2014 Annual Report

WEST HAMILTON HOLDINGS LIMITED

Our Property Development Vision

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

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 2 squash courts
- Residences' lobby
- Community roof deck with panoramic views
- Executive residential suites
- On-site parking
- Access to Corporation of Hamilton sewer system and piped water supply

Chairman's Letter to Shareholders

March 31, 2015

Introduction

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. While the commercial rental market continues to be fiercely competitive, tenants and owners have demonstrated a continued interest undertaking business in the Western section of Hamilton/Pitts Bay Road, Pembroke area.

The commercial property market in Bermuda continues to be burdened with an oversupply of office space, mostly grades B and C which pressured our renewal rates for 2015. The vacancy rate at the Belvedere Building was approximately 51 percent during the early part of 2014 but, decreased to 41 percent by mid-year and further reduced to 10 percent at the end of 2014. The space previously occupied by the Flying Fish restaurant, representing 10 percent of the building, remains unoccupied and will require significant upgrade to the electrical and mechanical systems to make it rentable. The oversupply of office spaces will persist until growth in international business returns to previous levels.

As a result of the softness of the market and excess supply of office space, the rental rates offered to the new tenants in the Belvedere Building were discounted from rates paid by the previous tenant that moved across the street to Waterloo House. In addition, certain concessions were made to the new tenants because the tenancies contract entered into are for a longer period and for the fact that they will be occupying more than 35 percent of the building.

It should be noted therefore that the majority of the Belvedere Building has been occupied from the end of 2014 and will remain so in the near term. While the most recent contracts have longer durations there are a few annual contracts currently in place which expire in December 2015 and are expected to renew annually.

The car park was fully rented in 2014 along with 25 extra parking bays which were created on the vacant land at the rear of the property and only used on a temporary basis. These bays will not be available in 2015 as the land will be used for the residential complex now under construction. Rental income from parking amounted to $938,041 for the year ended September 30 2014 compared with $550,679 for the nine months period ending September 30 2013. The demand for car parking is increasing as evident by the growing waiting list of potential users. The demand for parking will remain strong in the future as new businesses continue to domicile in the vicinity.

During the year in review West Hamilton/Pembroke has experienced a marked growth in office employees to service the increase in international business caused by the relocation of major insurers and reinsurers. Although, the commercial rental market in Bermuda continues to be burdened with an oversupply of office space, the attractiveness of this emerging business area has contributed to near full occupancy rates enjoyed by landlords in the area. Indeed, the Belvedere Building is fully occupied based on available rentable spaces with the exception of the space previously occupied by the Flying Fish Restaurant, which remains available for rent.

Both streams of our business are functioning at maximum capacity with no expectation of growth from within, other than price increases which is unrealistic in the current market climate when in particular it comes to office space. However, the market can withstand price increases for car parking because of limited supply in the area and the continued high demand for parking. During the past year the company offered a discount of 10 percent to customers leasing more than 10 parking spots under a single contract with annual payments. A significant number of customers have taken advantage of this discount. However, this will be discontinued going forward thereby increasing the parking revenue from that segment of our customer base.

Financial Statements

The Company changed its financial year-end from December 31 to September 30 with effect from the financial period ended September 30, 2013. The change was made to coincide with the financial reporting year-end of Bermuda Commercial Bank Limited and its parent company, Somers Limited, who together own 57.02 percent of the Company's outstanding shares. As a result of this change, the comparative numbers for the current period ending September 30, 2014 will be for twelve months while the previous period numbers ending September 30, 2013 will be for nine months.

Income Statement

During the year ending September 30, 2014, the Company earned net operating income of $1,806,198 compared with $1,496,679 for the 9 months period ended December 31, 2013, an increase of $309,519 or 20.7 percent. The operating income for 2014 was negatively impacted by the reduction in rental income if the results in 2014 are pro-rated for 9 months and compared with 2013.

The commercial real estate sector continues to be under pressure with high vacancy rates experienced by the market over the past several years with persistent pressure on rental rates. During most of 2014 the vacancy rate at Belvedere Building was approximately 40 percent after a major tenant moved to a more modern building on Pitts Bay Road. However, the space vacated by that Tenant is now occupied by a reputable mutual fund business under a long term contract at a slightly reduced rental rate. It is therefore pleasing to report that the rental income from office space will be significantly higher in 2015 despite the rate reductions requested by tenants.

During the year ending September 30, 2014, the reported income generated by the parking facility was $938,041 compared with $550,679 for the 9 months period ended December 31, 2013, an increase of $387,362 or 70.3 percent. The significant increase in reported income generated by the parking facility was due to increased demand and a rate increase implemented during the latter part of 2013. Despite the rate increase, the parking facility consisting of 307 bays operated at full capacity which we anticipate will continue in the future.

Operating expenses for the year ended September 30, 2014 was $1,197,911 in comparison with $916,934 for the 9 months period ended September 30, 2013. During the period, the cost of insurance and utilities increased as well as depreciation expenses related to the Belvedere Building. These costs, except depreciation, would ordinarily be recoverable from tenants which burdened the operating income due to the high vacancy rate during several months of fiscal 2014.

The Company reported net income for the year ended September 30, 2014 of $358,340 or $0.13 per share as compared to $2,351,604 or $0.80 per share for the nine months period ended December 31, 2013. During the prior period the Company realized a substantial gain of $1,863,721 from the sale of its shareholding in BF&M Limited ("BF&M") which was the primary reason for the decrease in the Company's net income in 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, 2014, the Company reported a loss of $27,414 within other comprehensive income compared with a gain of $19,137 in 2013. The change in comprehensive income is primarily related to the accumulated unrealized gain of the Company's shareholding in several listed companies on the BSX.

Balance Sheet

Total assets amounted to $29.86 million compared with $30.41 million at the end of 2013, a decrease of $0.55 million with the Company's property measured on a depreciated cost basis. The company paid a dividend and depreciated certain assets during the year which accounted for the decline in total asset value.

In 2014 the property was appraised by Rego Realtors (Bermuda) Limited and was valued at between $48.0 million and $49.0 million. Management has taken a prudent view considering the state of the Bermuda economy and is of the opinion that a value of approximately $48.0 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 assets to more than $54.0 million, nearly double the value currently reported in the balance sheet.

Total liabilities decreased from $10.32 million at the end of 2013 to $9.84 million at the end of 2014. The decrease of $0.48 million is primarily attributed to the repayment of the construction loan.

Shareholders' equity decreased by $70,755. Dividends paid to shareholders during the year amounted to $436,091, which contributed to the reduction in shareholders' equity but offset by net income from operations of $385,754. Book value per share at September 30, 2014 was $6.88 (September 30, 2013: $6.91).

Cash Flow

Current assets, which include cash and other assets that could readily be converted into cash, totaled $5.02 million as at September 30th 2014 compared with $6.10 million as at December 31, 2013. The decrease is related to the upgrades to Belvedere Building, payment of dividends, debt service obligations and fees paid to architects. During the year the company generated $1.26 million from operations which was insufficient to offset the cash outflows which resulted in a draw on deposits placed with Bermuda Commercial Bank.

Property Development

The improvements in our economy of late have occurred since the general election of 2012 which has brought about changes in the political environment and one which appears to be more conducive to doing business in Bermuda. The government introduced new legislation that encouraged investment and population growth from outside the country through the relaxation of work permit regulations, among other strategic initiatives. The government earlier in the year approved legislation that significantly reduced the license fee for foreign nationals to purchase real estate and at the same time lowered the price threshold of properties that can be purchased by these potential buyers. It is expected that the agenda of this government will continue with initiatives that promote the growth of local and international businesses.

The growth in the business district along Pitts Bay Road experienced over the more recent years is expected to continue especially with the announcement of the America's Cup 2017 being hosted by Bermuda and Government's Gaming Bill which will introduce gambling in Bermuda. These initiatives have generated significant optimism for the future because of the opportunities presented to a range of businesses especially in hospitality and real estate sectors. It is expected that a casino will be open for business to facilitate gambling and the recruitment of specialized skills to compete in the America's Cup will increase the demand for certain type of real estate properties. The company is focusing on developing its reserve capacity to take advantage of these and other opportunities.

After recent years of dispirited real estate activity, continuous pressure on rental rates, lower demand for rental office accommodation and residential properties, there are signs of a revival of confidence in the real estate market. Clear indicators of this optimism include the high volume of applications for building permits, commitments from investors to reactivate dormant construction projects and major upgrades to commercial properties like the Hamilton Princess on Pitts Bay Road.

Condominium Complex

The Company will offer a mixture of complimentary products and services, recognizing that the Belvedere Building and the parking garage are operating at maximum capacity. Our focus in the short term will include the development of bespoke residences on a vacant section of the property and the addition of two floors of parking above a section of the current facility along the north eastern boundary. Planning approval for the building of this new construction was recently issued locating this complex in the center of the highest quality office buildings available to international business; an industry that is expected to embrace the concept of living and working in this emerging business district.

The residential building will offer eight two bedroom condominiums, one luxury penthouse apartment with residence's lobby, full-service gymnasium, squash courts, common multi-purpose roof top space for residents, on-site parking and a concierge desk.

Urban living is a growing trend favored by executives conducting business around the location of the proposed building. This niche market has experienced a gain in popularity over recent months because of the many benefits offered and the changing lifestyle of today's business professional. Living amongst these office buildings reduces the time to commute and provides convenient access to amenities that support this modern lifestyle, like restaurants, entertainment and shopping.

New Parking Facility

Management has recognized that the business district along Pitts Bay Road is attractive to both international and local businesses and will continue to be so for many years to come. However, as a result of the oversupply of commercial office space in Bermuda, the Company has had to develop an alternative strategy to the original development plan which envisaged a sizeable commercial development on the current car parking site. The Company is now focusing on providing two additional levels of parking which will be marketed to the larger international companies as a multifunctional facility, parking being the primary use.

The Company filed an application with the Department of Planning to construct two additional levels of parking above the current parking facility along the Northeastern section behind the area designated for the first office tower which is referred to as Lot D. The additional levels have been designed to accommodate 151 cars and will be sufficient to meet the demand for parking in the foreseeable future.

We look forward to 2015 with enthusiasm and expectations for continued success in a difficult economic environment which provides opportunities for growth since the announcement in December 2014 of the America's Cup being hosted by Bermuda.

Finally, I would like to thank our clients, staff and the 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 $
2004	2,898,286	2,763,173	135,114	1,028,640
2005	1,749,078	861,336	887,742	1,016,530
2006	1,956,021	1,029,711	926,310	682,534
2007	1,983,389	1,288,463	694,926	539,683
2008	1,370,263	966,943	403,320	331,949
2009	1,482,185	1,066,311	415,874	(111,055)
2010	2,006,991	1,095,964	911,027	562,458
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**

Balance Sheet Summary

Year	Assets $	Liabilities $	Shareholders' Equity $
2004	5,711,073	115,783	5,595,290
2005	6,418,830	78,853	6,339,977
2006	6,712,029	93,811	6,618,218
2007	9,044,406	126,186	8,918,220
2008	13,770,078	5,104,586	8,665,492
2009	26,805,092	15,284,210	8,397,596
2010	27,235,035	18,652,893	8,582,142
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**

*9 months ending September 30th, 2014

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Independent Auditors' 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, 2014, 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.

Auditors' 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, 2014, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

Other matter

The consolidated financial statements for the year ended September 30, 2013, have been reported on by another firm of Chartered Professional Accountants who issued an unmodified report on December 5, 2013.

KPMG Audit Limited

Chartered Professional Accountants
Hamilton, Bermuda
January 28, 2015

Consolidated Statement of Financial Position

Year ended September 30, 2014 (with comparatives for the nine month period ended September 30, 2013)
(Expressed in U.S. dollars)

	Note	September 30, 2014	December 31 2013 (As restated Note 2(a))
Assets			
Non-current assets			
Property, plant and equipment	4	864,589	883,887
Investment property	5	23,971,793	23,433,422
Total non-current assets		24,836,382	24,317,309
Current assets			
Cash and cash equivalents	3(a)	$ 460,550	$ 494,127
Bank deposits	3(b)	4,023,827	4,931,852
Available for sale investments	6	362,254	389,668
Accounts receivable		176,760	264,569
Prepaid expenses		–	14,786
Total current assets		5,023,391	6,095,002
Total assets		$ 29,859,773	$ 30,412,311
Liabilities and equity			
Non-current liabilities			
Loans and borrowings	8	8,201,052	8,770,645
Current liabilities			
Accounts payable and accrued liabilities	7	$ 188,608	$ 150,067
Loans and borrowings	8	573,394	556,492
Deferred income		386,437	354,070
Funds withheld on contract	13	486,588	486,588
Total current liabilities		1,635,027	1,547,217
Total liabilities		9,836,079	10,317,862
Equity			
Share capital	9	2,908,528	2,907,448
Share premium	9	7,820,676	7,814,760
Accumulated other comprehensive loss	9	(274,841)	(247,427)
Retained earnings		9,569,331	9,619,668
Total equity		20,023,694	20,094,449
Total liabilities and equity		$ 29,859,773	$ 30,412,311

The accompanying notes on pages 7 to 22 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, 2014 (with comparatives for the nine month period ended September 30, 2013)
(Expressed in U.S. dollars)

	Note	2014, (12 months)	2013 (9 months)
Income			
Rental income		$ 1,806,198	$ 1,496,679
Total income		1,806,198	1,496,679
Expenses			
Depreciation		474,385	356,534
Maintenance, cleaning and wages		391,104	251,430
Professional fees		118,867	163,373
Utilities		84,730	54,582
Land taxes and other expenses		84,180	60,153
Insurance		44,645	30,852
Total expenses		1,197,911	916,9244
Finance expense			
Interest income		36,648	502
Dividend income		16,825	106,570
Interest expense		(276,006)	(218,081)
Net finance expense		(222,533)	(111,009)
Realized gain on sale of available-for-sale investment		–	1,863,721
Net profit (attributable to owners of the Company)		385,754	2,332,467
Other comprehensive income items that have been reclassified to profit and loss:			
Net change in fair value of available-for-sale investments		(27,414)	19,137
Total comprehensive income for the year		$ 358,340	$ 2,351,604
Basic and diluted earnings per share	11	$ 0.13	$ 0.80

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

The accompanying notes on pages 7 to 22 are an integral part of these consolidated financial statements

Consolidated Statement of Changes in Shareholders' Equity

Year ended September 30, 2014 (with comparatives for the nine month period ended September 30, 2013)
(Expressed in U.S. dollars)

	Share capital	Share Premium	Accumulated other comprehensive income	Retained earnings	Total
Balance at December 31, 2012	$2,887,795	$7,706,669	$1,028,608	$7,575,984	$19,199,056
Profit for the period	–	–	–	2,332,467	2,332,467
Shares issued	19,653	108,091	–	–	127,744
Dividends	–	–	–	(288,783)	(288,783)
Fair value of adjustment from sale of available-for-sale investment	–	–	(1,295,172)	–	(1,295,172)
Other comprehensive income:					
Net change in fair value available-for-sale investment	–	–	19,137	–	19,137
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 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**

The accompanying notes on pages 7 to 22 are an integral part of these consolidated financial statements

Consolidated Statement of Cash FLows

Year ended September 30, 2014 (with comparatives for the nine month period ended September 30, 2013)
(Expressed in U.S. dollars)

	2014	2014 (As restated Note 2(a))
Cash flows from operating activities		
Net profit	$ 385,754	$ 2,332,467
Adjustments for:		
Depreciation	474,385	356,534
Interest expense	276,006	218,081
Interest and dividend income	(53,473)	(107,072)
Realized gain on sale of available-for-sale investment	–	(1,863,721)
Changes in non-cash working capital balances:		
Deferred income	32,367	276,846
Accounts receivable	87,809	(60,160)
Prepaid expenses	14,786	(14,786)
Accounts payable and accrued liabilities	38,541	(42,793)
Net cash provided by operating activities	1,256,175	1,095,396
Cash flows from investing activities		
Interest and dividend received	53,473	107,072
Additions to property, plant and equipment	(42,562)	–
Additions to investment property	(950,896)	(287,657)
Proceeds from sale of available-for-sale investments	–	2,930,217
Net cash (used in) provided by investing activities	(939,985)	2,749,632
Cash flows from financing activities		
(Acquisition of) Proceeds from bank deposits	908,025	(4,931,852)
Proceeds from shares issued	6,996	127,745
Repayment of bank loan	(552,691)	(403,439)
Interest paid	(276,006)	(218,081)
Dividends paid	(436,091)	(288,783)
Net cash flows used in financing activities	(349,767)	(782,558)
Net decrease in cash and cash equivalents	(33,577)	1,869,382
Cash and cash equivalents at beginning of year	494,127	2,363,509
Cash and cash equivalents at end of year	$ 460,550	$ 494,127

The accompanying notes on pages 7 to 22 are an integral part of these consolidated financial statements

Notes to Consolidated Financial Statements

September 30, 2014

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 changed its financial year-end from December 31, to September 30, with the effect from the prior financial period ended September 30, 2013. The change was to coincide with the financial reporting year end of the Bermuda Commercial Bank Limited and its parent company Somers Limited who jointly own 57.06% of the Company's outstanding shares. The consolidated financial statements have been approved for issue by the Board of Directors on January 28, 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 Bermuda dollars ($), which is the functional currency of the Company.

During the current year, management has reclassified bank deposits with an original maturity of greater than 90 days from cash and cash equivalents to bank deposits. The comparative figures for the period ended September 30, 2013 have been restated to conform with current year presentations.

(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 net within other income in 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 and certain property are not depreciated.

Equipment	3 – 25 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 stated at amortised cost. 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 certain property are not depreciated.

Buildings	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 impairment testing and recognition of impairment expenses relating to investment property.

Part of the investment property is still considered as construction in progress and therefore not depreciated (Note 5). Depreciation commences when the property becomes available for use.

(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 receivables, cash and cash equivalents, bank deposits, 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 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 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, 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 an employee benefit expense in profit or loss in the periods during which services are rendered by employees. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available. Contributions to a defined contribution plan that are due more than 12 months after the end of the period in which the employees render the service are discounted to their present value.

(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 shall estimate 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, and recorded on impairment loss which will be immediately recognised in the profit and loss.

(i) Finance income and finance costs

Finance costs 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.

(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) New accounting standards not yet adopted

A number of new standards, amendments to standards and interpretations that may be relevant to the Company are set out below. The Company does not plan to adopt these standards early.

(i) *IFRS 15 Revenue from Contracts with Customers*

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. 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, 2017, with early adoption permitted. The Group is assessing the potential impact on its consolidated financial statements resulting from the application of IFRS 15.

(ii) *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 calculating 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 this new standard

(iii) *Offsetting Financial assets and Financial Liabilities*

The amendments to IAS 32 clarify the offsetting criteria in IAS 32 by explaining when an entity currently has a legally enforceable right to set-off and when gross settlement is considered to be equivalent to net settlement. The amendments are effective for annual periods beginning on or after January 1, 2014 and interim periods within those annual periods. Early application is permitted.

Based on initial assessment, the standard is not expected to have a material impact on the Company.

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 zero percent interest.

	2014	2013 (As restated Note 2(a))
Cash at bank	$ 460,550	$ 494,127

3. (b) Bank deposits

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

	2014	2013 (As restated Note 2(a))
Bank deposits	$ 4,023,827	$ 4,931,852

4. Property, plant and equipment

	Equipment
Cost	
At January 1, 2013	$ 1,820,152
Additions	89,179
At September 30, 2013	$ 1,909,331
At October 1, 2013	$ 1,909,331
Additions	42,562
At September 30, 2014	$ 1,951,893
Accumulated depreciation	
At January 1, 2013	$ 970,928
Depreciation charge for the period	54,516
At September 30, 2013	$ 1,025,444
At October 1, 2013	$ 1,025,445
Depreciation charge for the year	61,859
At September 30, 2014	$ 1,087,304
Carrying amount	
At September 30, 2013	$ 883,887
At September 30, 2014	$ 864,589

5. Investment property

	Land	Building	Construction In progress	Cark park	Total
Cost					
At January 1, 2013	$1,394,372	$1,205,430	$14,408,725	$8,925,920	$25,934,447
Additions	–	–	–	198,477	198,477
At September 30, 2013	1,394,372	1,205,430	14,408,725	9,124,397	26,132,924
Additions	–	376,161	574,735	–	950,896
At September 30, 2014	1,394,372	1,581,591	14,983,460	9,124,397	27,083,820
Accumulated depreciation					
At January 1, 2013	–	1,015,192	–	1,382,291	2,397,483
Depreciation charge for the period	–	22,602	–	279,416	302,018
At September 30, 2013	–	1,037,794	–	1,661,707	2,699,501
Depreciation charge for the year	–	30,136	–	382,390	412,526
At September 30, 2014	–	1,067,930	–	2,044,097	3,112,027
Carrying amount					
At September 30, 2013	$1,394,372	$167,636	$14,408,725	$7,462,689	$23,433,422
At September 30, 2014	$1,394,372	$513,661	$14,983,460	$7,080,300	$23,971,793

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 and two additional levels of parking over a section of the cement parking facility. The floor plate at and below ground of each of the three planned office towers have been converted into a parking facility

On August 16, 2014 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 $46.9 million and $47.2 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 $46.9 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, 2014.

6. Available-for-sale Investments

	2014		2013	
	Cost	Fair Value	Cost	Fair Value
Equity Securities	$637,095	$362,254	$637,095	$389,668

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, 2014 amounted to $27,414 (2013 - gain of $19,137).

7. Accounts payable and accrued charges

	2014	2013
Trade payables	135,093	109,999
Other current liabilities	53,515	40,068
	188,608	150,067

8. Loans and borrowings

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 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.

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

	Total
2015	$ 573,394
2016	590,859
2017	606,831
2018	627,349
2019	649,208
And beyond	5,726,805
	$ 8,774,446

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

9. Share capital and reserves

	2014	2013
Common Shares Authorised – 5,000,000 share of par value of $1 each Issued and fully paid – 2,908,528 shares (2013 – 2,907,448 shares)	$2,908,528	$2,907,448

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 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 in which Company's shares are traded on the BSX.

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, 2014 and 2013, no employees subscribed for share options and no options were exercised, and none outstanding

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11. Earnings per share

Basic earnings per share

The calculation of basic earnings per share at September 30, 2014 was based on the income attributable to ordinary shareholders of $385,754 (2013 - $2,332,467) and a weighted average number of ordinary shares outstanding of 2,908,528 (2013 - 2,907,448).

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 $14,182 (2013 - $11,628) representing the Company's share of contributions to the plan and included in the consolidated statement of comprehensive income as maintenance, cleaning and wages.

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 (2013 - $486,588) represents the retention amount which is currently being negotiated between the Company and BCM McAlpine.

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:

September 30, 2014	Carrying amount	12 months or less	1 - 2 years	2 - 5 years	More than 5 years
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

September 30, 2013	Carrying amount	12 months or less	1 - 2 years	2 - 5 years	More than 5 years
Financial liabilities					
Accounts payable and accrued liabilities	$ 150,067	$ 150,067	$ –	$ –	$ –
Bank loans	9,327,137	555,492	593,419	1,825,039	6,352,187
Funds withheld on contract	486,588	486,588	–	–	–
	$ 9,963,792	$ 1,193,147	$ 593,419	$ 1,825,039	$ 6,352,187

(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:

	2014	2013
Not past due	$176,760	$264,569
	$176,760	$264,569

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 $362,254 (2013 - $389,668).

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 net income by approximately $36,225 (2013 - $38,967). An equal change in the opposite direction will decrease the Company's equity and net income by a corresponding amount. This analysis is performed on the same basis for 2013. 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 2014, the Company's strategy, which was unchanged from 2013, was to maintain the gearing ratio of 30% to 60%. The gearing ratios at September 30, 2014 and September 30, 2013 were as follows

	2013	2012
Total borrowings	$ 8,774,446	$ 9,327,137
Less: cash and cash equivalents and bank deposits	4,484,377	5,425,979
Net debt	4,290,069	3,901,158
Total equity	20,023,694	20,094,449
Total capital	24,313,763	23,995,607
Gearing ratio	17.64%	16.26%

The cash and cash equivalents and bank deposit balance as at September 30, 2013 was $4.9 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.

WEST HAMILTON HOLDINGS LIMITED

(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.

	2014	2013
Level 1	$ 342,254	$ 369,668
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:

	2014	2013
Less than one year	$ 153,468	$ 781,361
Between one and five years	1,916,320	775,033
	$ 2,069,788	$ 1,556,394

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 2013, which continued throughout 2014, 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 $23,971,793, (2013 - $23,433,422) was based on historical cost. The valuation for disclosure purposes 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 (see also Note 5).

17. Taxation

Under current Bermuda law, the Company is not required to pay taxes on either income or capital gains.

18. Related parties

Bermuda Commercial Bank Limited (BCB) is the Company's largest shareholder owning 42.05% of the Company's outstanding common shares.

During the period, Somers Limited, the parent company of BCB, purchased 15.01% of the Company's outstanding shares thereby increasing Somers' total beneficial ownership in the Company to 57.06%.

Key management personnel compensation comprised:

	2014	2013
Short-term employee benefits	$ 274,800	$ 254,218

During the year ended September 30, 2014, the directors and executive officers of the Company had a combined interest in 446,625 of the Company's common shares (2013 - 446,625 shares).

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 Commercial spaces to rent

Belvedere Place 'A' Limited

Incorporated in Bermuda on 29th October, 2007

A Commercial Property Development Company

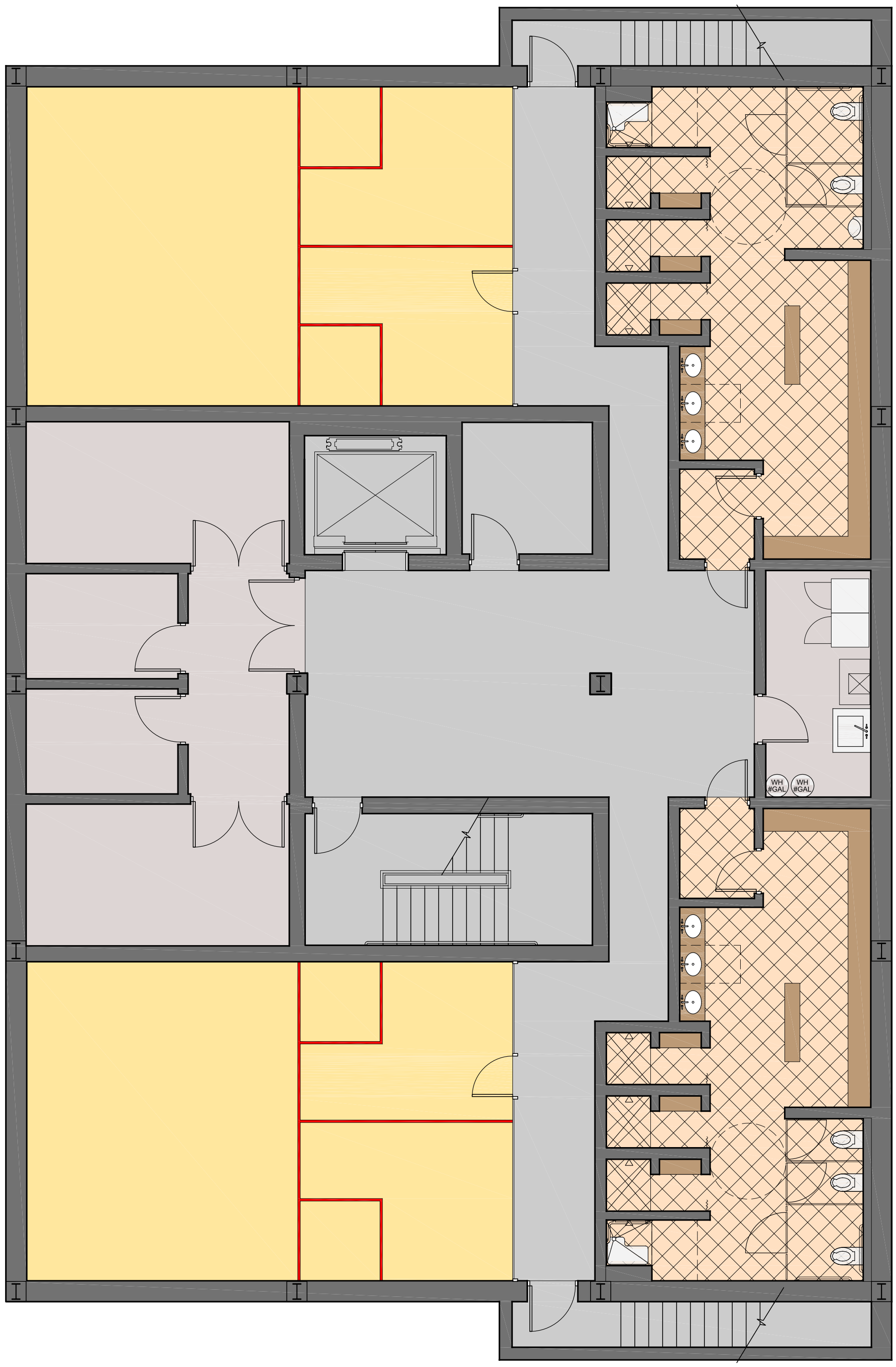
West Hamilton Investments Limited

Incorporated in Bermuda on 20th June, 2012

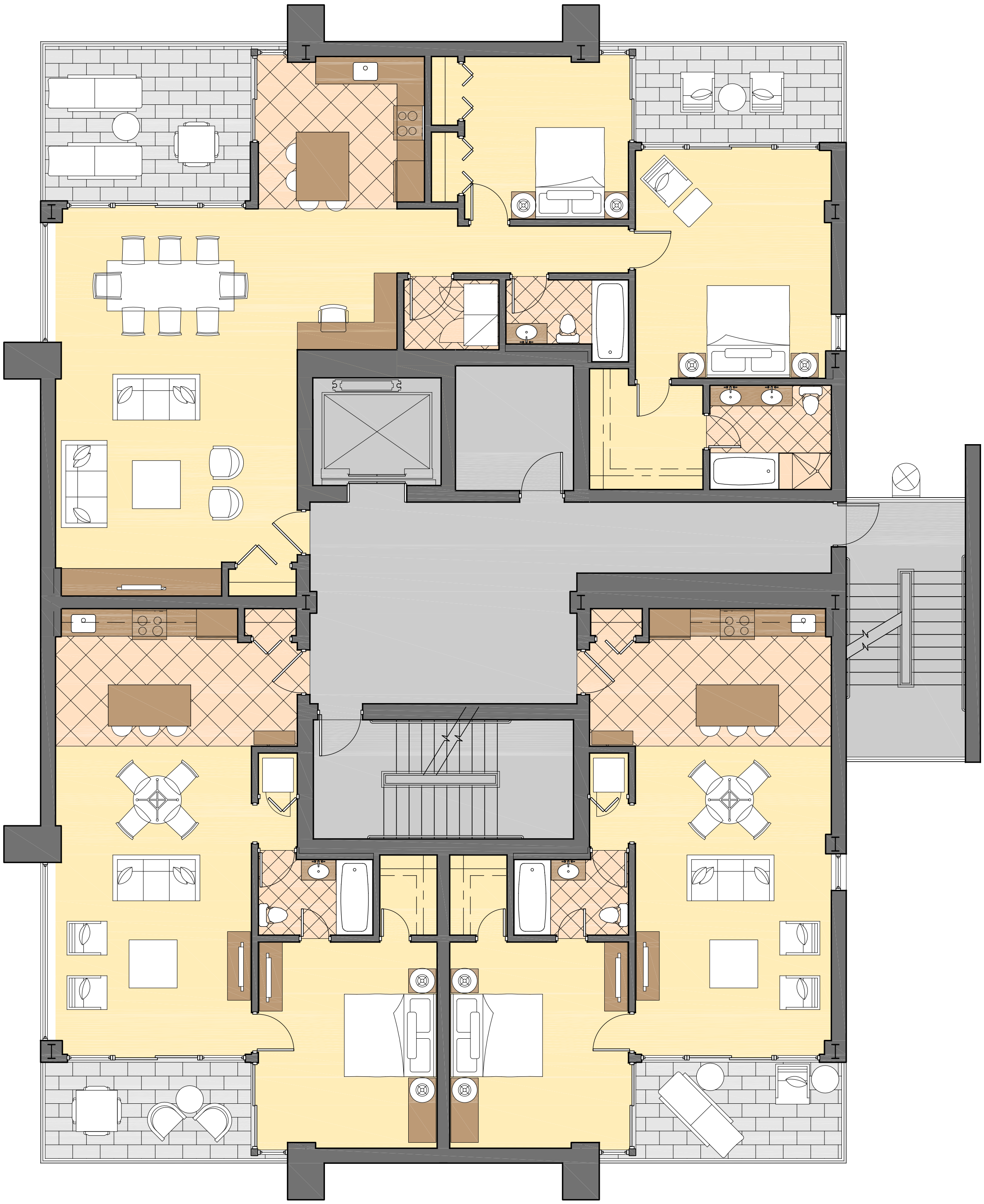
An Investment Management Company

trading in shares listed on the BSX

Proposed Development Footprint



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

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

HSBC Bank Bermuda Limited
37 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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