

Hargraves Secured Investments Limited

ABN 74 089 001 267

**Financial Report for the
Half Year Ended 31 December 2023**

HARGRAVES SECURED INVESTMENTS LIMITED
ACN 089 001 267

DIRECTORS' REPORT

The Directors present their report together with the financial statements of the Group, being Hargraves Secured Investments Limited ("the Company") for the six months ended 31 December, 2023 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 John B Gorman
Mr Ross A Mulquiney
Mr Nicholas L Mulquiney

Secretary

Mr Matthew Denny remains Company Secretary pursuant to his appointment on the 13th December 2000.

Operating results

The profit of the company for the period after providing for income tax amounted to \$2,432,964. (2022: \$1,550,832.)

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 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) Fully franked dividends of \$3,820,032 were paid during the period.
- (b) There were no fully franked dividends declared on 31 December, 2023 for payment during a later period.

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

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.

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.

DIRECTORS' REPORT (Continued)

Proceedings on 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

John B Gorman LL.B. was appointed a director of the company on 17th August 1999. John is a former partner in the legal firm of Hargraves Solicitors and now is a employee of the same firm. John is a past president of PROVIC. John has extensive experience in legal, mortgage and property issues. John is actively involved in the management of the company

Ross A Mulquiney LL.B. was appointed a director of the company on 15th August 2011. Ross is the owner of the legal firm Hargraves Solicitors and has extensive experience in legal, mortgage and property issues. Ross is actively involved in the management of the company


Nicholas L Mulquiney BE (Hons), BA, MBA was appointed a director of the company on 16th October, 2017. Nicholas has extensive finance and construction experience in mortgage and property issues. Nicholas is actively involved in the management of the company

Auditor's Independence Declaration

The lead auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on the following page and forms part of the Directors' report for the half year ended 31 December

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

Director 
Mr Ross A Mulquiney


Mr John B Gorman

Dated this 28th February 2024.

AUDITORS INDEPENDENCE DECLARATION

As lead auditor for the review of Hargraves Secured Investments Limited for the period ended 31 December 2023.

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

JOHN L BUSH & CAMPBELL
Chartered Accountants

P.J. King

Peter King
Partner

Wagga Wagga
28 February 2024

HARGRAVES SECURED INVESTMENTS LIMITED
ACN 089 001 267

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED 31 DECEMBER 2023

	NOTE	31/12/23 \$	31/12/22 \$
Interest revenue		5,474,303	4,145,060
Interest expense		<u>(2,267,543)</u>	<u>(1,858,073)</u>
Net interest revenue		3,206,760	2,286,987
Non-interest revenue		450,115	252,470
Other expenses		<u>(409,788)</u>	<u>(471,681)</u>
Profit from ordinary activities		3,247,087	2,067,776
Income tax relating to ordinary activities		<u>(814,123)</u>	<u>(516,944)</u>
Net profit from ordinary activities after income tax attributable to members of the Company		<u>2,432,964</u>	<u>1,550,832</u>
Other Comprehensive Income		<u>-</u>	<u>-</u>
Total Comprehensive Income for the year		<u>2,432,964</u>	<u>1,550,832</u>
Earnings Per Share (Cents per Share)		16.6569	10.1969

To be read in conjunction with the accompanying notes

HARGRAVES SECURED INVESTMENTS LIMITED
ACN 089 001 267

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023

	NOTE	31/12/23 \$	30/06/23 \$
ASSETS			
Cash and cash equivalents		12,219,476	15,820,840
Trade and other receivables		104,558,138	98,228,137
Deferred tax assets		48,969	57,688
Other assets		117,189	31,475
Property, plant and equipment		333,372	340,118
TOTAL ASSETS		<u>117,277,144</u>	<u>114,478,258</u>
LIABILITIES			
Trade and other payables		600,939	534,139
Interest-bearing liabilities		104,386,102	101,345,458
Employee benefits		88,709	103,159
Deferred tax liabilities		48,821	48,973
Current tax liabilities		373,440	280,298
Other liabilities		-	-
TOTAL LIABILITIES		<u>105,498,011</u>	<u>102,312,027</u>
NET ASSETS		<u>11,779,133</u>	<u>12,166,231</u>
EQUITY			
Issued capital		9,863,736	8,863,766
Reserves		159,236	159,236
Retained earnings		1,756,161	3,143,229
TOTAL EQUITY		<u>11,779,133</u>	<u>12,166,231</u>

To be read in conjunction with the accompanying notes

HARGRAVES SECURED INVESTMENTS LIMITED
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STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED
31 DECEMBER 2023

	Note	Issued Capital	Retained Earnings	Reserves	Total
Balance at 30 June 2022		6,531,606	4,532,402	159,236	11,223,244
Profit attributable to members		-	3,122,170	-	3,122,170
Dividends paid or provided for		-	(4,511,343)	-	(4,511,343)
Net Share issues/(redemptions)		2,332,160	-	-	2,332,160
Balance at 30 June 2023		8,863,766	3,143,229	159,236	12,166,231
Profit attributable to members		-	2,432,964	-	2,432,964
Dividends paid or provided for		-	(3,820,032)	-	(3,820,032)
Net share issues/(redemptions)		999,970	-	-	999,970
Balance at 31 December 2023		9,863,736	1,756,161	159,236	11,779,133

To be read in conjunction with the accompanying notes

HARGRAVES SECURED INVESTMENTS LIMITED
ACN 089 001 267

CASH FLOW STATEMENT
FOR THE HALF YEAR ENDED
31 DECEMBER 2023

	NOTE	31/12/23 \$	31/12/22 \$
CASH FLOW FROM OPERATING ACTIVITIES			
Interest received		5,291,631	3,908,006
Interest paid		(2,182,147)	(1,792,672)
Receipts from other services		450,115	260,262
Payments to suppliers and employees		(516,927)	(544,911)
Net (increase)/decrease in loans		(6,152,203)	(13,134,152)
Net increase/(decrease) in debentures		3,040,644	4,770,668
Income tax paid		(712,414)	(495,944)
Net cash provided by/(used in) operating activities		<u>(781,301)</u>	<u>(7,028,743)</u>
CASH FLOW FROM INVESTING ACTIVITIES			
Proceeds from investments		-	599,882
Payments for property, plant & equipment		-	(13,469)
Net cash (used in)/provided by investing activities		<u>-</u>	<u>586,413</u>
CASH FLOW FROM FINANCING ACTIVITIES			
Net proceeds from shares issued/(redeemed)		999,970	1,932,160
Payments for buy-back of ordinary shares		-	-
Dividends paid		(3,820,032)	(4,257,346)
Net cash used in financing activities		<u>(2,820,062)</u>	<u>(2,325,186)</u>
Net (decrease)/increase in cash held		(3,601,363)	(8,767,516)
Cash at the beginning of the period		<u>15,820,839</u>	<u>27,806,410</u>
Cash at the end of the period		<u><u>12,219,476</u></u>	<u><u>19,038,894</u></u>

To be read in conjunction with the accompanying notes

HARGRAVES SECURED INVESTMENTS LIMITED
ACN 089 001 267

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED
31 DECEMBER 2023

Note 1. BASIS OF PREPARATION

(a) Corporate Information

This financial report covers the financial statements of Hargraves Secured Investments Limited. Hargraves Secured Investments Limited is a company limited by shares, incorporated and domiciled in Australia. The financial statements were authorised for and issued by the Board of Directors on 28 February 2024.

The financial statements have been prepared in order to provide additional information to current and potential investors and should be read in conjunction with Hargraves Prospectus 26 dated 1st December, 2023 together with the annual financial report for the year ended 30 June 2023 and any announcements made by the Company during the year in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The Prospectus and important notice announcements are available upon request on the Company's website at: www.hargravesinvest.com.au

This general purpose financial report for the interim half-year reporting period ended 31 December 2023 have been prepared in accordance with Australian Accounting Standard AASB 134 *'Interim Financial Reporting'*, Australian Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board.

This general purpose financial report does not include all the notes of the type normally included in annual financial statements.

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 basis of accounting has been applied.

The critical estimates and judgements are consistent with those applied and disclosed in the June 2023 annual report.

HARGRAVES SECURED INVESTMENTS LIMITED
ACN 089 001 267

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED
31 DECEMBER 2023

	31/12/23	31/12/22
	\$	\$
NOTE 2: PROFIT FROM ORDINARY ACTIVITIES		
Profit from ordinary activities before income tax expense has been determined after:		
a. Expenses		
Depreciation		
* Buildings and Improvements	3,363	3,449
* Plant & Equipment	3,383	2,797
Auditors Remuneration	12,100	11,343

NOTE 3: DIVIDENDS

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

(a) Ordinary Shares	3,500,000	4,000,002
(b) Cumulative Redeemable Preference Shares	288,282	224,094
(c) Employee Shares	31,750	33,250

NOTE 4: SEGMENT REPORTING

The Group 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.

HARGRAVES SECURED INVESTMENTS LIMITED
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DIRECTORS' DECLARATION

The directors of the company declare that:


- 1 The financial statements and notes, as set out on pages 4 to 9 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 AASB 134 Interim Financial Reporting; and
 - (b) give a true and fair view of the financial position as at 31 December 2023 of the Company and of its performance for the half year ended on that date.
- 2 In the directors' opinion there are reasonable grounds to believe that the Company and its controlled entities 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



Mr Ross A Mulquiney



Mr John B Gorman

Dated this 28th February 2024.

INDEPENDENT AUDITOR'S REVIEW REPORT

TO THE MEMBERS OF:

HARGRAVES SECURED INVESTMENTS LIMITED

REPORT ON THE HALF-YEAR FINANCIAL REPORT

Conclusion

We have reviewed the half-year financial report of Hargraves Secured Investments Limited, which comprises the statement of financial position as at 31 December 2023, statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of Hargraves Secured Investments Limited does not comply with the *Corporations Act 2001* including:

- a) giving a true and fair view of the company's financial position as at 31 December 2023 and of its performance for the half year ended on that date; and
- (b) complying with Australian Accounting Standards and *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the Auditor's Responsibilities for the Review of the Financial Report section of our report. We are independent of the Company in accordance with the auditor independence requirements of 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 (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's review report.

Responsibility of the Directors for the Financial Report

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

Auditor's Responsibility for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether 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 2023 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.

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.

John L Bush & Campbell

JOHN L BUSH & CAMPBELL
Chartered Accountant



Peter King
Partner

Wagga Wagga
28 February 2024