were not limited to:

- the reasonableness of key assumptions with respect to future income and expenditure;
- reviewing the nature of the deferred tax asset (i.e. temporary differences or revenue / capital losses) and its probability of being realised.

We have also assessed the appropriateness of the disclosures included in Note 8 in respect of the deferred tax balances.

## Other Information

The Directors are responsible for the other information. The other information comprises the information included in the entity's Annual Report, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Directors' Responsibilities 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 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 Australian Accounting Standard AASB 101 Presentation of Financial Statements, that the financial report complies with International Financial Reporting Standards.

In preparing the financial report, the Directors are responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using a going concern basis of accounting unless the Directors either intend to liquidate the entity or to cease operations, or have no realistic alternative but to do so.

## Auditor's Responsibilities for the Audit of the Financial Report

Our responsibility is to express an opinion on the financial report based on our audit. Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individual or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit.

## Auditor's Responsibilities for the Audit of the Financial Report (cont'd)

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 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.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of 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 conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.

We evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the entity to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

The Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements. We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## Report on the Remuneration Report

### Opinion

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2017.

In our opinion, the Remuneration Report of Hamilton Securities Limited for the year ended 30 June 2017, complies with section 300A of the Corporations Act 2001.

### Responsibilities

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.



PKF  
CHARTERED ACCOUNTANTS



MARTIN MATTHEWS  
PARTNER

11 SEPTEMBER 2017  
NEWCASTLE, NSW

## Hamilton Securities Limited

### STOCK EXCHANGE INFORMATION

#### Top 20 holders of Fully Paid Ordinary Shares as at 25 August 2017.

Shareholder	Shares	% of Issued
JP Morgan Nominees Australia Limited	857,999	40.12
Mr Aravind Lal Patel and Mrs Dhanlaxmi Patel	108,000	5.05
HSBC Custody Nominees (Australia) Limited	100,140	4.68
North Shore Custodians Pty Limited	45,713	2.14
A & M Salter Nominees Pty Ltd <ALF Salter and Associates SuperFund>	27,428	1.28
A & M Salter Nominees Pty Ltd <Salter & Assoc S/F>	26,357	1.23
Henley Underwriting and Investment Company Pty Limited	25,000	1.17
Mr Kok Tong Yeo and Ms Shirley Tan	22,500	1.05
Mr Julian David Constable	22,400	1.05
Netwealth Investments Limited	19,800	0.93
Mr Simon Plunkett	18,450	0.86
Mr Dean Henry Stone and Mrs Carole Julia Stone	16,500	0.77
Mr Robert Richardson	15,000	0.70
Mr Harry Hiller	15,000	0.70
Ms Elizabeth Martyn	15,000	0.70
Herapaki Pty Ltd	15,000	0.70
Mr Andrew Rowan Metcalf	15,000	0.70
Huon Mitchell More O'Sullivan	15,000	0.70
Miss Rosemary Isabel Elkington	15,000	0.70
Miss Margaret Elizabeth Elkington	15,000	0.70
	1,410,287	65.93

#### 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

13  
 116  
 39  
 26  
 3

## Hamilton Securities Limited

### STOCK EXCHANGE INFORMATION

#### Top 20 holders of B class options as at 25 August 2017.

Option holder	Options	% of Issued
Famenz Nominees Pty Limited	10,637	32.96
UBR Nominees Pty Limited	3,297	10.22
Anna Pirillo	3,297	10.22
Fuggle Nominees Pty Limited	3,297	10.22
Est Mary Graham Nield	3,297	10.22
BBN Capital Pty Limited	3,297	10.22
Margiemac Pty Ltd	2,828	8.76
Mrs Lynette Farmer	942	2.91
Mr John Patrick Russell & Mrs Gillian Patricia Russell	522	1.61
Miss Jade Catherine Barr	428	1.33
Mr Teng How Khaw	428	1.33
JP Morgan Nominees Australia Limited	1	0
	32,271	100.00

#### 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

5  
 6  
 0  
 1  
 2



# Hamilton Securities Limited

## CORPORATE DIRECTORY

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