

WIN SECURITIES LIMITED
ABN 47 007 346 223

**FINANCIAL REPORT
FOR THE HALF YEAR ENDED
31 DECEMBER 2017**

WIN SECURITIES LIMITED

ABN 47 007 346 223

DIRECTORS' REPORT

The directors present their report together with the financial statements of the Company, being Win Securities Limited ("the Company") for the six months ended 31 December 2017 and the auditor's report thereon.

Directors

The names of the directors in office at any time during or since the end of the period are;

Mr N Alisdair Stewart
Mr Antonino G Ruvolo
Mr Kenneth J Butterworth
Mr Jeffory W Herdegen
Mr Jonathan D Duffy

All directors have been in office since the start of the year to the date of this report.

Secretary

Mr Kenneth J Butterworth acted as company secretary during the period.

Operating results

The profit of the company for the period after providing for income tax amounted to \$479,068.

Significant changes in state of affairs

No significant changes in the company's state of affairs occurred during the period.

Principal activities

The principal activities of the company during the period were mortgage lending, property and general investment.

No significant change in the nature of this activity occurred during the period.

Matters or circumstances arising after the end of the period

No matters or circumstances have arisen since the end of the period which 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 future periods.

Future developments and results

Likely developments in the operations of the company and the expected results of those operations in future periods have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the company.

Dividends paid or declared

Dividends paid or declared since the start of the period are as follows;

- (a) Dividends paid on Redeemable Preference Shares totalled \$21,865 during the period.
- (b) Dividends paid on Ordinary Shares totalled \$150,000 during the period.
- (c) There were no dividends declared on 31 December 2017 for payment for the period then ended.

Share options

No options over issued shares or interests in the company were granted during or since the end of the period and there were no options outstanding at the date of this report.

Directors and officers insurance

During the period, the company paid a premium in respect of a contract insuring the directors of the company, the company secretary, and all executive officers of the company against a liability incurred as a director, secretary or executive officer to the extent deemed appropriate by the directors.

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DIRECTORS' REPORT

The company has not otherwise, during or since the end of the period, indemnified or agreed to indemnify an officer or auditor of the company against a liability incurred as such as officer or auditor.

Proceedings in behalf of company

No person has applied for leave of 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 period.

Information on directors

N Alisdair Stewart LLB was appointed a Director in 1989. Alisdair is a retired solicitor and previous employee of the Wangaratta legal firm of Slater & Gordon. Alisdair has over 42 years experience in legal, mortgage and property issues and is closely involved in the loan approval process and management of the company.

Antonino Giovanni Ruvolo was appointed the General Manager of the company on 18 June 1990 and appointed a director of the company in June 2003. Antonino was previously employed by the National Australia Bank for ten years between 1980 - 1990. Antonino has over 36 years experience in the finance industry and is responsible for making significant day to day management decisions with respect to the company and is closely involved in the loan application assessment and approval process.

Antonino was appointed the Responsible and Compliance Officer for the Company in 2004.

Kenneth J Butterworth was appointed as a director on 1 June 2016. Kenneth has extensive experience in the hospitality industry and in commercial and residential property investment. Since his appointment on 1 June 2016 he is closely involved in the loan application assessment and approval process.

Jeffory W Herdegen was appointed as a director on 3 November 2016. Jeffory has a Master Rural Science Degree, Bachelor of Arts Degree, Hawkesbury Diploma of Agriculture, Diploma of Financial Services, PS 145 accredited. Jeffory comes with 7 years experience as Managing/Director and Responsible Officer of a similar secured investment company and also has 18 years experience in mortgage lending. He comes with vast knowledge and experience in agriculture and finance. Jeffory supports the Managing Director as required.

Jonathan D Duffy was appointed as a director on 20 December 2016. Jonathan has extensive experience in commercial and residential property development and investment. Since his appointment he has been closely involved in the loan application assessment and approval process.

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DIRECTOR'S REPORT

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out at the end of this financial report.

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

Director
Antonino Giovanni Ruvolo

Director
Kenneth J Butterworth

Dated this 21st day of February 2018

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**INCOME STATEMENT
FOR THE PERIOD ENDED
31 DECEMBER 2017**

	Dec 2017	Dec 2016
	\$	\$
Interest revenue	1,603,889	1,374,842
Interest expense	<u>(742,230)</u>	<u>(722,090)</u>
Net interest revenue	861,659	652,752
Non interest revenues	223,356	245,333
Other expenses	<u>(424,232)</u>	<u>(418,129)</u>
Profit from ordinary activities	660,783	479,956
Income tax relating to ordinary activities	<u>(181,715)</u>	<u>(145,432)</u>
Net profit from ordinary activities after income tax attributable to members of the Company	<u><u>479,068</u></u>	<u><u>334,524</u></u>
Earnings Per Share (Cents per Share)	98.15 cents	89.45 cents

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**STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2017**

	Dec 2017	Jun 2017
	\$	\$
ASSETS		
Cash and cash equivalents	10,805,861	9,649,875
Trade and other receivables	61,565	45,048
Loans and advances	34,247,068	33,085,382
Tax assets	6,211	5,863
Other assets	14,479	28,937
Property, plant and equipment	767,333	774,826
Investment properties	1,740,000	1,740,000
TOTAL ASSETS	<u><u>47,642,517</u></u>	<u><u>45,329,931</u></u>
LIABILITIES		
Trade and other payables	298,527	239,038
Current tax liabilities	268,654	180,159
Debentures	42,777,568	40,919,493
Provisions	85,408	86,083
TOTAL LIABILITIES	<u><u>43,430,157</u></u>	<u><u>41,424,773</u></u>
NET ASSETS	<u><u>4,212,360</u></u>	<u><u>3,905,158</u></u>
EQUITY		
Issued capital	1,368,712	1,368,712
Reserves	8,795	8,795
Retained earnings	2,834,853	2,527,652
TOTAL EQUITY	<u><u>4,212,360</u></u>	<u><u>3,905,158</u></u>

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**STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED
31 DECEMBER 2017**

	<u>Reserves</u>	<u>Issued Capital</u>	<u>Retained Earnings</u>	<u>Total</u>
Balance at 30 June 2016	<u>8,795</u>	<u>293,711</u>	<u>1,970,221</u>	<u>2,272,727</u>
Profit attributable to members of the company			797,063	797,063
Dividends paid			(239,632)	(239,632)
Revaluation increments				-
Share capital increase		1,075,000		1,075,000
Balance at 30 June 2017	<u>8,795</u>	<u>1,368,711</u>	<u>2,527,652</u>	<u>3,905,158</u>
Profit attributable to members of the company			479,068	479,068
Dividends paid			(171,866)	(171,866)
Revaluation increments				-
Share capital increase				-
Balance at 31 December 2017	<u>8,795</u>	<u>1,368,711</u>	<u>2,834,854</u>	<u>4,212,360</u>

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**CASH FLOW STATEMENT
FOR THE PERIOD ENDED 31 DECEMBER 2017**

	Dec 2017	Dec 2016
	\$	\$
<hr/>		
CASH FLOW FROM OPERATING ACTIVITIES		
Interest received	1,587,372	1,368,269
Commission and management fees	18,444	27,231
Interest paid	(686,118)	(675,830)
Receipts from customers	204,912	218,102
Payments to suppliers and employees	(399,537)	(377,191)
Income tax paid	<u>(92,832)</u>	<u>(56,926)</u>
Net cash provided by operating activities	<u>632,241</u>	<u>503,655</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Payment for property, plant and equipment	(779)	(834)
Net (increase)/decrease in loans and advances	(1,161,685)	(8,360,073)
Net increase/(decrease) in debentures	<u>1,858,075</u>	<u>2,233,193</u>
Net cash provided by/(used in) investing activities	<u>695,611</u>	<u>(6,127,714)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Receipts from issue of shares	-	975,000
Dividends paid	<u>(171,866)</u>	<u>(91,296)</u>
Net cash used in financing activities	<u>(171,866)</u>	<u>883,704</u>
Net increase/(decrease) in cash held	1,155,986	(4,740,355)
Cash at beginning of the period	<u>9,649,875</u>	<u>15,385,537</u>
Cash at end of the period	<u><u>10,805,861</u></u>	<u><u>10,645,182</u></u>

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NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2017

NOTE 1: BASIS OF PREPARATION

The half-year financial statements are a general purpose financial report prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standard AASB 134: Interim Financial reporting, Australian Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board.

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2017 and any public announcements made by Win Securities Limited during the half year in accordance with the continuous disclosure requirements arising under the Corporations Act 2001.

The accounting policies have been consistently applied and are consistent with those in the June 2017 financial report.

The half-year report does not include full disclosures of the type normally included in an annual financial report.

Reporting Basis and Conventions

The half-year report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

The critical estimates and judgements are consistent with those applied and disclosed in the June 2017 annual report.

Accounting Policies

(a) Income Tax

The charge for current income tax expense is based on the profit for the period adjusted for the period for any non-assessable or disallowed items. It is calculated using tax rates that have been enacted or are substantively enacted by the balance sheet date.

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.

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FOR THE PERIOD ENDED
31 DECEMBER 2017

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 company will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by law.

(b) Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

Property

Freehold land and buildings are shown at their fair value (being the amount for which an asset could be exchanged between knowledgeable willing parties in an arm's length transaction) based on periodic, but at least triennial, valuations by external independent valuers, less subsequent depreciation for buildings.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

Plant and equipment

Plant and equipment are measured on the cost basis less depreciation and impairment losses.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from those assets. The recoverable amount is assessed on the basis of the expected net cash flows which will be received from the assets employment and subsequent disposal. The expected net cash flows have not been discounted to present values in determining recoverable amounts.

Depreciation

The depreciable amount of all fixed assets including buildings and capitalised leased assets, but excluding freehold land, is depreciated on a straight line basis over their estimated useful lives to the company commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired financial period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of assets are:

Class of fixed asset	Depreciation Rate
Freehold buildings	2.5%
Improvements	2.5%
Plant and equipment	5% - 40%

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NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2017

(c) Investments

Investments are measured at market value. The carrying amount of investments is reviewed annually by directors to ensure it is not in excess of the recoverable amount of these investments. The recoverable amount is assessed from the quoted market value for shares in listed companies or the underlying net assets for other non-listed corporations. The expected net cash flows from investments have not been discounted to their present value in determining the recoverable amounts.

(d) Employee Benefits

Provision is made for the company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured as the amounts expected to be paid when the liability is settled. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may satisfy vesting requirements. Those cash flows are discounted using market yields on national government bonds with similar terms to maturity that match the expected timing of the cash flows.

Contributions are made by the company to employee superannuation funds and are charged as expenses when incurred.

(e) Cash and Cash Equivalents

For the purposes of the statement of cash flows, cash includes cash on hand and at call deposits with banks or financial institutions, investments in money market instruments maturing within less than three months and net of bank overdrafts.

(f) Revenue

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets. Dividend revenue is recognised when the right to receive a dividend has been established. Revenue from the rendering of a service is recognised upon the delivery of the service to the customers. All revenue is stated net of the amount of goods and services tax (GST).

(g) 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 as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2017

(h) Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform with changes in presentation for the current period.

(i) Loans and Advances

Loans and advances are recognised at recoverable amount, after assessing required provision for impairment, impairment of a loan is recognised when there is reasonable doubt that not all of the principal and interest can be collected in accordance with the terms of the loan agreement. Impairment is assessed by specific identification in relation to individual loans.

Bad debts are written off when identified. If a provision for impairment has been recognised in relation to a loan, write-offs for a bad debt are made against the provision. If no provision for impairment has been recognised, write-offs for bad debts are recognised as expenses in the profit and loss account.

Loans are included in current assets, except for those that are not expected to mature within 12 months after the end of the reporting period. All other loans are classified as non-current assets.

(j) Investment Securities

Investment securities are intended to be held to maturity, and are recorded at the lower of cost and recoverable amount.

(k) Provisions

Provisions are recognised when the entity has a legal or constructive obligation, as a result of a past event, and it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

(l) Going Concern

The financial report has been prepared on a going concern basis that considers the continuity of normal operating activities and the realisation of assets and settlement of liabilities in the normal course of business.

The company's main activities are to accept deposits of monies via debentures from investors and to lend the funds invested on the security of registered mortgages over real property in Australia.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED
31 DECEMBER 2017**Dec 2017
\$Dec 2016
\$**NOTE 2: PROFIT FROM ORDINARY ACTIVITIES**

Profit from ordinary activities before income tax expense has been determined after:

a. Expenses

Depreciation

- Buildings	5,472	5,472
- Building Improvements	48	48
- Plant and equipment	2,752	2,654
Auditors Remuneration	17,050	17,682

The following revenue and expense items are relevant in explaining the financial performance

- Writeback of provisions	-	-
- Increase in the market value of investment property	-	-

NOTE 3: DIVIDENDS

Dividends paid or declared since the start of the period are as follows;

(a) Redeemable Preference Shares	21,865	13,248
(b) Ordinary Shares	150,000	78,048

NOTE 4: SEGMENT REPORTING

The company operates predominantly in the debenture issuing (unlisted unrated mortgage financing) finance industry within Australia. Customers and clients are predominantly based in regional areas of New South Wales and Victoria.

NOTE 5: CONTINGENT LIABILITIES

There has been no change to contingent liabilities since the last annual report period.

NOTE 6: EVENTS AFTER THE END OF THE INTERIM PERIOD

The directors are not aware of any significant events since the end of the interim period.

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DIRECTORS' DECLARATION

The directors of the company declare that:

- 1 The financial statements and notes are in accordance with the Corporations Act 2001; and
 - (a) comply with the Accounting Standards which as stated in accounting policy note 1 to the financial statements constitutes compliance with International Financial Reporting Standards; and
 - (b) give a true and fair view of the financial position as at 31 December 2017 of the company and of its performance for the period ended on that date
- 2 In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

Director.....
Antonino Giovanni Ruvolo

Director.....
Kenneth James Butterworth

AUDITORS INDEPENDENCE DECLARATION

As lead auditor for the review of Win Securities Limited for the half-year ended 31 December 2017, I declare that to the best of my knowledge and belief, there have been:

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

JOHN L BUSH & CAMPBELL
Chartered Accountants

Peter King
Partner

21 February 2018
Wagga Wagga

**INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF:**

WIN SECURITIES LIMITED

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Win Securities Limited which comprises the Statement of Financial Position as at 31 December 2017, and the Statement of Comprehensive Income, condensed statement of changes in equity and Statement of cash flows for the half-year ended on that date, a statement of accounting policies and the directors' declaration.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the company's financial position as at 31 December 2017 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of Win Securities Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

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

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Win Securities Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the company's financial position as at 31 December 2017 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 Interim Financial Reporting and Corporations Regulations 2001.

JOHN L BUSH & CAMPBELL
Chartered Accountant

Peter King
Partner

Wagga Wagga
21 February 2018