

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 2018

For announcement to the market

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

				\$A
Operating Revenue (item 1.1)	Down	94%	To	14,024
Operating Profit (loss) before abnormal items and tax	Down	148%	To	(69,647)
Operating Profit (loss) for the period after tax but before minority equity interests (item 1.9)	Down	172%	To	(100,231)
Profit (loss) for the period attributable to security holders (item 1.11)	Down	172%	To	(100,231)
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

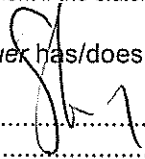
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2. This statement, and the financial statements under the *Corporations Act* (if separate), use the same accounting policies.
3. This statement does/does not* (*delete one*) give a true and fair view of the matters disclosed (see note 2).
4. This statement is based on financial statements to which one of the following applies:

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

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

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

Sign here: 

.....
(Director)

Date: 13 Sept 2018

Print name:

HAMILTON SECURITIES LIMITED

ABN 59 138 270 201

ANNUAL REPORT 2018

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Hamilton Securities Limited

FIVE YEAR SUMMARY

Key Financial Statistics

	2018	2017	2016	2015	2014
Net profit/ (loss) after tax	\$(100,231)	\$139,719	\$(181,051)	\$85,568	\$291,887
Earnings per Share (cents per share)	(4.68)	6.45	(7.82)	3.42	11.26
Dividends per Share (cents per share)	0.00	0.00	0.00	0.00	0.00
Total Assets	\$264,331	\$2,389,759	\$2,330,624	\$2,949,110	\$2,912,807
Total Liabilities	\$33,947	\$25,827	\$21,440	\$312,108	\$141,705
Shareholders Funds	\$230,384	\$2,363,932	\$2,309,184	\$2,637,002	\$2,771,102
Net Asset backing per share	\$0.1077	\$1.1052	\$1.0505	\$1.1258	\$1.0748
Shares on issue	2,138,831	2,138,831	2,198,244	2,342,374	2,578,274
Number of Shareholders	191	199	215	230	249
Shares on issue – B Class Options	32,271	1,333,900	1,632,564	1,632,564	1,632,564
Number of Option holders	12	21	75	74	74

Hamilton Securities Limited

DIRECTORS' REPORT

Your directors present their report on the Company for the financial year ended 30 June 2018. 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 \$100,231 (2017: profit \$139,719).

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.

Review of operations

Consistent with our comments made last year, the board decided that it would be in the best interests of shareholders for the company to undertake a capital reduction and hence it returned 90c per share to shareholders during the year. The company also bought back the majority of the options outstanding.

After Balance Date Events

The board had been considering winding the company up but could see more value in preserving the NSX listing. It therefore decided to enter into a number of agreements to raise capital and acquire a portfolio of assets in consideration for scrip in the company.

Accordingly, on 19 July 2018, various agreements were entered into conditional upon shareholder approval. These included a securities sale and purchase agreement with entities associated with Mitch Dawney and Mercantile Investment Company Limited which involve Hamilton issuing 8,820,467 shares at a price of 17 cents per share to acquire a portfolio of listed securities worth \$1,480,029. In conjunction with the sale and purchase agreement Hamilton would conduct a placement to raise the sum of \$1,359,000 by issuing 7,994,118 shares at an issue price of 17 cents.

On 27 August 2018 the agreements were approved at a general meeting of shareholders, and these agreements are presently in the course of being settled.

As part of the agreements, Steven Pritchard, Gordon Elkington and Fred Woollard will step down from the board and will be replaced by Mitch Dawney and Kerry Daly, and the name of the company will be changed to Dawney & Co Limited.

There have been no after balance date events other than those described in the review of operations above.

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.

Hamilton Securities Limited

DIRECTORS' REPORT

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

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	— 65,428 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)
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
Special Responsibilities	— None
Directorships held in other listed entities	— Asset Resolution Limited
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
Special Responsibilities	— Member of the Audit Committee
Directorships held in other listed entities	— None
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
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)

Hamilton Securities Limited

DIRECTORS' REPORT

Mitchell David Dawney	—	Executive Director
Qualifications	—	Diploma in Stockbroking
Experience	—	Board member since 27 August 2018
Interest in Shares and Options	—	8,291,055 Ordinary Shares (to be allotted)
Special Responsibilities	—	None
Directorships held in other listed entities	—	None
Kerry John Daly	—	Executive Director
Qualifications	—	Bachelor of Business (Accountancy), Certified Practising Accountant
Experience	—	Board member since 27 August 2018
Interest in Shares and Options	—	None
Special Responsibilities	—	None
Directorships held in other listed entities	—	Axesstoday Limited (ASX: AXL), Jimmy Crow Limited (NSX:JCC)

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 2018

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:

2018	Salary & Fees	Superannuation Contributions	Other	Total
	\$	\$	\$	\$
Steven Shane Pritchard	-	-	-	-
Giles Cameron Craig	-	-	-	-
Frederick Raymond Woollard	-	-	-	-
Gordon Bradley Elkington	-	-	-	-
	-	-	-	-

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 01.07.2017	Received as Remuneration	Options Exercised	Other Change*	Balance 30.06.2018
Steven Shane Pritchard	60,428	-	-	5,000	65,428
Giles Cameron Craig	51,428	-	-	-	51,428
Frederick Raymond Woollard	858,685	-	-	-	858,685
Gordon Bradley Elkington	11,428	-	-	-	11,428
Total	981,969	-	-	5,000	986,969

Hamilton Securities Limited

REMUNERATION REPORT

Shareholdings – B Class Options

Number of options held by directors

	Balance 01.07.2017	Received as Remuneration	Options Exercised	Other Change*	Balance 30.06.2018
Steven Shane Pritchard	-	-	-	-	-
Giles Cameron Craig	105,590	-	-	(105,590)	-
Frederick Raymond Woollard	1,019,873	-	-	(1,019,873)	-
Gordon Bradley Elkington	56,041	-	-	(56,041)	-
Total	1,181,504	-	-	(1,181,504)	-

*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 2018 has been received and can be found on page 9 of the annual report.

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



Steven Shane Pritchard

Director

12 September 2018

HAMILTON SECURITIES LIMITED

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

I am pleased to provide the following declaration of independence to the directors of Hamilton Securities Limited.

As lead audit partner for the audit of the financial statements of Hamilton Securities Limited for the year ended 30 June 2018, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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



PKF



MARTIN MATTHEWS
PARTNER

12 SEPTEMBER 2018
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 2018

	Note	30.06.2018	30.06.2017
		\$	\$
Income from deposits		14,024	26,373
Gain on disposal of investment		-	220,587
Total income from ordinary activities	2	14,024	246,960
Administration expenses	3	(83,671)	(62,781)
Directors fees		-	(40,000)
Operating profit/ (loss) before income tax		(69,647)	144,179
Income tax (expense)/ benefit relating to ordinary activities	4	(30,584)	(4,460)
Profit/ (loss) attributable to members of the company		(100,231)	139,719
Other comprehensive income for the financial year		-	-
Total comprehensive income for the financial year		(100,231)	139,719
Overall operations			
Basic earnings per share (cents per share)	10	(4.68)	6.45
Diluted earnings per share (cents per share)	10	(4.68)	6.45

The accompanying notes form part of these financial statements.

Hamilton Securities Limited

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2018

	Note	30.06.2018	30.06.2017
		\$	\$
ASSETS			
Cash and cash equivalents	5	261,161	2,358,089
Trade and other receivables	6	3,170	1,086
Deferred tax assets	7	-	30,584
TOTAL ASSETS		264,331	2,389,759
LIABILITIES			
Trade and other payables	8	33,947	25,827
TOTAL LIABILITIES		33,947	25,827
NET ASSETS		230,384	2,363,932
EQUITY			
Issued capital	9	269,955	2,303,272
Retained earnings		(39,571)	60,660
TOTAL EQUITY		230,384	2,363,932

The accompanying notes form part of these financial statements.

Hamilton Securities Limited

STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

	Issued capital	Retained earnings	Total
	\$	\$	\$
Balance at 01.07.2016	2,388,243	(79,059)	2,309,184
Loss for the period	-	139,719	139,719
Total comprehensive income for the period	-	139,719	139,719
Shares bought back	(84,971)	-	(84,971)
Balance at 30.06.2017	2,303,272	60,660	2,363,932
Balance at 01.07.2017	2,303,272	60,660	2,363,932
Loss for the period	-	(100,231)	(100,231)
Total comprehensive income for the period	-	(100,231)	(100,231)
Return of capital	(1,927,828)	-	(1,927,828)
Shares/ options bought back	(105,489)	-	(105,489)
Balance at 30.06.2018	269,955	(39,571)	230,384

The accompanying notes form part of these financial statements.

Hamilton Securities Limited

STATEMENT OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

		30.06.2018	30.06.2017
	Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Interest received		14,043	26,352
Payments to suppliers		(78,308)	(67,034)
Bank charges		(190)	(190)
Directors fees paid		-	(42,000)
Other receipts		4,812	8,254
Net cash used in operating activities	14	(59,643)	(74,618)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of financial assets		-	651,168
Net cash provided by investing activities		-	651,168
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from exercise of options		-	13,187
Payment for buy back of shares/options		(109,457)	(94,190)
Return of capital to shareholders		(1,927,828)	-
Net cash used in financing activities		(2,037,285)	(81,003)
Net increase/ (decrease) in cash held		(2,096,928)	495,547
Cash at beginning of period		2,358,089	1,862,542
Cash at end of period	5	261,161	2,358,089

The accompanying notes form part of these financial statements.

Hamilton Securities Limited
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

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 12 September 2018.

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 2018 (“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 2018

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 2018

	30.06.2018	30.06.2017
	\$	\$
NOTE 2: REVENUE		
Interest received	14,024	26,373
Gain on disposal of investment	-	220,587
Total revenue	14,024	246,960

NOTE 3: ADMINISTRATION EXPENSES		
Accountancy fees	19,931	17,273
Auditor's remuneration	10,125	9,642
Company secretarial	11,297	1,000
Share registry fees	11,540	8,793
Other expenses	30,778	26,073
Total administration expenses	83,671	62,781

NOTE 4: INCOME TAX EXPENSE

a. The components of tax expense comprise		
Decrease in deferred tax liabilities – other	-	-
Decrease/ (increase) in deferred tax assets – other	30,584	4,460
Decrease in income taxes payable	-	-
	30,584	4,460

NOTE 5: CASH AND CASH EQUIVALENTS

Cash at bank	8,615	77,601
Deposits at call	252,546	2,280,488
	261,161	2,358,089

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	3,170	1,066
	3,170	1,086

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 2018

	30.06.2018	30.06.2017
	\$	\$
NOTE 7: DEFERRED TAX ASSET		
The deferred tax asset is made up of the following estimated tax benefits		
- Tax losses	-	22,124
- Temporary differences	-	9,460
	-	30,584
	-	30,584

NOTE 8: TRADE AND OTHER PAYABLES

Accrued charges	21,741	21,858
Other payables	12,206	3,969
	33,947	25,827
	33,947	25,827

NOTE 9: 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 \$
01.07.2017	Balance	2,138,831	-	2,326,687
15.12.2017	Return of capital	-	0.90	(1,927,828)
30.06.2018	Balance	2,138,831	-	398,859
		2,138,831	-	398,859

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 \$
01.07.2017	Balance	1,333,900	-	(23,416)
Various	Buy back of options	(1,301,629)		(105,488)
30.06.2018	Balance	32,271	-	(128,904)
		32,271	-	(128,904)

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 2018 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 2018. 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 2018

	30.06.2018	30.06.2017
	Number	Number
NOTE 10: EARNINGS PER SHARE		
Weighted average number of ordinary shares used in the calculation of basic earnings per share	2,138,831	2,164,255
Weighted average number of options outstanding	123,856	1,615,093
Weighted average number of ordinary shares used in calculation of dilutive earnings per share	2,138,831	2,164,255
	\$	\$
- Profit/ (loss) attributable to members of the company	(100,231)	139,719
	Cents	Cents
a. Basic earnings per share	(4.68)	6.45
b. Diluted earnings per share	(4.68)	6.45

NOTE 11: AUDITOR'S REMUNERATION

Remuneration of the auditor of the company for:	\$	\$
- auditing and reviewing the financial reports	10,125	9,642

NOTE 12: 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	10.77	110.52

(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 2018

	30.06.2018	30.06.2017
	\$	\$
NOTE 13: CASH FLOW INFORMATION		
a. Reconciliation of cash flow from operations with (loss)/ profit after income tax		
(Loss)/ profit after income tax	(100,231)	139,719
Gain on disposal of investment	-	(220,587)
(Increase)/ decrease in trade and other receivables	(2,085)	1,372
Increase in trade payables and accruals	12,089	418
Increase in deferred taxes	30,584	4,460
Cash flow from operations	(59,643)	(74,618)

NOTE 14: RELATED PARTY TRANSACTIONS

Transactions with related parties:

- Pritchard & Partners Pty Limited
 - Brokerage - 4,959

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 11,540 8,793

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 31,229 18,273

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	-
Giles Cameron Craig	51,428	-
Steven Shane Pritchard	65,428	-
Frederick Raymond Woollard	858,685	-

NOTE 15: 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 2018

NOTE 16: 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 17: SUBSEQUENT EVENTS

Other than the events outlined in the directors report 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 18: 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 19: COMPANY DETAILS

The registered office of Hamilton Securities Limited is:

10 Murray Street,
Hamilton NSW 2303

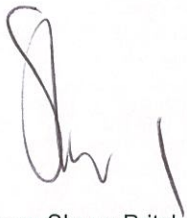
Hamilton Securities Limited

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

12 September 2018

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 2018, 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.

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 2018 and of its performance for the year ended on that date; and
 - ii) Complying with Australian Accounting Standards and the Corporations Regulations 2001.
- b) The financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

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 company 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.

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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Newcastle

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PO Box 2368 Dangar NSW 2309

p +61 2 4962 2688
f +61 2 4962 3245

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 matter below, our description of how our audit addressed the matter is provided in that context.

1. Return of Capital & Options Buy Back

Why Significant

As at 30 June 2018, the value of issued capital was \$269,957 compared to \$2,303,271 at 30 June 2017.

During the year the company returned \$0.90 per share to shareholders (2,138,831 shares) during the year; and bought back 1,301,629 B Class options at a rate of \$0.08 per option.

This reduced the cash and shareholder equity in the Company by \$1,927,827 for the return of share capital and \$104,130 for the option buyback.

How our audit addressed the key audit matter

Our procedures included but were not limited to:

- Reviewing ASX announcements for the B Class Options Buy Back and Return of Capital;
- Agreeing a sample of transactions to share registry and bank statements; and
- Recalculating the expected value based on ASX announcements.

We have also assessed the appropriateness of the disclosures included in the 2018 Annual Report. Based on the procedures undertaken, we are satisfied these transactions have been appropriately reflected in the financial report.

Other Information

The Directors are responsible for the other information. The other information comprises the information included in the company'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 company'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 company 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.

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 company'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 company 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 company 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 2018.

In our opinion, the Remuneration Report of Hamilton Securities Limited for the year ended 30 June 2018, 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



MARTIN MATTHEWS
PARTNER

12 SEPTEMBER 2018
NEWCASTLE, NSW

Hamilton Securities Limited

STOCK EXCHANGE INFORMATION

Top 20 holders of Fully Paid Ordinary Shares as at 29 August 2018.

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 <Craig Family>	45,713	2.14
Mr Julian David Constable <Trading A/C>	31,400	1.47
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
Hamilton Asset Management Limited <Newcastle Sec and Gen A/C>	23,000	1.08
Mr Kok Tong Yeo and Ms Shirley Tan	22,500	1.05
Mr Simon Plunkett <Simon Plunkett Family A/C>	18,450	0.86
Mr Dean Henry Stone and Mrs Carole Julia Stone <The Stone Super Fund A/C>	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
	1,422,487	66.51

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

15
 112
 38
 26
 3

Hamilton Securities Limited
STOCK EXCHANGE INFORMATION

Top 20 holders of B class options as at 29 August 2018.

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
0

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