2015 Annual Report

WEST
HAMILTON
HOLDINGS
LIMITED

Our Property Development Vision

...a distinctive suburban environment, in an urban district ... with desirable amenities

DEVELOPMENT HIGHLIGHTS:

- Tiered, two-acre site fronting the north side of Pitts Bay Road on the West of the City of Hamilton
- Bespoke residences in the center of the highest quality commercial buildings
- Modern secure living with a limited number of units
- The Bacardi gardens and fountains at your front door
- Full-service gymnasium facility with squash court
- Residences' lobby
- Panoramic views
- Executive residential suites
- On-site parking
- Access to Corporation of Hamilton sewer system and piped water supply

Highlights:

	2015	2014
Gross income from operations	$ 2,149,049	$ 1,806,198
Net income from operations	$ 1,029,367	$ 608,287
Net Income	$ 804,314	$ 385,754
Earnings per share	$ 0.27	$ 0.13
Occupancy rates:		
Office space	90%	51%
Parking	100%	100%

Chairman's Letter to Shareholders

March 4, 2016

West Hamilton Holdings Limited ("WHHL or the "Company") is a commercial real estate investment and management company offering office space and car parking on Pitts Bay Road.

The size and location of WHHL's property has enabled the Company to take a flexible approach in its development. The first stage was originally intended to be a commercial development of office space but having recognised the surplus of office space in Bermuda, the Company was able to defer the office construction and to re-focus its approach. We recognized that there was a shortage of parking space in the rapidly developing West of Hamilton and that there was also a demand for residential units in the area. We endeavoured to meet some of the need for parking facilities by developing our parking garage to accommodate 309 cars. This has been successful with all spaces rented and demand for additional spaces is high. An area of our property that we held in reserve for other projects has now been used to develop our first block of residential units. We plan to build a second residential block and to expand our car park to meet the increasing demand for parking before looking at other development opportunities. We will aim to continue to adopt a focused and disciplined development of our property to meet current and future needs.

Construction of the first residential block started in February 2015 and it is expected to be completed in July 2016. The complex will offer seven two bedroom units, two one bedroom units, a full size gymnasium with one squash court and a large penthouse unit. Both the fourth floor and the penthouse have been leased on a long basis to an international reinsurance company. The Company's strategy is to sell or lease the units in a way that provides the best return to the Company and to review that decision periodically.

The commercial rental market in Bermuda continues to be burdened with an oversupply of office space, although rental rates have stabilized in certain areas of the market since the lowest levels experienced in 2012. I am pleased to report that the Belvedere Building which had a 51 per cent. occupancy rate at the end of 2014 currently enjoys a 90 per cent. occupancy rate.

The parking facility was fully occupied for the entire fiscal year and we fully expect this will continue to be the case in the foreseeable future due to the growing demand for parking in the area.

The Board and Management continue to believe that the business district along Pitts Bay Road is attractive to both international and local businesses and will continue to be so. The Company is now focusing on providing products and services, e.g. residential accommodation, car parking and related services, which is required by the occupants of the office space established around the Belvedere Building.

Financial Statements

Income Statement

During the year ended September 30, 2015, the Company earned gross operating income of $2,149,049 compared with $1,806,198 for the year ended September 30, 2014, an increase of $382,851 or 18.98 per cent. The increase was primarily due to a new tenant occupying a large portion of office space that was vacant in 2014.

The income generated by the parking facility increased marginally in 2015 due to increased demand and a rate increase implemented during the latter part of 2014. Despite the rate increase, the parking facility is operating at full capacity with a waiting list of approximately 80.

Operating expenses for the period decreased by $109,810 in comparison with the same period in 2014. The Company reported net income for the year ended September 30, 2015 of $787,631, or $0.27 per share as compared to $358,340 or $0.13 per share for the year ended September 30, 2014.

The financial statements have been prepared in full compliance with International Financial Reporting Standards (IFRS) which were adopted by the Company in 2011 and permitted certain items to be brought into the income statement to calculate total comprehensive income. During the year ended September 30, 2015, the Company reported a loss of $16,683 within other comprehensive income compared with a loss of $27,414 in 2014. The change in comprehensive income is primarily related to the accumulated unrealized loss in the investment portfolio of common shares traded on the BSX.

Balance Sheet

Total assets as at September 30, 2015 were $30.33 million compared to $29.86 million in 2014, an increase of $0.47 million. This represents an increase of $0.16 book value per share for the year ended September 30,, 2015.

A valuation of the property by Rego Realtors (Bermuda) Limited dated November 23, 2015, estimated the value of the property at $45.1 million which included the costs incurred at the date of the report for the residential development. The valuation also indicated that the value of the development when completed would be in the region of $18.5 million assuming that most of the units are sold or rented. The value of all the properties after completion of the residential building would be approximately $63.6 million with estimated additional bank borrowings of $7.5 million. The net value attributable to shareholders would be approximately $55.6 million as compared with $46.9 million to $47.2 million in 2014. Management has taken a prudent view considering the state of the Bermuda economy and is of the opinion that a value of approximately $50.0 million represents a reasonable estimate of the fair value of the property. Under IFRS the Company has the option to record the value of the property at market price which would increase the Company's total net assets to more than $45.0 million, more than double the value currently reported in the balance sheet.

Total liabilities decreased from $9.84 million in 2014 to $9.52 million as at September 30, 2015. Funds withheld on the construction contract increased by $0.25 million while bank borrowings were reduced by $0.57 million.

Shareholders' equity increased by $786,786 or 3.9 per cent. Book value per share at September 30, 2015 was $7.16 on historical cost basis (September 30, 2014: $6.88). This represents an increase of $0.28 cents per share. The value per share based on the market value would be $15.50

Cash Flow

The cash balance, which includes bank deposits and other assets that could readily be converted into cash, at the beginning of the year, was $4,484,377 of which $1,836,058 was used to partially fund investing and financing activities during the year. The Company also generated $1,572,145 from operations after deducting all operating expenses. The cash available during the year was primarily used to fund the progress billings for the residential development of $2.7 million and principal reduction and interest due on the Company's existing bank loan totaling $828,696.

We look forward to 2016 with enthusiasm and expectations for continued success in a difficult economic environment which is expected to improve gradually. Finally, I would like to thank our valued clients, staff and fellow directors for their participation, dedication and support during the past year.

J. Michael Collier
President & Chairman of the Board

Historical Operating Results

Year	Revenue $	Expenses $	Operating Income $	Net Income $
2011	2,120,159	1,086,249	1,033,910	633,130
2012	1,985,157	1,127,694	857,463	716,293
2013*	1,496,679	916,924	579,755	2,332,467
2014	1,806,198	1,197,911	608,287	385,754
2015	**2,149,049**	**1,119,682**	**1,029,367**	**804,314**

Balance Sheet Summary

Year	Assets $	Liabilities $	Shareholders' Equity $
2011	34,355,885	15,985,848	18,370,037
2012	29,686,304	10,487,248	19,199,056
2013*	30,412,311	10,317,862	20,094,449
2014	29,859,773	9,836,079	20,023,694
2015	**30,806,125**	**9,995,645**	**20,814,480**

*9 months ending September 30th, 2014

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Independent Auditor's Report

To the Board of Directors and Shareholders of West Hamilton Holdings Limited

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of West Hamilton Holdings Limited (the "Company"), which comprise the consolidated statement of financial position as at September 30, 2015, the consolidated statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the consolidated financial statements 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 Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at September 30, 2015, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

KPMG Audit Limited

Chartered Professional Accountants
Hamilton, Bermuda
December 7, 2015

Consolidated Statement of Financial Position

As at September 30, 2015
(Expressed in U.S. dollars)

	Note	2015	2014
Assets			
Non-current assets			
Property, plant and equipment	4	$ 1,304,213	$ 866,135
Investment property	5	26,221,776	23,970,247
Total non-current assets		27,525,989	24,836,382
Current assets			
Cash and cash equivalents	3(a)	2,648,319	460,550
Bank deposits	3(b)	–	4,023,827
Available-for-sale investments	6	345,571	362,254
Accounts receivable		184,495	176,760
Pension surplus	12	76,751	–
Prepaid expenses		25,000	–
Total current assets		3,280,136	5,023,391
Total assets		$ 30,806,125	$ 29,859,773
Liabilities and equity			
Non-current liabilities			
Loans and borrowings	8	7,614,077	8,201,052
Current liabilities			
Accounts payable and accrued liabilities	7	618,604	188,608
Refundable deposit on sale		40,000	–
Loans and borrowings	8	590,632	573,394
Deferred income		401,237	386,437
Funds withheld on contract	13	731,095	486,588
Total current liabilities		2,381,568	1,635,027
Total liabilities		9,995,645	9,836,079
Equity			
Share capital	9	2,908,398	2,908,528
Share premium	9	7,819,961	7,820,676
Accumulated other comprehensive loss	9	(291,524)	(274,841)
Retained earnings		10,373,645	9,569,331
Total equity		20,810,480	20,023,694
Total liabilities and equity		$ 30,806,125	$ 29,859,773

The accompanying notes on pages 7 to 23 are an integral part of these consolidated financial statements

SIgned on behalf of the Board

Director

Director

Consolidated Statement of Comprehensive Income

Year ended September 30, 2015
(Expressed in U.S. dollars)

	Note	2015	2014
Income			
Rental income		$ 2,057,248	$ 1,806,198
Pension surplus (Note 12)		91,801	–
Total income		2,149,049	1,806,198
Expenses			
Depreciation	4 & 5	452,276	474,385
Maintenance, cleaning and wages		379,094	391,104
Professional fees		150,448	118,867
Utilities		33,317	84,730
Land taxes and other expenses		67,609	84,180
Insurance		36,938	44,645
Total expenses		1,119,682	1,197,911
Finance expense			
Interest income		20,682	36,648
Dividend income		13,224	16,825
Interest expense		(258,959)	(276,006)
Net finance expense		(225,053)	(222,533)
Profit for the year (attributable to owners of the Company)		804,314	385,754
Other comprehensive income items:			
Net change in fair value of available-for-sale investments	6	(16,683)	(27,414)
Total comprehensive income for the year		$ 787,631	$ 358,340
Basic and diluted earnings per share	11	$ 0.27	$ 0.13

All items included in the consolidated statement of comprehensive income relate to continuing operations.

The accompanying notes on pages 7 to 23 are an integral part of these consolidated financial statements

Consolidated Statement of Changes in Shareholders' Equity

Year ended September 30, 2015
(Expressed in U.S. dollars)

	Share capital	Share Premium	Accumulated other comprehensive income	Retained earnings	Total
Balance at September 30, 2013	$2,907,448	$7,814,760	$(247,427)	$9,619,668	$20,094,449
Profit for the year	–	–	–	385,754	385,754
Shares issued	1,080	5,916	–	–	6,996
Dividends	–	–	–	(436,091)	(436,091)
Other comprehensive income:					
Net change in fair value of available-for-sale investments	–	–	(27,414)	–	(27,414)
Balance at September 30, 2014	2,908,528	7,820,676	(274,841)	9,569,331	20,023,694
Profit for the year	–	–	–	804,314	804,314
Shares redeemed	(130)	(715)	–	–	(845)
Other comprehensive income:					
Net change in fair value of available-for-sale investments	–	–	(16,683)	–	(16,683)
Balance at September 30, 2015	$2,908,398	$7,819,961	$(291,524)	$10,373,645	$20,810,480

The accompanying notes on pages 7 to 23 are an integral part of these consolidated financial statements

Consolidated Statement of Cash FLows

Year ended September 30, 2015
(Expressed in U.S. dollars)

	2015	2014
Cash flows from operating activities		
Profit for the year	$ 804,314	$ 385,754
Adjustments for:		
Depreciation	452,276	474,385
Interest expense	258,959	276,006
Interest and dividend income	(33,906)	(53,437)
Changes in non-cash working capital balances:		
Deferred income	14,800	32,367
Accounts receivable	(7,735)	87,809
Pension surplus	(76,751)	–
Prepaid expenses	(25,000)	14,786
Refundable deposit on sale	40,000	–
Accounts payable and accrued liabilities	429,996	38,541
Net cash provided by operating activities	1,856,953	1,256,175
Cash flows from investing activities		
Interest and dividend received	33,906	53,473
Additions to property, plant and equipment	(516,466)	(42,562)
Additions to investment property	(2,625,417)	(950,896)
Funds withheld	244,507	–
Net cash used in investing activities	(2,863,470)	(939,985)
Cash flows from financing activities		
Proceeds from bank deposits	4,023,827	908,025
Repayment of bank loan	(569,737)	(552,691)
Proceeds from (redemption) issuance of shares	(845)	6,996
Interest paid	(258,959)	(276,006)
Dividends paid	–	(436,091)
Net cash flows provided by (used in) financing activities	3,194,286	(349,767)
Net increase (decrease) in cash and cash equivalents	2,187,769	(33,577)
Cash and cash equivalents at beginning of year	460,550	494,127
Cash and cash equivalents at end of year	$2,648,319	$460,550

The accompanying notes on pages 7 to 23 are an integral part of these consolidated financial statements

Notes to Consolidated Financial Statements

September 30, 2015

1. General

West Hamilton Holdings Limited (the “Company”) was incorporated on May 14, 2007 under the laws of Bermuda and is the parent company of West Hamilton Limited (“WHL”) under a Scheme of Arrangement approved by shareholders of WHL and sanctioned by the Bermuda Court.

The Company is listed on the Bermuda Stock Exchange (“BSX”) and is domiciled in Bermuda. WHL is incorporated under the laws of Bermuda and owns two commercial properties known as the Belvedere Building and the Belvedere Place parking facility in which space is generally let under medium and long-term commercial leases. The registered office is at 71 Pitts Bay Road, Pembroke, Bermuda.

The Company’s parent company is Somers Limited who owns 57.06% of the Company’s outstanding shares (see Note 18). The consolidated financial statements have been approved for issue by the Board of Directors on December 7, 2015.

2. Significant accounting policies

The principal accounting policies adopted in the preparation of the consolidated financial statements are set out below. The policies have been consistently applied to all the periods, unless otherwise stated.

(a) Basis of preparation

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board. The consolidated financial statements have been prepared under the historical cost convention, except for the revaluation of available-for-sale investments which are measured at fair value.

The preparation of consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company’s accounting policies. Areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are included in Note 16.

The consolidated financial statements are presented in U.S. dollars ($), which is the functional currency of the Company.

(b) Basis of consolidation

The consolidated financial statements include the accounts of the Company, and its wholly owned subsidiaries WHL, West Hamilton Investments Limited (“WHIL”) and Belvedere Place A Limited. All subsidiary companies are incorporated in Bermuda. All significant intercompany transactions and balances are eliminated on consolidation.

(c) Property, plant and equipment

Property, plant and equipment are recorded at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment. Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised within profit or loss. Depreciation is calculated on the depreciable amount which is the cost of an asset less its residual value, using the straight line method over the following estimated useful lives. Land is not depreciated.

Equipment	3 – 25 years
Computers	4 years
Furniture and fixtures	10 years

Property, plant and equipment carrying amounts are written down immediately to their recoverable amounts if the asset's carrying amount is greater than its estimated recoverable amount.

Property, plant and equipment are tested annually for impairment or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Property, plant and equipment that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

(d) Investment in property

Investment property is recorded at cost less accumulated depreciation and impairment losses. Transaction costs are included on initial recognition. The fair values of investment properties are disclosed in the notes to the financial statements. These are assessed using internationally accepted valuation methods, such as taking comparable properties as a guide to current market prices or by applying the discounted cash flow method. Like property, plant and equipment, investment properties are depreciated using the straight-line method.

Depreciation is calculated on the depreciable amount, which is the cost of an asset less its residual value, using the straight line method over the following estimated useful lives. Land and construction in progress are not depreciated. Depreciation of construction in progress commences when the property becomes available for use.

Buildings	40 – 50 years
Car park	40 – 50 years

Investment property carrying amounts are written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Refer to accounting policy (c) above for impairment testing and recognition of impairment expenses relating to investment property.

(e) Income recognition

Rental income from investment property is recognised in profit or loss on a straight line basis over the term of the lease. When the Company provides incentives to its tenants, the cost of the incentives is recognised over the lease term, on a straight line basis, as a reduction in rental income.

Dividend income is recognised when the right to receive payment is established which, in the case of quoted securities is the ex-dividend date.

Interest income is recognised on the accrual basis when it is probable that the economic benefits associated with the transaction will flow to the Company and the revenue can be measured reliably. Interest income is recognised using the effective interest method.

Net gains and losses on investments are recorded when the security is sold and are determined on a specific identification basis.

(f) Financial instruments

Financial assets

The Company's financial assets comprise of accounts receivables, cash and cash equivalents, bank deposits, pension surplus and available-for-sale investments. The Company's accounting policy for each category is as follows:

Receivables

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Cash and cash equivalents

Cash and cash equivalents include demand deposits and short-term money market instruments with an original maturity of three months or less from the acquisition date, held for the purposes of meeting short-term cash commitments and which are readily convertible into cash.

Available-for-sale investments

These are non-derivative financial assets and comprise the Company's strategic investments in equity securities. Equity securities are initially recorded at cost, as at the trade date and remeasured and carried at fair value based upon quoted prices at the reporting date. Changes in fair value of available-for-sale investments are recognised in other comprehensive income. Asset values are reviewed at least annually to determine if there is objective evidence of impairment. Where a decline in the fair value of an available-for-sale investment constitutes objective evidence of impairment, the amount of the loss is reclassified from equity and recognised in the consolidated statement of comprehensive income. When the investment is disposed of or determined to be impaired, the cumulative gain or loss previously recognised in the accumulated other comprehensive income reserve is included in the net profit or loss for the period. Purchases and sales of investments are recognised on the trade date. When securities classified as available-for-sale are sold, the accumulated fair value adjustments are included in the statement of comprehensive income as realised gains and losses from investment securities.

Financial liabilities

The Company's financial liabilities include accounts payable, refundable deposit on sale, funds withheld on contract and loans and borrowings which are recognised at amortised cost using the effective interest method.

(g) Pension costs

The Company operates a defined contribution pension plan under which the Company pays fixed contributions into a separate entity and has no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as wages expense in net profit or loss in the periods during which services are rendered by employees. Pension surplus is recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(h) Impairment

A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its current fair value.

Significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in profit or loss. Any cumulative loss in respect of an impaired available-for-sale financial asset recognised previously in other comprehensive income and presented in equity is transferred to profit or loss.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For available-for-sale financial assets that are equity securities, the reversal is recognised in other comprehensive income.

The Company assesses at each reporting date whether there is any indication that a non-financial asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If there is no indication of impairment, it is not necessary to estimate the recoverable amount.

If the recoverable amount of a non-financial asset is less than its carrying amount, an impairment loss will be immediately recognised in profit and loss.

(i) Finance income and finance expenses

Finance expenses comprise interest expense on borrowings. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Finance income comprises interest earned on term deposits.

(j) Earnings per share

The Company presents basic earnings per share (“EPS”) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held.

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has one category of potentially dilutive ordinary shares: share options. For the share options, the exercise price will be the average of the last three traded prices just prior to the exercise date. The exercise of the share options for certain employees is at the discretion of the employees and as of the reporting date there were no options exercised which could be dilutive.

(k) Share based payments

The Company operates an equity-settled, share-based compensation plan under which the entity receives services from employees as consideration for equity instruments (options) of the Company. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. Non-market performance and service conditions are included in assumptions about the number of options that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied.

(l) Standards issued but not yet adopted

A number of new standards and amendments to standards are effective for annual periods beginning after October 1, 2014, however, the Company has not applied the following new or amended standards in preparing these consolidated financial statements.

IFRS 9 Financial Instruments
IFRS 9 published in July 2014, replaces the existing guidance in IAS 39 Financial Instruments: *Recognition and Measurement*. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculation impairment on financial assets, and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39.

IFRS 9 is effective for annual reporting periods beginning on or after January 1, 2018, with early adoption permitted.

The Company is assessing the potential impact on its consolidated financial statements resulting from the application of IFRS 9.

IFRS 15 Revenue from Contracts with Customers
IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces existing revenue recognition guidance, including IAS 18 *Revenue*, IAS 11 *Construction Contracts* and IFRIC 13 *Customer Loyalty Programmes*.

IFRS 15 is effective for annual reporting periods beginning on or after January 1, 2018, with early adoption permitted.

The Company is assessing the potential impact on its consolidated financial statements resulting from the application of IFRS 15.

3. (a) Cash and cash equivalents

All of the Company's cash and cash equivalents are held with both major Bermuda financial institutions in several current accounts earning no interest.

Cash at bank	**$ 2,648,319**	$ 460,550

3. (b) Bank deposits

Surplus cash is placed on deposit with Bermuda Commercial Bank yielding interest at 1.25% per annum.

	2015	2014
Bank deposits	**$ –**	$ 460,550

4. Property, plant and equipment

	Computers	Furniture and fixtures	Equipment	Total
Cost				
At October 1, 2013	$ 27,003	$ 241,716	$1,909,331	$2,178,050
Additions	2,060	–	42,562	44,622
At September 30, 2014	29,063	241,716	1,951,893	2,222,672
Additions	1,253	–	515,213	516,466
At September 30, 2015	$ 30,316	$ 241,716	$2,467,106	$2,739,138
Accumulated depreciation				
At October 1, 2013	$ 27,003	$ 241,716	$1,025,445	$1,294,164
Depreciation charge for the year	514	–	61,859	62,373
At September 30, 2014	27,517	241,716	1,087,304	1,356,537
Depreciation charge for the year	724	–	77,664	78,388
At September 30, 2015	$ 28,241	$ 241,716	$1,164,968	$1,434,925
Carrying amount				
At September 30, 2014	$ 1,546	$ –	$864,589	$866,135
At September 30, 2015	$ 2,075	$ –	$1,302,138	$1,304,213

5. Investment property

	Land	Building	Construction in progress	Car park	Total
Cost					
At October 1, 2013	$1,394,372	$ 1,205,430	$14,408,725	$ 9,122,337	$26,130,864
Additions	–	376,161	574,735	–	950,896
At September 30, 2014	1,394,372	1,581,591	14,983,460	9,122,337	27,081,760
Additions	–	–	2,625,417	–	2,625,417
At September 30, 2015	**$ 1,394,372**	**$ 1,581,591**	**$ 17,608,877**	**$ 9,122,337**	**$ 29,707,177**
Accumulated depreciation					
At October 1, 2013	$ –	$ 1,037,794	$ –	$ 1,661,707	$ 2,699,501
Depreciation charge for the year	–	30,136	–	381,876	412,012
At September 30, 2014	–	1,067,930	–	2,043,583	3,111,513
Depreciation charge for the year	–	30,136	–	343,752	373,888
At September 30, 2015	**$ –**	**$ 1,098,066**	**$ –**	**$ 2,387,335**	**$ 3,485,401**
Carrying amount					
At September 30, 2014	$1,394,372	$ 513,661	$14,983,460	$ 7,078,754	$23,970,247
At September 30, 2015	**$ 1,394,372**	**$ 483,525**	**$ 17,608,877**	**$ 6,735,002**	**$ 26,221,776**

Investment property comprises an office building and infrastructure works for three office towers which have been put on hold and currently used as a temporary parking facility (the "Car Park"). Construction in progress relates to the plan to build three office towers which have been put on hold indefinitely, two additional levels of parking over a section of the current parking facility and construction of residential units which are currently in progress. The floor plate at and below ground level of each of the three planned office towers have been converted into a parking facility.

On November 23, 2015 the Belvedere Building and surrounding property was revalued by Steven J Bowie BSC. M.R.I.C.S. of Rego Realtors (Bermuda) Limited at between $44.9 million and $44.7 million. This report contains certain caveats and assumptions relating to the potential impact of restrictions regarding property ownership by foreign investors and availability of willing investors to purchase a property of such a sizeable interest. Management is of the opinion that a value of approximately $44.9 million represents a reasonable estimate of the fair value of the property. This valuation reflects management's best estimate of both quantifiable and unquantifiable assumptions and measurement uncertainties known to management as at September 30, 2015.

6. Available-for-sale investments

	2015		2014	
	Cost	Fair value	Cost	Fair value
Equity securities	**$ 637,095**	**$ 345,571**	$ 637,095	$ 362,254

The investment portfolio consists of ordinary shares issued by Bermuda companies listed on the Bermuda Stock Exchange ("BSX") and privately held. The Company has no other available-for-sale investments.

The unrealised loss from change in the fair value of the Company's investment portfolio for the year ended September 30, 2015 amounted to $16,683 (2014 - $27,414).

7. Accounts payable and accrued liabilities

	2015	2014
Trade payables	**$ 578,522**	$ 135,093
Other current liabilities	**40,082**	53,515
	$ 618,604	$ 188,608

8. Loans and borrowing

On February 27, 2009 Belvedere Place A Limited, entered into a construction loan agreement with Butterfield Bank in the amount of $17 million for a period of two years at an interest rate of 1.5% per annum plus the quoted rate of 30-day LIBOR. On the maturity date of the loan, it was converted to a fifteen-year amortised loan with similar terms and conditions including a five year term limit. The Company offered all of its land, buildings and new development as security for the loan by way of a legal mortgage, as well as an assignment of the benefit of the construction contract and an assignment of all rental income from the existing Belvedere Building. As at September 30, 2015, the effective interest rate was 3%.

Principal repayments over the next five years and beyond are expected to be as follows:

	Total
2016	$590,632
2017	608,597
2018	627,108
2019	646,182
2020	664,836
And beyond	5,067,354
	$ 8,204,709

For more information about the Company's exposure to interest rate and liquidity risk see Note 14.

8. **Loans and borrowing** *(continued)*

During the year, the Board approved the termination of all financing and banking facilities with Butterfield Bank. The Board further approved a refinancing deal with HSBC Bermuda Bank Limited. The Company have entered into 2 separate loan facilities with HSBC Bermuda Bank Limited as detailed below:

(i) To refinance the existing loan currently held with Butterfield Bank originally granted for construction of a parking lot in the amount of the lesser of $8,400,000; 65% of the "As Is" market value of the project or a loan amount representing a debt service coverage ratio of 1.30x at loan closing for a period of 5 years at an interest rate of 250 basis points plus 3 month LIBOR.

(ii) To provide financing for the ground-up construction of a proposed 6-storey residential property to be developed into 9 units located on Pitts Bay Road in the amount of $9,500,000 for a period of the project or 24 months at an interest rate of LIBOR plus 200 basis points per annum with straight line amortization after the paydown of an amount of $7,000,000 cleared as the construction loan.

As at September 30, 2015, the Company has not yet drawn down on either facility above with HSBC.

9. **Share capital and reserves**

	2015	2014
Common shares		
Authorised – 5,000,000 share of par value of $1 each issued and fully paid – 2,908,398 shares (2014 - 2,908,528)	**$ 2,908,398**	$ 2,908,528

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company.

Accumulated other comprehensive income
The accumulated other comprehensive income comprises of the cumulative net change in the fair value of available-for-sale financial assets held until the investment is derecognised or impaired.

Share premium
Share premium is the difference between the consideration received and the par value of the shares on issuance of shares and for shares subscribed under the Company's employee share purchase plan and the dividend reinvestment plan (Note 10).

10. **Share-based payments**

Employee share purchase plan
The employee share purchase plan includes an option which permits eligible employees to purchase the Company's common shares at a price 15% below the average market price. The average market price is determined by the average of the three closing prices of the Company's common shares, set out on the three days proceeding the subscription date on which Company's shares are traded on the BSX.

10. Share-based payments *(continued)*

Options are conditional on the employee completing one year's service and being over 18 years of age. Eligible employees may acquire shares in any calendar year, up to a maximum value not exceeding 15% of their annual gross salary. Employees are restricted from selling the shares for a period of one year from the subscription date. The shares purchased are issued from authorised, unissued share capital under the plan. 50,000 common shares of the Company have been made available for sale to employees.

All options are to be settled upon exercise of the options by the employee.

For the years ended September 30, 2015 and 2014, no employees subscribed for share options and no options were exercised, and none outstanding.

11. Earnings per share

Basic earnings per share
The calculation of basic earnings per share at September 30, 2015 was based on the profit attributable to ordinary shareholders of $804,314 (2014 - $385,754) and a weighted average number of ordinary shares outstanding of 2,908,398 (2014 - 2,908,528).

Diluted earnings per share
The Company has no potentially dilutive ordinary shares; the diluted earnings per share are the same as the basic earnings per share.

12. Defined contribution plan

The Company sponsors a defined contribution plan covering all eligible employees. Contributions to the plan are made by the employee and the Company. The Company matches employees' contributions to a maximum of 5% of the employees' annual earnings. The pension expense recognised by the Company in the current year was $16,552 (2014 - $14,182) representing the Company's share of contributions to the plan and is included in the consolidated statement of comprehensive income as maintenance, cleaning and wages. During the year ended September 30, 2015 the Company recognised a pension surplus in the amount of $91,801 (2014 - $nil) related to funds forfeited by employees who left the Company prior to the vesting period, some of which was used to offset the Company's liabilities to the plan during the year. Of this amount $76,751 (2014 - $nil) is included in current assets as at the reporting date.

13. Construction contract

In 2008, Belvedere Place A Limited entered into a fixed stipulated sum construction contract with BCM McAlpine to carry out construction at its Pitts Bay Road Hamilton site.

The fixed stipulated amount of $38,837,208 dated March 1, 2008 was amended by a change order dated September 30, 2008 to a revised stipulated sum of $19,063,556. The change represents the cost of construction of the infrastructure below ground and parking facilities for approximately 309 cars on three levels.

The contractor commenced work in January 2008 and construction was completed in December 2010. The funds withheld on contract of $486,588 (2014 - $486,588) represents the retention amount which is currently being negotiated between the Company and BCM McAlpine.

During the year, the Company commenced construction on a 6-storey residential property. The funds withheld on this contract of $244,507 represents the retention amount which is payable under the contract. The contract commitment is $13,002,164 of which $11,007,567 is outstanding at September 30, 2015.

14. **Financial risk management**

Exposure to liquidity, interest rate, credit and market risk arises in the normal course of the Company's operations.

(a) *Liquidity risk*

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure as far as possible that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions. The Company monitors liquidity risk by monitoring forecasted cash flows.

The following are contractual maturities of financial liabilities:

	Carrying amount	12 months or less	1 – 2 years	2 – 5 years	More than 5 years
September 30, 2015					
Financial liabilities					
Accounts payable and accrued liabilities	$ 618,604	$ 618,604	$ –	$ –	$ –
Refundable deposit on sale	40,000	40,000	–	–	–
Bank loans	8,204,709	590,632	608,597	1,939,126	5,066,354
Funds withheld on contract	731,095	731,095	–	–	–
	$ 9,594,408	$ 1,980,331	$ 608,597	$ 1,939,126	$ 5,066,354

	Carrying amount	12 months or less	1 – 2 years	2 – 5 years	More than 5 years
September 30, 2014					
Financial liabilities					
Accounts payable and accrued liabilities	$ 188,608	$ 188,608	$ –	$ –	$ –
Bank loans	8,774,446	573,394	590,859	1,883,388	5,726,805
Funds withheld on contract	486,588	486,588	–	–	–
	$ 9,449,642	$ 1,248,590	$ 590,859	$ 1,883,388	$ 5,726,805

14. Financial risk management *(continued)*

(b) *Interest rate risk*

The Company is exposed to interest rate risk on its bank loan because of potential future changes in market interest rates.

Sensitivity analysis

A 1% change in the floating interest rate would not increase or decrease net income or shareholders' equity during the current year because of the interest rate structure of the loan which is calculated on the Butterfield Bank base rate plus 1.5% per annum. The base rate is calculated as the higher of 3 months LIBOR or 3%. LIBOR has been quoted in the range of 0.20% to 0.35% during the period and therefore does not currently expose the Company to significant interest rate risk. This analysis is performed using market information and in practice, the actual trading results may differ from this sensitivity analysis and the difference could be material.

(c) *Credit risk*

Credit risk arises from the potential inability of customers or counterparties to a financial instrument to perform under the terms of the contract and arises principally from the Company's cash and cash equivalents and accounts receivable. The Company only deposits cash surpluses with banks of high quality credit standing. The Company is not exposed to significant credit risk on its cash and cash equivalents. Accounts receivable balances relate to rents receivable from Bermuda based tenants occupying the Company's investment property. The Company considers all accounts receivable balances to be recoverable and no allowance for impairment has been made. The ageing of accounts receivable at the reporting date is as follows:

	2015	2014
Current	**$ 184,495**	$ 176,760

There is no significant concentration of credit risk with respect to accounts receivable.

(d) *Market risk*

Market risk is the risk that future changes in market prices may render financial instruments less valuable or increase the liability associated with such instruments. The Company's exposure to market risk is determined by a number of factors, including the size, duration, composition and diversification of positions held, as well as market volatility and liquidity. The Company seeks to manage its exposure to market risk by investing in securities quoted on the BSX.

The Company's exposure to market risk associated with its available-for-sale investments is equal to the consolidated statement of financial position carrying value of the instruments of $345,571 (2014 - $362,254).

14. **Financial risk management** *(continued)*

Sensitivity analysis

All the Company's investments in common stocks are listed on the BSX except Bermuda Container Lines which was delisted. Market prices of equities listed on the BSX tend to fluctuate between 10% to 15% on average based on trading activity. A 10% increase in market prices at the reporting date, assuming that all other variables remain constant, would increase the Company's equity and profit by approximately $34,557 (2014 - $36,225). An equal change in the opposite direction will decrease the Company's equity and profit by a corresponding amount. This analysis is performed on the same basis for 2014. In practice the actual trading results may differ from this sensitivity analysis and the difference could be material.

(e) *Capital management*

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets as part of its capital management strategy.

Consistent with others in the industry, the Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the consolidated statement of financial position) less cash and cash equivalents and bank deposits. Total capital is calculated as 'equity' as shown in the consolidated statement of financial position plus net debt.

During 2015, the Company's strategy, which was unchanged from 2014, was to maintain the gearing ratio of 30% to 60%. The gearing ratios at September 30, 2015 and September 30, 2014 were as follows:

	2015	2014
Total borrowings	**$ 8,204,709**	$ 8,774,446
Less: cash and cash equivalents and bank deposits	**2,648,319**	4,484,377
Net debt	**5,556,390**	4,290,069
Total equity	**20,810,480**	20,023,694
Total capital	**$ 26,366,870**	$ 24,313,763
Gearing ratio	**21.07%**	17.64%

The cash and cash equivalents and bank deposit balance as at September 30, 2015 was $2.6 million (2014 - $4.5 million) arising from the sale of certain investments held for resale and in excess of the cash required by the Company. This amount will be used to partially fund the development of the property and bring the gearing ratio in line with the capital management strategy.

14. Financial risk management *(continued)*

(f) *Fair value*

The fair values of the Company's financial assets and liabilities approximates their carrying values.

Fair value hierarchy

The table below analyses available-for-sale investments carried at fair value, by valuation method. The different levels have been defined as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets.

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset either directly or indirectly.

Level 3: inputs for the asset that are not based on observable date.

	2015	2014
Level 1	**$ 325,571**	$ 342,254
Level 3	**$ 20,000**	$ 20,000

There have been no transfers between the levels during the year.

The Company is not exposed to significant foreign currency risk as the majority of its financial assets and liabilities are denominated in Bermuda dollars.

15. Operating leases

The Company acts as lessor and leases its investment property under operating leases (see Note 5). The future minimum lease payments receivable under non-cancellable leases are as follows:

	2015	2014
Less than one year	**$ 219,591**	$ 153,468
Between one and five years	**1,837,657**	1,916,320
	$ 2,057,248	$ 2,069,788

16. Critical judgements and estimates

Estimates and judgements are continually evaluated and are based on historical experience as adjusted for current market conditions and other factors. Management makes critical accounting estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates, assumptions and management judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below. Principal assumptions underlying management's estimation of fair value reflecting the economic environment and market conditions during 2014, which continued throughout 2015, the frequency of property transactions on an arm's length basis has decreased in the commercial property market. Properties with a total carrying amount of $26,221,776, (2014 - $23,970,247) are carried at historical cost less accumulated depreciation. The fair value of the properties for disclosure purposes (Note 5) was determined principally using discounted estimates of future cash flows, supported by the terms of any existing lease and other contracts and by external evidence such as current (at the date of the statement of financial position) market rents for similar properties in the same location and condition, and using discount rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows.

17. Taxation

Under current Bermuda law, the Company is not required to pay taxes on either income or capital gains. Accordingly no provision for income taxes or deferred taxes has been made in the consolidated financial statements.

18. Related parties

During the year ended September 30, 2015, Bermuda Commercial Bank, the legal and beneficial owner of 1,222,949 shares in the Company, transferred their shareholding to Somers Limited making Somers Limited the Company's largest shareholder and ultimate controlling party owning 57.06% of the Company's outstanding common shares.

Key management personnel compensation comprised:

	2015	2014
Short-term employee benefits	**$ 278,250**	$ 274,800

During the year ended September 30, 2015, the directors and executive officers of the Company had a combined interest in 446,625 of the Company's common shares (2014 - 446,625 shares).

19. Subsequent events

Management has evaluated subsequent events as at December 7, 2015 and determined that there are no events to report.

Subsidiaries

Subsidiaries as at September 30th, 2013

West Hamilton Limited

71 Pitts Bay Road

Pembroke HM 08

Incorporated in Bermuda on 29th April, 1923

Offers Residential and Commercial spaces to rent or buy

Belvedere Place 'A' Limited

Incorporated in Bermuda on 29th October, 2007

A Commercial Property Development Company

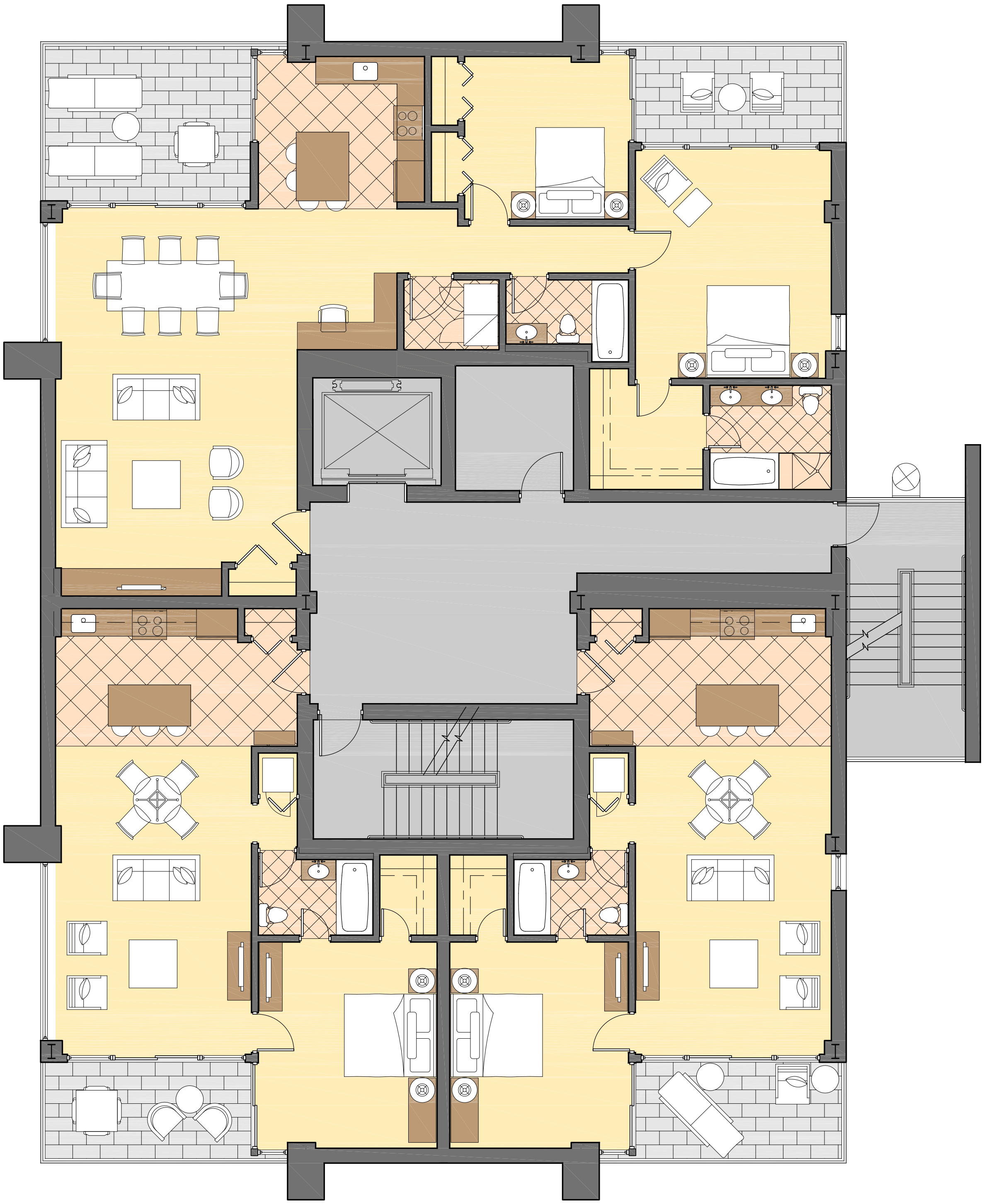
West Hamilton Investments Limited

Incorporated in Bermuda on 20th June, 2012

An Investment Management Company

trading in shares listed on the BSX

Proposed Development Floor Plan



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Directors & Officers

J. Michael Collier	PRESIDENT & CHAIRMAN OF THE BOARD
Duncan Saville	DIRECTOR
Peter A. Pearman	DIRECTOR
Glenn M. Titterton	DIRECTOR
Alasdair Younie	DIRECTOR
Harrichand Sukdeo	CHIEF FINANCIAL OFFICER
Codan Services Limited	SECRETARY

Bankers

HSBC Bank Bermuda Limited
37 Front Street
Hamilton

Bank of N.T. Butterfield & Sons Limited
66 Front Street
Hamilton

Auditors

KPMG Audit Limited
4 Par-La-Ville Road
Hamilton

Solicitors

Conyers, Dill & Pearman
2 Church Street
Hamilton

The HCS Group Limited
69 Pitt's Bay Road
Pembroke

Registrar & Transfer Agent

BCB Charter Corporate Services Limited
19 Par-La-VIlle Road
Hamilton

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