

BALANCED SECURITIES LIMITED

A.B.N. 54 083 514 685

**FINANCIAL REPORT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2025**

DIRECTORS' REPORT

Your directors present their report on the company for the financial half-year ended 31 December 2025 (the "review period").

The name of directors in office at any time during, or since the end of the half year.

David Morton Geer
Leon Gorr
Anthony Henry May OAM

Principal Activities

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.

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

Operating Results

The profit of the company after providing for income tax amounted to \$9,909,743.

Review of Operations

During the review period 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 \$208,290,651 of Secured Notes on issue.

At balance date, the company had 44 mortgage loans totalling \$298,401,396 together with cash holdings of \$21,705,055.

Profit before income tax was \$13,213,553 and profit after provision for income tax was \$9,909,743.

Significant Changes in State of Affairs

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

Dividends Paid or Recommended

Fully franked dividends of \$660,000 were declared and paid to Preference shareholders during the review period.

Events After the Reporting Period

Subsequent to 31 December 2025, the Company declared a dividend of \$15.26 million. As the dividend was declared after the reporting date, no liability has been recognised in the half-year financial report.

No other matters or circumstances have arisen since the end of the review 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 the future.

DIRECTORS' REPORT (continued)

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 Issues

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 |
| 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 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. |

DIRECTORS' REPORT (continued)

Meetings of Directors

During the review period 7 meetings of directors were held. Attendances by each director were as follows:

Name	Number eligible to attend	Number attended
David Morton Geer	7	7
Leon Gorr	7	7
Anthony Henry May	7	7

Directors Benefits

Other than as disclosed in Note 11 to the Accounts, no director has received or become entitled to receive, during or since the review period, 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 review period, 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
- paid or agreed to pay a premium in respect of a contract insuring against a liability for the costs or expense to defend legal proceedings.

Options

No options over issued shares or interests in the company were granted during or since the end of the review period 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 review period.

Auditor's Independence Declaration

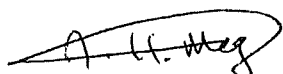
The auditor's independence declaration for the half year ended 31 December 2025 has been received and can be found on page 4 of this report.

Signed in accordance with a resolution of the Board of Directors



Director: David Morton Geer

Dated this 13th day of March 2026



Director: Anthony Henry May

Dated this 13th day of March 2026

AUDITOR'S INDEPENDENCE DECLARATION TO THE DIRECTORS OF BALANCED SECURITIES LIMITED

I declare that, to the best of my knowledge and belief, during the half-year ended 31 December 2025 there have been no contraventions of:

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

Bentleys Audit (Victoria) Pty Ltd.



Bentleys Audit (Victoria) Pty Ltd

**Matthew Forbes
Partner**

**Hawthorn
13 March 2026**

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED 31 DECEMBER 2025**

		Half Year Ended	Half Year Ended
	Note	31 December 2025	31 December 2024
		\$	\$
Revenue	2(a)	20,858,415	20,025,110
Finance and interest costs	2(b)	(6,712,388)	(6,292,822)
Other expenses	2(b)	(932,474)	(975,944)
Profit before income tax		13,213,553	12,756,344
Income tax expense	3	(3,303,810)	(3,189,423)
Profit for the period		<u>9,909,743</u>	<u>9,566,921</u>
Other Comprehensive Income		-	-
Total comprehensive income for the period		<u>9,909,743</u>	<u>9,566,921</u>
Profit attributable to members of the company		<u>9,909,743</u>	<u>9,566,921</u>
Total comprehensive income attributable to members of the company		<u>9,909,743</u>	<u>9,566,921</u>

The accompanying notes form part of these financial statements.

BALANCED SECURITIES LIMITED
A.B.N. 54 083 514 685

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2025

	Note	31 December 2025 \$	30 June 2025 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	5	21,705,055	30,283,076
Receivables		23,167	498,377
Mortgage loans and other receivables	6	237,605,871	210,920,741
TOTAL CURRENT ASSETS		<u>259,334,093</u>	<u>241,702,194</u>
NON-CURRENT ASSETS			
Mortgage loans and other receivables	6	60,795,525	72,120,537
Deferred tax assets		172,813	172,813
Goodwill	7	22,225,000	22,225,000
TOTAL NON-CURRENT ASSETS		<u>83,193,338</u>	<u>94,518,350</u>
TOTAL ASSETS		<u>342,527,431</u>	<u>336,220,544</u>
LIABILITIES			
CURRENT LIABILITIES			
Interest-bearing liabilities		179,932,060	181,632,538
Secured Note interest accrued		5,193,769	4,021,140
Mortgage interest received in advance		5,888,476	6,364,642
Income tax payable		1,991,233	815,440
Provision for employee benefits		191,250	191,250
Other current liabilities	8	299,463	3,597,737
TOTAL CURRENT LIABILITIES		<u>193,496,251</u>	<u>196,622,747</u>
NON-CURRENT LIABILITIES			
Interest-bearing liabilities		28,358,591	28,291,418
Secured Note interest accrued		649,212	532,745
TOTAL NON-CURRENT LIABILITIES		<u>29,007,803</u>	<u>28,824,163</u>
TOTAL LIABILITIES		<u>222,504,054</u>	<u>225,446,910</u>
NET ASSETS		<u>120,023,377</u>	<u>110,773,634</u>
EQUITY			
Share capital	9	37,715,200	37,715,200
Retained earnings		82,308,177	73,058,434
TOTAL EQUITY		<u>120,023,377</u>	<u>110,773,634</u>

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2025

	Note	Share Capital			Retained Earnings	Total
		Ordinary Shares	Preference Shares	A Class Shares		
		\$	\$	\$	\$	\$
Balance at 1 July 2024		2,215,200	5,500,000	30,000,000	74,958,538	112,673,738
Profit attributable to members of the company		-	-	-	9,566,921	9,566,921
Dividends paid or provided for	4	-	-	-	(17,826,000)	(17,826,000)
Balance at 31 Dec 2024		2,215,200	5,500,000	30,000,000	66,699,459	104,414,659
Balance at 1 July 2025		2,215,200	5,500,000	30,000,000	73,058,434	110,773,634
Profit attributable to members of the company		-	-	-	9,909,743	9,909,743
Dividends paid or provided for	4	-	-	-	(660,000)	(660,000)
Balance at 31 Dec 2025		2,215,200	5,500,000	30,000,000	82,308,177	120,023,377

The accompanying notes form part of these financial statements.

STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 31 DECEMBER 2025

		Half Year Ended	Half Year Ended
	Note	31 December 2025	31 December 2024
		\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Interest received		17,990,300	17,921,998
Fees and other income received		2,867,159	3,262,420
Interest costs paid		(5,423,292)	(5,202,165)
Income tax paid		(2,138,623)	(3,495,885)
Payments to suppliers and employees		(4,220,142)	(5,379,620)
Net cash provided by operating activities		<u>9,075,402</u>	<u>7,106,748</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Net receipts/(payments) for mortgage loans		<u>(15,360,118)</u>	<u>22,304,278</u>
Net cash (used in)/provided by investing activities		<u>(15,360,118)</u>	<u>22,304,278</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Net receipts/(payments) from debentures and secured notes		(1,633,305)	466,650
Dividends paid		(660,000)	(17,826,000)
Net cash used in financing activities		<u>(2,293,305)</u>	<u>(17,359,350)</u>
Net increase/(decrease) in cash held		(8,578,021)	12,051,676
Cash and cash equivalents at the beginning of the half-year.		<u>30,283,076</u>	<u>29,161,364</u>
Cash and cash equivalents at the end of the half-year.	5	<u>21,705,055</u>	<u>41,213,040</u>

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 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 the same date as the directors' declaration.

Basis of Preparation

The half-year financial report is a general purpose financial report that has been prepared in accordance with the Corporations Act 2001 and Australian Accounting Standard AASB 134: Interim Financial Reporting. The Company is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

This interim financial report is intended to provide users with an update on the latest annual financial statements of Balanced Securities Ltd. As such it does not contain information that represents relatively insignificant changes occurring during the half year within the Company. It is therefore recommended that this financial report be read in conjunction with the annual financial statement of the Company for the year ended 30 June 2025.

The same accounting policies and methods of computation have been followed in this interim report as were applied in the most recent annual financial statement. 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.

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) 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.

Most of the mortgage loans made by the company are short-term loans. 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. 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2025

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

(a) Mortgage Loans (Cont'd)

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".

(b) 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.

Loss allowance is not recognised for:

- financial assets measured at fair value through profit or loss; or
- equity instruments measured at fair value through other comprehensive income.

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 following approaches to impairment, as applicable under AASB 9:

- the general approach;
- the simplified approach;
- the purchased or originated credit impaired approach; and
- low credit risk operational simplification.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2025

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

(b) Impairment (Cont'd)

General approach

Under the general approach, at each reporting period, the entity assessed whether the financial instruments are credit impaired, and if:

- the credit risk of the financial instrument increased significantly since initial recognition, the entity measured the loss allowance of the financial instruments at an amount equal to the lifetime expected credit losses; and
- there was no significant increase in credit risk since initial recognition, the entity measured the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

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.

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.

(c) Revenue

AASB 15 Revenue 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. Interest revenue on non-accrual loans is not recognised.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2025

	31 DEC 2025	31 DEC 2024
	\$	\$
Note 2: Profit before Income Tax		
(a) Revenue:		
Interest revenue	18,298,363	16,762,690
Other revenue	2,560,052	3,262,420
	<u>20,858,415</u>	<u>20,025,110</u>
(b) Expenses:		
Interest expense	6,712,388	6,292,822
Remuneration of the auditor for:		
- auditing or reviewing the financial report	26,530	25,700
Employee benefits expense	298,430	328,920
Employee superannuation contributions	21,619	24,232
Other expenses	585,895	597,092
	<u>7,644,862</u>	<u>7,268,766</u>

Note 3: Income Tax Expense

(a) The components of tax expense comprise:

Current tax	3,303,810	3,189,423
Deferred tax	-	-
	<u>3,303,810</u>	<u>3,189,423</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%)	3,303,388	3,189,086
Add tax effect of:		
- non-allowable items	422	337
	<u>3,303,810</u>	<u>3,189,423</u>

Income tax expense	3,303,810	3,189,423
The applicable weighted average effective tax rates are as follows:	25.0%	25.0%

The weighted average effective tax rate for 2025 is a result of the tax effect of non-allowable items.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2025

	31 DEC 2025 \$	31 DEC 2024 \$
Note 4: Dividends Paid		
Declared fully franked A Class dividends of Nil cents per ordinary share (2024: fully franked dividends of 57.22 cents per share) franked at the rate of 25% (2024: 25%)	-	17,166,000
Declared 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
	<u>660,000</u>	<u>17,826,000</u>
The amount of franking credits available for the subsequent reporting period are:		
- franking account balance as at the reporting date	35,386,213	29,960,654
- franking credits that will arise from the payment of income tax	<u>1,744,164</u>	<u>2,184,037</u>
	<u>37,130,377</u>	<u>32,144,691</u>
	31 DEC 2025 \$	30 JUN 2025 \$
Note 5: Cash and Cash Equivalents		
Cash at bank	18,255,357	26,833,378
Term deposit	<u>3,449,698</u>	<u>3,449,698</u>
	<u>21,705,055</u>	<u>30,283,076</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2025

	31 DEC 2025 \$	30 JUN 2025 \$
Note 6: Mortgage Loans and Other Receivables		
Current		
Mortgage loans	238,105,871	211,420,741
Provision of asset impairment	(500,000)	(500,000)
	<u>237,605,871</u>	<u>210,920,741</u>
Non-Current		
Mortgage loans	<u>60,795,525</u>	<u>72,120,537</u>
Total Mortgage Loans	<u>298,401,396</u>	<u>283,041,278</u>

Aging Analysis

31 December 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	5,279	-	-	7,983	35,529	249,610	298,401

30 June 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

** As at 31 December 2025 \$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.

The class of assets described as “mortgage loans and other receivables” is considered to be the main source of credit risk related to the company.

Mortgage Loan Classification for Loans > 5% of total assets/loan portfolio as at 31 Dec 2025

Loan No	Original Loan Limit	Loan Balance	Property Type	Property Location	Loan Status	Valuation	Valuation Date
1	25,000,000	25,703,939	Residential	NSW	Arrears	38,471,942	Dec 24
2	24,500,000	24,500,000	Residential	VIC	In Order	54,000,000	Aug 16
3	23,800,000	23,094,406	Commercial	VIC	In Order	54,000,000	Mar 22
4	25,000,000	20,947,367	Residential	NSW	In Order	38,462,000	May 25
5	15,285,000	18,802,259	Residential	WA	Past Due	23,513,636	Jan 24
6	15,500,000	17,306,993	Residential	NSW	In Order	24,990,000	May 24

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2025

Note 6: Mortgage Loans and Other Receivables (cont)

Mortgage Loan Portfolio Classification as at 31 Dec 2025

	Commercial	Industrial	Residential	TOTAL	Construction Loans *
Whole Portfolio					
Number of Loans	2	2	40	44	14
Value of Loans (\$M)	24.87	7.25	266.28	298.4	106.16
Portfolio by State					
QLD					
Number of Loans	-	1	3	4	2
Value of Loans (\$M)	-	3.27	16.13	19.40	5.26
VIC					
Number of Loans	1	1	12	14	2
Value of Loans (\$M)	23.10	3.98	80.79	107.87	4.80
NSW					
Number of Loans	1	-	14	15	4
Value of Loans (\$M)	1.77	-	97.43	99.20	61.79
WA					
Number of Loans	-	-	8	8	5
Value of Loans (\$M)	-	-	57.15	57.15	30.51
SA					
Number of Loans	-	-	3	3	1
Value of Loans (\$M)	-	-	14.78	14.78	3.80

*Construction amount included within total loans

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2025

Note 6: Mortgage Loans and Other Receivables (cont)

Number and Value of Mortgage Loans as at 31 Dec 2025

	QLD	VIC	NSW	WA	SA	TOTAL
Number of Loans	4	14	15	8	3	44
Value of Loans (\$M)	19.40	107.87	99.20	57.15	14.78	298.40
Proportion of Loans (%)	7%	36%	33%	19%	5%	100%

	31 DEC 2025	30 JUN 2025
	\$	\$
Note 7: Goodwill		
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 updated 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. 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 25 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 trading performance of the Company for the period ended 31 December 2025, the headroom in the valuation as at 30 June 2018 and the internally derived valuation in the preceding paragraph 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2025

	Note	31 DEC 2025 \$	30 JUN 2025 \$
Note 8: Other Current Liabilities			
Sundry creditors		299,463	3,597,737

The company established an Executive Bonus Plan (**EBP**) during the year ended 30 June 2017 to incentivise, reward and retain executives that are important to the ongoing operation of the business. Under the EBP, a bonus was payable to the participants for the year ended 30 June 2024, 30 days after the release of the company's audited accounts for that period. Based on the EBP terms, the company calculated at 30 June 2025 that the bonus pool would be not less than \$3,340,000 (2024: \$4,322,000) and treated that sum as an expense in the accounts for the year ended 30 June 2025 being the year the expense was attributable to. However, as the bonus was yet to be paid to the participants at 30 June 2025, it was shown as a sundry creditor and classified as a current liability in the balance sheet. The bonus was paid to participants in October 2025.

Note 9: 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) The declaring of a dividend on Preference shares is discretionary and requires the passing of a resolution by directors. If a dividend is so declared Preference shares are entitled to a dividend of 12% per annum on the issue price of each Preference Share. If a dividend on the Preference shares is not declared and paid in any year the company cannot pay a dividend on its Ordinary shares in that year. The right to receive a dividend is cumulative in the event that a dividend is declared and not paid. The entitlement to a dividend on Preference shares 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 carry no voting rights but a holder of Preference shares can vote whilst any dividends (including an accrued entitlement) remain unpaid.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2025

Note 10: Key Management Personnel Compensation

Key management personnel:

Directors

David Morton Geer

Leon Gorr

Anthony Henry May OAM

No director has received or become entitled to receive a benefit during the financial year other than as disclosed at Note 11.

Note 11: 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 10)

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 provides office space and other administrative services to the company. Fees of \$260,989 have been charged for these services for the six months to 31 December 2025 (2024: \$239,750).

(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 review period (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.

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.

Amounts outstanding from related parties

There are no amounts outstanding at 31 December 2025 (2024 \$Nil).

Amounts payable to related parties

As at 31 December 2025 an amount of \$260,989 (2024: \$239,750) is payable to HG & R Management Pty Ltd (refer to Note 11a).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2025

Note 12: Segment Reporting

The Company operates in one segment, being Secured Notes and lending the money raised on first mortgages over real estate in Australia.

Note 13: Events after the reporting period

Subsequent to 31 December 2025, the Company declared a dividend of \$15.26 million. As the dividend was declared after the reporting date, no liability has been recognised in the half-year financial report.

Note 14: 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:

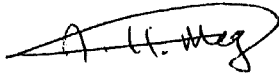
1. The interim financial statements and notes, as set out on pages 5 to 19, are in accordance with the Corporations Act 2001 and:
 - (a) comply with Accounting Standards, AASB 134: Interim Financial reporting and the Corporations regulations 2001; and
 - (b) give a true and fair view of the financial position as at 31 December 2025 and of the performance for the half-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.

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



Director: David Morton Geer

Dated this 13th day of March 2026



Director: Anthony Henry May

Dated this 13th day of March 2026

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE DIRECTORS OF BALANCED SECURITIES LIMITED

Report on the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of Balanced Securities Limited ('the Company'), which comprises the statement of financial position as at 31 December 2025, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of material accounting policy 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 half-year financial report of Balanced Securities Limited is not in accordance with the *Corporations Act 2001* including:

- (i) giving a true and fair view of the Company's financial position as at 31 December 2025 and of its financial performance for the half-yearly ended on that date; and
- (ii) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *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* ('ASRE 2410'). Our responsibilities are further described in the Auditor's responsibilities for the review of the half-year 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 & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to the 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.

Responsibilities of Directors 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.

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

Auditor's Responsibility for the Review of the Half-Year Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with ASRE 2410 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 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 2025 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.

Bentleys Audit (Victoria) Pty Ltd.



Bentleys Audit (Victoria) Pty Ltd

**Matthew Forbes
Partner**

**Hawthorn
13 March 2026**