

BALANCED SECURITIES LIMITED

A.B.N. 54 083 514 685

**FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025**

DIRECTORS' REPORT

Your directors present their report on the company together with the financial statements for the company for the financial year ended 30 June 2025.

Principal Activities

The principal activities of the company during the year were issuing Secured Notes and lending the money raised on first mortgages over real estate in Australia.

There were no significant changes in the nature of the company's activities during the year.

Operating Results

The profit of the company after providing for income tax amounted to \$15,925,896 (2024: \$17,826,749).

Review of Operations

During the financial year the company continued issuing Secured Notes to the public and lending the money raised on first mortgages over real estate security Australia wide. At balance date, the company had a total of \$209,923,956 (2024: \$198,923,571) of Secured Notes on issue.

At balance date, the company had 47 loans (2024: 39) totalling \$283,041,278 (2024: \$276,839,007) together with cash holdings of \$30,283,076 (2024: \$29,161,364).

Profit before income tax was \$21,234,978 (2024: \$23,769,766) and profit after provision for income tax was \$15,925,896 (2024: \$17,826,749).

Significant Changes in the State of Affairs

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

Dividends Paid or Recommended

Fully franked dividends of \$660,000 (2024: \$660,000) declared and paid to Preference shareholders during the year ended 30 June 2025.

Fully franked dividends of \$17,166,000 (2024: \$17,826,000) were declared and paid to A Class shareholders during the year ended 30 June 2025.

Events After the Reporting Period

No matter or circumstances has arisen since 30 June 2025 that has significantly affected, or may significantly affect the Company's operations, the results of those operations, or the Company's state of affairs in future financial years.

Likely Developments and Expected Results of Operations

The company expects to maintain the present status and level of operations and hence there are no likely developments in the company's operations.

Environmental Regulation

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

Information on Directors

- David Morton Geer** - Managing Director / Company Secretary
- Qualifications - LLB (Hons)
- Experience - Is a lawyer who has been in practice for over 40 years both with Herbert Geer and now David Geer Lawyer. He specialises in the law relating to securities and real estate investments. He has been an active participant in the mortgage investment and funds management industry.
- Leon Gorr** - Director
- Qualifications - BJuris LLB M.Admin
- Experience - As a partner in the law firm HWL Ebsworth Lawyers and previously as a senior partner in the law firm Herbert Geer he has specialised in corporate and revenue law for over 35 years. He has advised clients who have become involved in mortgage lending and has been an active participant in the mortgage investment and management industry for many years.
- Anthony Henry May OAM** - Director
- Qualifications - BEc, LLB
- Experience - Is Head of Tax in the law firm Madgwicks specialising in the areas of taxation law for over 35 years. He has advised clients and corporations in relation to public fund raising and other commercial ventures and has been an active participant in the mortgage investment and management industry for many years.

Meetings of Directors

During the financial year, 14 meetings of directors were held. Attendances by each director were as follows:

Name	Number eligible to attend	Number attended
David Morton Geer	14	14
Leon Gorr	14	10
Anthony Henry May	14	14

Directors Benefits

Other than as disclosed in Note 12 to the Accounts, no director has received or become entitled to receive, during or since the financial year, a benefit because of a contract made by the company with a director, a firm of which a director is a member or an entity in which a director has a substantial financial interest.

Indemnifying Officers or Auditor

The company has not, during or since the end of the financial year, in respect of any person who is or has been an officer or auditor of the company or a related body corporate:

- indemnified or made any relevant agreement for indemnifying against any liability incurred as an officer, including costs and expenses in successfully defending legal proceedings; or
- during the financial year, the company paid a premium in respect of a contract insuring the directors and executive officers of the company against a liability incurred as a director, secretary or executive officer to the extent permitted by the Corporations Act 2001. The company has not otherwise, during or since the financial year, except to the extent permitted by law, indemnified or agreed to indemnify an officer or auditor of the company against a liability incurred as such an officer or auditor. The contract of insurance prohibits the disclosure of the nature of the liabilities and the amount of the premium.

Options

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

Proceedings on Behalf of the 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 year.

Auditor's Independence Declaration

The auditor's independence declaration for the year ended 30 June 2025 has been received and can be found on page 4 of the directors' report.

Signed in accordance with a resolution of the Board of Directors



Director: David Morton Geer

Dated this 17th day of September 2025



Director: Anthony Henry May

Dated this 17th day of September 2025

**AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF BALANCED SECURITIES LIMITED**

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2025 there have been no contraventions of:

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

Bentleys Audit (Victoria) Pty Ltd.

Bentleys Audit (Victoria) Pty Ltd



Matthew Forbes
Partner

Hawthorn
17 September 2025

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR
THE YEAR ENDED 30 JUNE 2025**

	Note	2025 \$	2024 \$
Revenue	2(a)	39,058,058	41,611,662
Finance and interest costs	2(b)	(12,663,651)	(11,624,521)
Impairment gain/(loss)	2(b)	(100,000)	(200,000)
Other expenses	2(b)	<u>(5,059,429)</u>	<u>(6,017,375)</u>
Profit before income tax		21,234,978	23,769,766
Income tax expense	3	<u>(5,309,082)</u>	<u>(5,943,017)</u>
Profit/(loss) for the year		<u>15,925,896</u>	<u>17,826,749</u>
Other comprehensive income		<u>-</u>	<u>-</u>
Total comprehensive income/(loss) for the year		<u>15,925,896</u>	<u>17,826,749</u>
Profit/(loss) attributable to members of the company		<u>15,925,896</u>	<u>17,826,749</u>
Total comprehensive income/(loss) attributable to members of the company		<u>15,925,896</u>	<u>17,826,749</u>

The accompanying notes form part of these financial statements.

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2025

	Note	2025 \$	2024 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	5	30,283,076	29,161,364
Receivables		498,377	28,198
Mortgage loans and other receivables	6	210,920,741	207,683,127
TOTAL CURRENT ASSETS		<u>241,702,194</u>	<u>236,872,689</u>
NON-CURRENT ASSETS			
Mortgage loans and other receivables	6	72,120,537	69,155,880
Deferred tax assets	3	172,813	144,606
Goodwill	7	22,225,000	22,225,000
TOTAL NON-CURRENT ASSETS		<u>94,518,350</u>	<u>91,525,486</u>
TOTAL ASSETS		<u>336,220,544</u>	<u>328,398,175</u>
LIABILITIES			
CURRENT LIABILITIES			
Interest-bearing liabilities	8	181,632,538	166,435,062
Secured Note interest accrued		4,021,140	3,891,018
Mortgage interest received in advance		6,364,642	5,194,503
Income tax payable		815,440	2,490,499
Provision for employee benefits		191,250	178,423
Other current liabilities	9	3,597,737	4,673,146
TOTAL CURRENT LIABILITIES		<u>196,622,747</u>	<u>182,862,651</u>
NON-CURRENT LIABILITIES			
Interest-bearing liabilities	8	28,291,418	32,488,509
Secured Note interest accrued		532,745	373,277
TOTAL NON-CURRENT LIABILITIES		<u>28,824,163</u>	<u>32,861,786</u>
TOTAL LIABILITIES		<u>225,446,910</u>	<u>215,724,437</u>
NET ASSETS		<u>110,773,634</u>	<u>112,673,738</u>
EQUITY			
Share capital	10	37,715,200	37,715,200
Retained earnings		73,058,434	74,958,538
TOTAL EQUITY		<u>110,773,634</u>	<u>112,673,738</u>

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2025

	Note	Ordinary Shares \$	Share Capital Preference Shares \$	A Class Shares \$	Retained Earnings \$	Total \$
Balance at 1 July 2023		2,215,200	5,500,000	30,000,000	70,663,789	108,378,989
Profit/(loss) attributable to members of the company		-	-	-	17,826,749	17,826,749
Dividends paid or provided for	4	-	-	-	(13,532,000)	(13,532,000)
Balance at 30 June 2024		2,215,200	5,500,000	30,000,000	74,958,538	112,673,738
Profit attributable to members of the company		-	-	-	15,925,896	15,925,896
Dividends paid or provided for	4	-	-	-	(17,826,000)	(17,826,000)
Balance at 30 June 2025		2,215,200	5,500,000	30,000,000	73,058,434	110,773,634

The accompanying notes form part of these financial statements.

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2025**

	Note	2025 \$	2024 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Interest received		33,459,234	34,317,946
Fees and other income received		6,298,784	7,957,518
Interest paid		(12,374,061)	(11,185,882)
Income tax paid		(7,012,348)	(4,535,757)
Payments to suppliers and employees		(6,122,011)	(5,470,962)
Net cash provided by operating activities	13	14,249,598	21,082,863
CASH FLOWS FROM INVESTING ACTIVITIES			
Net receipt/(payment) for mortgage investments		(6,302,271)	(14,706,975)
Net cash provided by/(used in) investing activities		(6,302,271)	(14,706,975)
CASH FLOWS FROM FINANCING ACTIVITIES			
Net receipts (payments) from secured notes		11,000,385	3,353,258
Dividends paid		(17,826,000)	(13,532,000)
Net cash (used in) provided by financing activities		(6,825,615)	(10,178,742)
Net increase (decrease) in cash held		1,121,712	(3,802,854)
Cash and cash equivalents at the beginning of the financial year		29,161,364	32,964,218
Cash and cash equivalents at the end of the financial year	5	30,283,076	29,161,364

**Consolidated Entity Disclosure Statement
as at 30 June 2025**

Balanced Securities Limited is not required by Australian Accounting Standards (AAS) to prepare consolidated financial statements and as a result subsection 295(3A)(a) of the Corporations Act 2001 to prepare a *Consolidated Entity Disclosure Statement* does not apply to the company.

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

Note 1: Summary of Material Accounting Policy Information

The financial report covers Balanced Securities Limited as an individual entity, incorporated and domiciled in Australia. Balanced Securities Limited is a company limited by shares.

The financial report was authorised for issue on **17th September 2025** by the directors of the company.

Basis of Preparation

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. The Company is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards as issued by the IASB. Material accounting policies adopted in the preparation of this financial report are presented below and have been consistently applied unless otherwise stated.

The financial report, except for cash flow information, has been prepared on an accruals basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

(a) Income Tax

The income tax expense (income) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at reporting date. Current tax liabilities (assets) are measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense (income) is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss.

Except for business combinations, no deferred income tax is recognised from the initial recognition of an asset or liability, where there is no effect on accounting or taxable profit or loss.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

Note 1: Summary of Material Accounting Policy Information (Cont'd)

(a) Income Tax (Cont'd)

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at reporting date. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

(b) 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 (ATO).

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

(c) Mortgage Loans

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

Note 1: Summary of Material Accounting Policy Information (Cont'd)

(c) Mortgage Loans (Cont'd)

Most of the mortgage loans made by the company have approved terms of 12-18 months. Loans in default are repayable on demand and together with loans that have less than 12 months of approved loan term still to run are classified as current assets except in circumstances where loans in default are not expected to be repaid in the next 12 months in which case they will be classified non-current notwithstanding they are repayable on demand. Loans that have an approved term in excess of 12 months from the balance date and which are not in default are classified as non-current.

Once a loan is in default and demand has been made by the company the underlying security for that loan is usually in the realisation process without delay subject to the company assessing the market where the security is located and determining an appropriate realisation strategy having regard to the market, the property type and the price at which the security property can be realised. The company's strategy is to avoid a fire sale at substantially discounted values in preference to a selling program that attempts to maximise the price obtained over a reasonable selling period as determined by the company; therefore, the actual realisation process could extend beyond 12 months. However, the company is of the view that in rare situations, if necessary or required, the company is able to forgo that strategy and put the security property on the market for sale at all times during that period hence the loan will be classified as a current asset.

Interest on loans where the ultimate collection of principal and interest is considered doubtful is not taken to account and accordingly those loans are classified "non-accrual".

(d) Financial Instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is the date that the entity commits itself to either the purchase or sale of the asset (ie trade date accounting is adopted).

Trade receivables are initially measured at the transaction price if the trade receivables do not contain significant financing component or if the practical expedient was applied as specified in AASB 15.63.

Classification and subsequent measurement

(i) Financial liabilities

Financial liabilities are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest expense in profit or loss over the relevant period.

The effective interest rate is the internal rate of return of the financial asset or liability. That is, it is the rate that exactly discounts the estimated future cash flows through the expected life of the instrument to the net carrying amount at initial recognition.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

Note 1: Summary of Material Accounting Policy Information (Cont'd)

(d) Financial Instruments (Cont'd)

(ii) Financial assets

A financial asset is subsequently measured at amortised cost when it meets the following conditions:

- the financial asset is managed solely to collect contractual cash flows; and
- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates.

Derecognition

Derecognition refers to the removal of a previously recognised financial asset or financial liability from the statement of financial position.

(i) Derecognition of financial liabilities

A liability is derecognised when it is extinguished (ie when the obligation in the contract is discharged, cancelled or expires). An exchange of an existing financial liability for a new one with substantially modified terms, or a substantial modification to the terms of a financial liability, is treated as an extinguishment of the existing liability and recognition of a new financial liability.

(ii) Derecognition of financial assets

A financial asset is derecognised when the holder's contractual rights to its cash flows expires, or the asset is transferred in such a way that all the risks and rewards of ownership are substantially transferred.

All of the following criteria need to be satisfied for derecognition of a financial asset:

- the right to receive cash flows from the asset has expired or been transferred;
- all risk and rewards of ownership of the asset have been substantially transferred; and
- the entity no longer controls the asset (ie it has no practical ability to make unilateral decisions to sell the asset to a third party).

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Impairment

The entity recognises a loss allowance for expected credit losses on:

- financial assets that are measured at amortised cost or fair value through other comprehensive income;
- lease receivables;
- contract assets (eg amount due from customers under construction contracts);
- loan commitments that are not measured at fair value through profit or loss; and
- financial guarantee contracts that are not measured at fair value through profit or loss.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

Note 1: Summary of Material Accounting Policy Information (Cont'd)

(d) Financial Instruments (Cont'd)

Expected credit losses are the probability-weighted estimate of credit losses over the expected life of a financial instrument. A credit loss is the difference between all contractual cash flows that are due and all cash flows expected to be received, all discounted at the original effective interest rate of the financial instrument.

The entity used the simplified approaches to impairment, as applicable under AASB 9.

Simplified approach

The simplified approach does not require tracking of changes in credit risk in every reporting period, but instead requires the recognition of lifetime expected credit loss at all times.

This approach is applicable to:

- trade receivables or contract assets that result from transactions that are within the scope of AASB 15, that contain a significant financing component; and
- lease receivables.

In measuring the expected credit loss, a provision matrix for trade receivables was used taking into consideration various data to get to an expected credit loss (ie diversity of its customer base, appropriate groupings of its historical loss experience, etc).

Recognition of expected credit losses in financial statements

At each reporting date, the entity recognised the movement in the loss allowance as an impairment gain or loss in the statement of profit or loss and other comprehensive income. The carrying amount of financial assets measured at amortised cost includes the loss allowance relating to that asset.

(e) Goodwill

Goodwill is recorded at the amount by which the purchase price for the business assets exceeds the fair value attributed to its net assets at date of acquisition. Goodwill is tested annually for impairment and carried at cost less any accumulated impairment losses.

(f) Impairment of Assets

At the end of each reporting period, the company assesses whether there is any indication that an asset may be impaired. The assessment will include the consideration of external and internal sources of information. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss.

Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Impairment testing is performed annually for goodwill, intangible assets with indefinite lives and intangible assets not yet available for use.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

Note 1: Summary of Material Accounting Policy Information (Cont'd)

(g) 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 at the amounts expected to be paid when the liability is settled.

(h) Provisions

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

Provisions are measured using the best estimate of the amounts required to settle the obligation at balance date.

(i) Contingent liabilities

The company does not recognise contingent liabilities. Instead it includes a Note to the Accounts setting out the nature of the Contingent Liability and an explanation of the uncertainties regarding the extent or the timing of the liability. The estimated financial impact will be set out except where it is not practicable to do so.

(j) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

(k) Revenue

AASB15 Revenue from Contracts with Customers

AASB 15 replaced AASB 118 *Revenue*, AASB 111 *Construction Contracts* and it applies, with limited exceptions, to all revenue arising from contracts with customers.

AASB 15 establishes a five-step model to account for revenue arising from an enforceable contract that imposes a sufficiently specific performance obligation on an entity to transfer goods or services. AASB 15 requires entities to only recognise revenue upon the fulfilment of the performance obligation. Entities need to allocate the transaction price to each performance obligation in a contract and recognise the revenue only when the related obligation is satisfied.

Interest revenue is recognised using the effective interest rate method, which, for floating rate financial assets is the rate inherent in the instrument.

Fees and commissions are recognised upon the delivery of the service to the customers.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

Note 1: Summary of Material Accounting Policy Information (Cont'd)

(l) Comparative Figures

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

(m) Critical Accounting Estimates and Judgments

The directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the company.

Key Estimates – Impairment

The company assesses impairment at each reporting date by evaluation of conditions and events specific to the company that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using valuation technique calculations which incorporate various key assumptions.

As a result of current market and economic conditions and the directors' assessment of recoverable value of the security held on the loan portfolio as at 30 June 2025 cumulative, a provision of \$500,000 for impaired assets has been raised.

An updated internal valuation of goodwill was undertaken for the directors as at 30 June 2025 and confirmed the existing carrying value of goodwill remains appropriate (refer to Note 7 for further detail).

(n) Leases

AASB16 Leases

The Company adopted AASB 16 Leases with an initial application date of 1 July 2019. As a result, the Company's policies were amended to comply with AASB 16 as issued in this Financial Report. An asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The lease liability is measured at the present value of the lease payments that are not paid at the balance date and is unwound over time using the interest rate implicit in the lease repayments. The right-of-use asset comprises the initial lease liability amount, initial direct costs incurred when entering into the lease less any lease incentives received. The asset is depreciated over the term of the lease.

The Company has no material leases and AASB 16 did not have a material impact on the Company's financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2025**

	2025 \$	2024 \$
Note 2: Profit before Income Tax		
(a) Revenue:		
Interest revenue	32,759,275	33,537,173
Impaired debt recovery write back	-	116,971
Other revenue	6,298,783	7,957,518
	<u>39,058,058</u>	<u>41,611,662</u>
(b) Expenses:		
Interest expense	12,663,651	11,624,521
Impairment of mortgage loans		
Impairment provision	100,000	200,000
Impaired debt write off	-	-
Remuneration of the auditor for:		
- auditing or reviewing the financial report	82,992	69,450
- other audit related services	2,420	2,200
Employee benefits expense	4,010,667	4,978,255
Employer superannuation contributions	58,157	53,264
Legal expenses	-	41,146
Other expenses	905,193	873,060
	<u>17,823,080</u>	<u>17,841,896</u>

Note 3: Income Tax Expense

(a) The components of tax expense comprise:

Current tax	5,337,289	5,998,644
Deferred tax	(28,207)	(55,627)
	<u>5,309,082</u>	<u>5,943,017</u>

(b) The prima facie tax on profit before income tax reconciled to income tax expense as follows:

Prima facie tax payable on profit before income tax at 25% (2024: 25%)	5,308,745	5,942,442
Add tax effect of:		
- non-allowable items	337	575
Overprovision in earlier periods	-	-
	<u>5,309,082</u>	<u>5,943,017</u>
Income tax expense		
	5,309,082	5,943,017
The applicable weighted average effective tax rates are as follows:	25.0%	25.0%

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2025**

	2025 \$	2024 \$
Note 3: Income Tax Expense (Cont'd)		
(c) Deferred tax assets constitute the following:		
Opening balance – Deferred tax assets	144,606	88,978
Opening balance – provision for employee benefits	44,606	38,978
Charge for year	3,207	5,628
Closing balance – provision for employee benefits	47,813	44,606
Opening Balance - provision for impaired debts	100,000	50,000
Charge for year	25,000	50,000
Closing balance – provision for impaired debts	125,000	100,000
Closing balance – Deferred tax assets	172,813	144,606
Note 4: Dividends Paid		
Declared and paid fully franked A Class dividends of 57.22 cents per ordinary share (2024: fully franked dividends of 42.91 cents per share) franked at the rate of 25% (2024: 25%)	17,166,000	12,872,000
Declared and paid fully franked preference share dividends of 12 cents per preference share (2024: fully franked preference share dividends of 12 cents per share) franked at the rate of 25% (2024: 25%)	660,000	660,000
	17,826,000	13,532,000
The amount of franking credits available for the subsequent reporting period are:		
- franking account balance as at the reporting date	33,478,197	32,406,765
- franking credits that will arise from the payment of income tax	568,369	2,244,512
	34,046,566	34,651,277

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2025**

2025 **2024**
\$ **\$**

Note 5: Cash and Cash Equivalents

Cash at bank	26,833,378	25,711,666
Term Deposits	3,449,698	3,449,698
	<u>30,283,076</u>	<u>29,161,364</u>

The effective interest rate on at call bank deposits for the current year ranged between 3.65% and 4.29% (2024 4.05% to 4.26%) The term deposits which had an average maturity of 90 days earned interest at rates between 4.35% and 4.70% (2024 04.18% and 4.59%).

Note 6: Mortgage Loans and Other Receivables

Current

Mortgage loans	211,420,741	208,083,127
Provision for asset impairment	(500,000)	(400,000)
	<u>210,920,741</u>	<u>207,683,127</u>

Non-Current

Mortgage loans	72,120,537	69,155,880
	<u>72,120,537</u>	<u>69,155,880</u>

Aging Analysis

2025	Past Due and Impaired \$000 **	Past Due but Not Impaired (Days Overdue)				Within Initial Terms \$000	Total \$000
		< 30 \$000	31 – 60 \$000	61 - 90 \$000	> 90 \$000		
Loans Receivable	5,250	5,420	-	-	34,254	238,117	283,041

** At balance date \$500,000 of impairment provisions has been raised against these loans. The loans are classified as non-accrual, past due and therefore have been shown separately.

2024	Past Due and Impaired \$000 **	Past Due but Not Impaired (Days Overdue)				Within Initial Terms \$000	Total \$000
		< 30 \$000	31 – 60 \$000	61 - 90 \$000	> 90 \$000		
Loans Receivable	5,283	22,537	-	-	21,265	227,754	276,839

** At balance date \$400,000 of impairment provisions has been raised against these loans. The loans are classified as non-accrual, past due and therefore have been shown separately.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2025**

Note 6: Mortgage Loans and Other Receivables (cont)

Mortgage Loan Classification for Loans > 5% of total assets/loan portfolio as at 30 June 2025

Loan No	Original Loan Limit \$	Loan Balance \$	Property Type	Property Location	Loan Status	Valuation \$	Valuation Date
1	24,500,000	24,500,000	Residential	VIC	In Order	54,000,000	Aug 16
2	25,000,000	24,443,002	Residential	NSW	In Order	38,471,942	Dec 24
3	23,800,000	22,921,624	Commercial	VIC	In Order	54,000,000	Mar 22
4	25,000,000	18,318,480	Residential	NSW	In Order	38,462,000	May 25
5	15,285,000	15,438,131	Residential	WA	In Default	23,513,636	Jan 24

Number and Value of Mortgage Loans as at 30 June 2025

	QLD	VIC	NSW	WA	SA	TOTAL
Number of Loans	5	18	15	6	3	47
Value of Loans (\$M)	28.40	126.47	88.37	27.12	12.68	283.04
Proportion of Value of Loans (%)	10%	45%	31%	10%	4%	100%

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2025**

Note 6: Mortgage Loans and Other Receivables (cont)

Mortgage Loan Portfolio Classification as at 30 June 2025

	Commercial	Industrial	Residential	TOTAL	Construction Loans *
Whole Portfolio					
Number of Loans	2	2	43	47	11
Value of Loans(\$M)	25.92	5.95	251.17	283.04	83.03
Portfolio by State					
<u>QLD</u>					
Number of Loans		1	4	5	2
Value of Loans(\$M)		1.75	26.64	28.39	2.98
<u>VIC</u>					
Number of Loans	2	1	15	18	2
Value of Loans(\$M)	25.92	4.20	96.35	126.47	4.08
<u>NSW</u>					
Number of Loans			15	15	3
Value of Loans(\$M)			88.37	88.37	54.76
<u>WA</u>					
Number of Loans			6	6	3
			27.13	27.13	19.22
<u>SA</u>					
Number of Loans			3	3	1
Value of Loans(\$M)			12.68	12.68	1.99

***Included within total loans**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2025**

Note 7: Goodwill

	2025	2024
	\$	\$
Goodwill – at cost	30,000,000	30,000,000
Less accumulated impairment losses	<u>(7,775,000)</u>	<u>(7,775,000)</u>
Net carrying value	<u>22,225,000</u>	<u>22,225,000</u>

An external valuation of goodwill for impairment testing purposes was undertaken for the directors as at 30 June 2018 to meet their obligations pursuant to AASB 136. The external valuation of goodwill as at 30 June 2018 was \$117,541,009 which was based upon an earnings multiple of 13.83 times applied to the calculation of future maintainable earnings of \$13,421,556 per annum which excludes the effect of abnormal and one-off transactions.

The net profit after tax of the Company for the year ended 30 June 2025 of \$15,925,897 is more than the forecast future maintainable earnings of \$13,421,556 adopted by the external valuer in their valuation model in 2018. The Company has undertaken an internal valuation of goodwill by applying the same methodology and earnings multiple used in the 2018 valuation to the 30 June 2025 profit of \$15,925,897 and this process results in a valuation of goodwill of \$131,706,522 which comfortably exceeds the carrying value of \$22,225,000.

Based on the internally derived valuation in the preceding paragraph, the trading performance of the Company for the year ended 30 June 2025 and the headroom in the valuation as at 30 June 2025, the directors are of the opinion that no circumstances exist that would cause them to believe the value of goodwill is less than the carrying value.

When the business commenced and the goodwill was recognised the expectation was that the business would have an indefinite life. This expectation has not changed.

	2025	2024
	\$	\$
Note 8: Interest-Bearing Liabilities		
Secured Notes – current	181,632,538	166,435,062
Secured Notes – non-current	<u>28,291,418</u>	<u>32,488,509</u>
	<u>209,923,956</u>	<u>198,923,571</u>

Secured Notes Maturity Analysis

- not later than one year	181,632,538	166,435,062
- later than one but no later than two years	24,973,111	17,481,711
- later than two but no later than three years	<u>3,318,307</u>	<u>15,006,798</u>
	<u>209,923,956</u>	<u>198,923,571</u>

The repayment of all Secured Notes and Secured Note interest accrued is secured by a first ranking charge over all the company's assets including cash and cash equivalents and mortgage loans.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

Note 9: Other Current Liabilities

	2025 \$	2024 \$
Sundry creditors	<u>3,597,737</u>	<u>4,673,146</u>

The company established an Executive Bonus Plan (**EBP**) with effect from 1 July 2016 to incentivise, reward and retain executives who are important to the ongoing operation of the business. Under the EBP, a bonus is payable to the participants for the year ended 30 June 2025 thirty days after the release of the company's audited accounts for that period. Based on the EBP terms, the company has calculated that the bonus pool will be not less than \$3,340,000 (2024: \$4,322,000) and have treated that sum as an expense in these accounts being the year the expense is attributable to. However, as the bonus is yet to be paid to the participants, it has been shown as a sundry creditor and classified as a current liability in the balance sheet.

Note 10: Share Capital

1,000,000 ordinary shares of \$1 each fully paid (2024: 1,000,000 shares)	(a)	1,000,000	1,000,000
620,000 ordinary shares of \$1.96 each fully paid (2024: 620,000 shares)	(a)	1,215,200	1,215,200
30,000,000 A class shares of \$1 each fully paid (2024: 30,000,000 shares)	(a)	30,000,000	30,000,000
5,500,000 Preference shares of \$1 each fully paid (2024: 5,500,000 shares)	(b)	5,500,000	5,500,000
		<u>37,715,200</u>	<u>37,715,200</u>

- (a) Ordinary and A Class shares confer the right to attend and vote at company meetings. Holders also have the right to dividends at a rate decided by the directors from time to time. Holders also have a right to capital on winding up of the company.
- (b) Declaring a dividend on Preference shares is discretionary and requires the passing of a resolution by directors. Preference shares are entitled to a dividend of 12% per annum. The entitlement is cumulative and ranks in priority to the right of ordinary shares to receive a dividend. The entitlement to a dividend is suspended in the event that the company has failed to meet any payment obligation to the holders of Secured Notes and will remain suspended until any payment breach has been remedied. Preference shares have a right to receive priority over other shares in respect of capital on winding up of the company. Preference shares confer the right to receive notice of and attend company meetings but confer no right to vote except during any period in which the company has declared but not paid a dividend on the preference shares.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

Note 11:Key Management Personnel Compensation

Key management personnel:

Directors

David Morton Geer

Leon Gorr

Anthony Henry May

No director has received or become entitled to receive a benefit during the financial year other than as disclosed at Note 12.

Note 12:Related Party Transactions

Related parties

The company's main related parties are:

- (a) Majority shareholder - HG & R Management Pty Ltd
- (b) Key Management Personnel (see Note 11)

Transactions with related parties

Transactions with related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated. The following transactions occurred with related parties:

- (a) HG & R Management Pty Ltd Pty Ltd provides office space and other administrative services to the company. Service charges of \$442,598 have been charged for these services for the year to 30 June 2025 (2024: \$426,565).
- (b) Entities associated with the directors have entered into formal Income Support Arrangements with the company. No payments were made under these arrangements during the year (2024: \$Nil).
- (c) Entities associated with the directors may purchase mortgages from the Company or sell mortgages to the Company. This allows the Company to better manage its liquidity and allows loans to be settled and subsequently transferred to the Company when all underwriting and prospectus requirements are satisfied. All such transactions are undertaken at full face value.
- (d) Where instructed to do so by the borrower, the company will facilitate the payment of any amounts owing by the borrower to entities associated with the directors using the lending facility established with the company. These transactions have no impact on the company's results.
- (e) Entities associated with the directors may deposit funds through Secured Notes issued by the Company. These transactions with related parties are on normal commercial terms and conditions, no more favourable than those available to other Secured Note holders.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2025**

Note 12: Related Party Transactions (Cont'd)

Amounts outstanding from related parties

There are no amounts outstanding at year end (2024: \$Nil)

Amounts payable to related parties

An amount of \$202,847 is payable to H.G & R Management Pty Ltd being the unpaid balance in relation to the administrative fees (2024: \$201,046).

Note 13: Cash Flow Information

	2025 \$	2024 \$
Reconciliation of Cash Flows from Operations with Profit for the Year after Income Tax		
Profit/(loss) for the year after income tax	15,925,896	17,826,749
Add non-cash items:		
Impairment loss	100,000	83,029
Changes in assets and liabilities:		
Decrease (increase) in sundry debtors	(470,179)	(2,519)
Increase (decrease) in secured note interest accrued	289,590	438,639
Increase (decrease) in mortgage interest received in advance	1,170,139	783,292
Increase (decrease) in income tax payable	(1,675,059)	1,462,889
Increase (decrease) in other current liabilities	(1,075,409)	523,901
Increase (decrease) in employee leave provisions	12,827	22,511
Increase (decrease) in deferred tax	(28,207)	(55,628)
Net Cash flows from operating activities	14,249,598	21,082,863

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2025**

Note 14: Financial Risk Management

(a) Accounting Policies and Interest Rate Risk

The company's accounting policies, including the terms and conditions of each class of financial asset, financial liability and equity, both recognised and unrecognised at the balance date, including the company's interest rate risk exposure are as follows:

Recognised Financial Instruments	Accounting Policies And Financial Instrument Profile	Terms and Conditions Including Interest Rate Risk Profile
(i) Financial Assets		
Cash and cash equivalents (Note 5)	Cash and cash equivalents are carried at its principal amount and lodged on bank deposits at call. Interest is recognised as income as it accrues.	Cash and cash equivalents are on call. The interest rate is repriced daily at the prevailing market rate for cash deposits. Term deposits are generally for terms $\leq$ 90 days and are at prevailing market rates.
Mortgage loans and other receivables (Note 6)	Mortgage loans are recorded at their recoverable amounts with the term to maturity reflective of analysis provided at Note 6 in the notes to financial statements. Interest is recognised as income as it accrues. Interest on loans where the ultimate collection of principal and interest is considered doubtful is not accrued and not recognised as income.	Mortgage loans are issued for varying maturities with variable rates of interest applying to each mortgage loan. The applicable variable interest rate on these mortgage loans ranges between 6.75% and 21.37%. (2024: 6.95% and 21.37%)
(ii) Financial Liabilities		
Interest bearing liabilities (Note 8)	Secured Notes are recorded at their principal amounts with the term to maturity reflective of analysis provided at Note 8 in the notes to financial statements. Interest is recognised as an expense as it accrues.	Secured Notes are issued for varying lengths of time at fixed rates of interest for the term to maturity. The applicable interest rate on these Secured Notes varies between 4.50% and 7.25%. (2024: 4.50% and 7.00%).
Secured Notes interest accrued and other current liabilities	Secured Notes interest accrued is carried at its nominal amount.	Interest on Secured Notes is payable monthly or on maturity.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

Note 14: Financial Risk Management (Cont'd)

(b) Market and Interest Rate Risk Management

The company's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates, is mitigated by:

- the maintenance of a pool of mortgages whose weighted average lending rates are comfortably in excess of the investment borrowing rates;
- the issue of short and long dated Secured Notes for periods of 6 months through to 5 years while lending against mortgages on predominately shorter terms of 6-12 months;
- by maintaining a fixed interest rate regime for Secured Notes which may be repriced on maturity;
- by maintaining a variable interest rate regime for mortgages which incorporate an interest rate floor which allows for upward interest rate movements only and as such, a change in interest rates will not adversely impact on the company's lending margins, profitability and cash flows; and
- by adopting conservative lending policies and loan to value ratios to mitigate against the potential risk of a borrower default adversely impacting on the company's lending margins and cash flows.

(c) Sensitivity Analysis - Interest Rate Risk

Interest rate analysis is based on balances of financial liabilities outstanding at financial period end not exceeding 1 year, which are all at fixed rates.

Interest rate analysis is based on balances of financial assets outstanding at financial period end not exceeding 1 year, which are all variable rates which allow for upward interest rate movements only with interest rates set according to the assessed credit risk of the borrower.

Minimum and maximum exposures for financial liabilities and assets are calculated at reasonably possible shifts of 25 (2024: 25) basis points and 100 (2024: 100) basis points respectively.

The table below details the company's minimal sensitivity to interest rate shifts and reflects the limited potential for interest rate changes to adversely impact on the company's profitability.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2025**

Note 14: Financial Risk Management (Cont'd)

(c) Sensitivity Analysis - Interest Rate Risk (Cont'd)

SENSITIVITY ANALYSIS - INTEREST RATE RISK
Increase in Interest Rates

Annual Risk by Type

	Minimum		Average		Maximum	
	2025	2024	2025	2024	2025	2024
	\$m	\$m	\$m	\$m	\$m	\$m
Financial Assets:						
Cash and cash equivalents	0.057	0.055	0.142	0.137	0.227	0.219
Loans and receivables	0.532	0.520	1.329	1.300	2.127	2.079
Financial Liabilities:						
Secured Notes	-	-	-	-	-	-
Net positive impact on profit and equity	0.589	0.575	1.471	1.437	2.354	2.298

SENSITIVITY ANALYSIS – INTEREST RATE RISK
Decrease in Interest Rates

Annual Risk by Type

	Minimum		Average		Maximum	
	2025	2024	2025	2024	2025	2024
	\$m	\$m	\$m	\$m	\$m	\$m
Financial assets:						
Cash and cash equivalents	(0.057)	(0.055)	(0.142)	(0.137)	(0.227)	(0.219)
Loans and receivables	-	-	-	-	-	-
Financial liabilities:						
Secured Notes	-	-	-	-	-	-
Net negative impact on profit and equity	(0.057)	(0.055)	(0.142)	(0.137)	(0.227)	(0.219)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

Note 14: Financial Risk Management (Cont'd)

(d) Liquidity Risk

The company manages liquidity risk by monitoring forecast cash flows and ensuring that adequate cash and cash equivalents are maintained. Ultimate responsibility for liquidity risk management rests with the directors, who have built an appropriate liquidity risk management framework for the company's short, medium and long term funding and liquidity management.

The company under its AFS Licence no. 241382 and as set out in ASIC Policy Statement 166.25(c) is required to maintain and comply with the Table 2, Option 1 test for establishing a reasonable estimate projection plus cash contingency test. The test requires the company to produce 3 monthly cashflow projections and hold cash or cash equivalents based on the amount equal to 20% of the cash outflow for the projected 3 month period(s). As at 30 June 2025 the company complies with this requirement with adequate reserves of cash or cash equivalents totalling \$30,283,076.

The company has a policy and procedure in place to estimate cash flow projections taking into consideration estimated rollovers of maturing Secured Notes, payment of loan instalments or loan repayments and cash outflows from operational activities. Reference is made to the probability of non-rollover of Secured Note maturities, the risk and maturity profile of the mortgage loan portfolio. The estimated retention rate for Secured Note rollovers approximates 80% of the Secured Note portfolio which together with directors and managements' reasonable expectation for future business and operational trends including those impacting on the legislative and economic environment allows the company to estimate its future cash flow requirements with a reasonable degree of certainty.

The company's portfolio management policy reflects a position of funding short-term first mortgage loans with a mix of short, medium and longer term investment funds as well as being supported by the retained earnings and paid up capital.

Liquidity Risk Management Maturity Profile

30 June 2025	No later than 1 year \$	Between 1 and 2 years \$	Between 2 and 3 years \$
Financial Liabilities:			
Secured Notes	181,632,538	24,973,111	3,318,307
Financial Assets:			
Cash and cash equivalents	30,283,076	-	-
Loans and receivables (Gross Balance)	211,420,741	72,120,537	-

**NOTES TO THE AMENDED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2025**

Note 14: Financial Risk Management (Cont'd)

(d) Liquidity Risk (Cont'd)

Liquidity Risk Management Maturity Profile

30 June 2024	No later than 1 year \$	Between 1 and 2 years \$	Between 2 and 5 years \$
Financial Liabilities:			
Secured Notes	166,435,062	17,481,711	15,006,798
Financial Assets:			
Cash and cash equivalents	29,161,364	-	-
Loans and receivables (Gross Balance)	207,683,127	69,155,880	-

(e) Credit Risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements.

The company does not have any material credit risk exposure to any single receivable or group of receivables under financial instruments entered into by the company.

The company has in place established credit risk management policies and procedures to mitigate the risk of non-payment of principal or interest on first mortgage loans advanced by the company. The principal mitigating factors are summarised as follows:

- Maximum loan to value ratios at time of drawdown not exceeding 67%.
- Initial advances for terms not greater than 3 years.
- Independent valuations of security property not more than 6 months old at date of advance.
- Loans approved at director and executive management level within approved discretion.
- Independent expert monitoring of drawdowns under construction loan advance.
- Potential for settlement risk on construction loans mitigated by incorporating where appropriate pre-sales of finished product at price levels supported by independent valuations.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

Note 14: Financial Risk Management (Cont'd)

(e) Credit Risk (Cont'd)

- All loans advanced are interest only at variable interest rates which allow for upward interest rate movements only.
- Internal procedures include minimum monthly monitoring of default of any borrower in payment of principal and/or interest.

Maximum Exposure to Credit Risk

Carrying Amount

	2025	2024
	\$	\$
Loans and receivables (Gross Balance)	283,541,278	277,239,007
Cash and cash equivalents	30,283,076	29,161,364

(f) Fair Values

The aggregate net fair values and carrying amounts of financial assets and financial liabilities are comparable to the amounts disclosed in the statement of financial position and notes to the financial statements.

(g) Capital Management

As at 30 June 2025, the company's equity was \$110,773,634 (2024: \$112,673,738) of which paid up ordinary capital and retained earnings represented \$75,273,634 (2024: \$77,173,738).

Capital adequacy can be expressed as a financial ratio by dividing the sum of the paid up capital and retained earnings by the total of the debt plus the paid up capital and retained earnings of the company. As at 30 June 2025 the ratio as a percentage was 27.8% (2024: 29.4%).

Note 15: Segment Reporting

The principal activities of the company during the review period were issuing Secured Notes and lending the money raised on first mortgages over real estate in Australia.

Note 16: Events after the Reporting Period

No matter or circumstances has arisen since 30 June 2025 that has significantly affected, or may significantly affect the Company's operations, the results of those operations, or the Company's state of affairs in future financial years.

Note 17: Company Details

The registered office and principal place of business of the company is:

Balanced Securities Limited
Level 23
385 Bourke Street
Melbourne Victoria 3000

DIRECTORS' DECLARATION

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 6 to 30 are in accordance with the Corporations Act 2001 and:
 - (a) comply with Accounting Standards, which, as stated in accounting policy Note 1 to the financial statements, constitutes compliance with International Financial Reporting Standards (IFRS); and
 - (b) give a true and fair view of the financial position as at 30 June 2025 and of the performance for the year ended on that date of the company.
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.
3. The information disclosed in the attached consolidated entity disclosure statement is true and correct.

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



Director: David Morton Geer

Dated this 17th day of September 2025



Director: Anthony Henry May

Dated this 17th day of September 2025

INDEPENDENT AUDITOR'S REPORT

To the Members of Balanced Securities Limited

Report on the Financial Report

We have audited the accompanying financial report of Balanced Securities Limited, which comprises the statement of financial position as at 30 June 2025 and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards 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 is free from material misstatements, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101: Presentation of Financial Statements, that the financial statements comply with International Financial Reporting Standards (IFRS).

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

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

Opinion

We have audited the financial report of Balanced Securities Limited (the Company), which comprises the statement of financial position as at 30 June 2025 the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information, and the directors' declaration.

In our opinion, the accompanying financial report of the Company 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 2025 and of its financial performance for the year ended; and
- (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit 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 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 report.

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

Responsibilities of Directors 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 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 the 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.

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF BALANCED SECURITIES LIMITED (CONT'D)**

Auditor's Responsibilities for the Audit of the Financial Report

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, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

As part of an audit in accordance with the Australian Auditing Standards, the auditor exercises professional judgement and maintains professional scepticism throughout the audit. The auditor also:

- Identifies and assesses the risks of material misstatement of the financial report, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence that is sufficient and appropriate to provide a basis for the auditor's opinion. 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.
- Obtains an understanding of internal control relevant to the audit 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.
- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by those charged with governance.
- Concludes on the appropriateness of those charged with governance's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If the auditor concludes that a material uncertainty exists, the auditor is required to draw attention in the auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify the auditor's opinion. The auditor's conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.
- Evaluates 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.

The auditor is responsible for the direction, supervision and review of the audit work performed for purposes of the Company audit. The auditor remains solely responsible for the audit opinion. The auditor communicates with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that the auditor identifies during the audit.

Bentleys Audit (Victoria) Pty Ltd.

Bentleys Audit (Victoria) Pty Ltd

Matthew Forbes

**Matthew Forbes
Partner**

**Hawthorn
17th September 2025**