

ANGAS SECURITIES LIMITED

A.C.N. 091 942 728

**ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED
30 JUNE 2005**

ANGAS SECURITIES LIMITED

A.C.N. 091 942 728

ANNUAL REPORT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2005

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ANGAS SECURITIES LIMITED

DIRECTORS' REPORT

The directors of Angas Securities Limited submit herewith the annual financial report for the year ended 30 June 2005. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

The names and particulars of the directors of the company during or since the end of the financial year are:

Name	Particulars
Mr Andrew Luckhurst-Smith	Executive Chairman. Lawyer who has practiced principally in the area of banking and finance, member of the Banking and Financial Services Law Association of Australia Limited, joined the Board 29 March 2000.
Mr Matthew John Hower	Managing Director. Finance industry experience in area of corporate structured finance, joined the Board 29 March 2000.
Professor Michael Carlisle Howard Burgess	Chartered Accountant, past State Chairman of the Institute of Chartered Accountants and a member of the Institute's National Board, currently an Adjunct Professor at University of SA, joined the Board 29 March 2000 in a non-executive capacity.
Mr Robert Bruce Morton	Retired General Manager SA & NT ANZ Banking Group, past Esanda Finance National General Manager Lending and Operations, joined the Board 29 March 2000.
Mr Kimley John Lyons	Retired Lawyer, who principally practiced in the area of Banking and Finance, former Managing Partner of major Perth law firm, joined the Board 10 May 2002.

The company secretary during and since the end of the financial year was Patricia Harkins-Burr. Patricia joined the company in September 2003, prior to which she held a position as Litigation Support Manager with a national law firm.

Principal Activities

The company's principal activities in the course of the financial year were the raising of funds from the public through the issue of debenture securities principally for first mortgage lending as well as for other approved investments.

ANGAS SECURITIES LIMITED

DIRECTORS' REPORT (continued)

Review of Operations

The profit from ordinary activities amounted to \$1,246,882 (2004: \$646,321). This was an increase over the previous year reflecting an increase in underlying assets and revenues.

Changes in State of Affairs

During the financial year Angas Securities opened a new office in Darwin. There was no significant change in the state of affairs other than that referred to in the financial statements or notes thereto.

Subsequent Events

There has not been any matter or circumstance that has arisen since the end of the financial year, that has significantly affected, or may significantly affect, the operation of the company, the results of those operations, or the state of affairs of the company in future financial years, except for the event mentioned at note 32 to the financial statements.

Future Developments

The company proposes to maintain its core operating functions whilst continuing to build its asset base and turnover. Growth of the asset base is expected to be derived from the issue of debentures together with a policy of continued retention of portion of after tax profits. The company plans to increase its geographical range by the progressive opening of new offices but details of the timing and location of such offices cannot be disclosed for reasons of commercial confidentiality.

Dividends

In respect of the financial year ended 30 June 2005, a dividend of 10 cents per share franked to 100% at corporate income tax rate of 30% was paid to the holders of ordinary shares on 15 October 2004. The directors do not recommend a final dividend in relation to the financial year ended 30 June 2005.

Indemnification and insurance of Officers and Auditors

During the financial year, the company paid a premium in respect of a contract insuring the directors of the company (as named above) against a liability as such a director to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

The company has not otherwise, during or since the financial year, indemnified or agreed to indemnify an officer or auditor of the company or of any related body corporate against a liability incurred as such an officer or auditor.

ANGAS SECURITIES LIMITED

DIRECTORS' REPORT (continued)

Directors' Meetings

The number of directors' meetings and number of meetings attended by each of the directors of the company during the financial year are:

Director	Board Meetings		Audit Committee Meetings	
	A	B	A	B
Mr A Luckhurst-Smith	11	12	-	-
Mr M J Hower	11	12	2	2
Mr M C Burgess	12	12	2	2
Mr R B Morton	12	12	-	-
Mr K J Lyons	12	12	1	2

Director	Compliance Committee Meetings	
	A	B
Mr A Luckhurst-Smith	6	11
Mr M J Hower	8	11
Mr M C Burgess	-	-
Mr R B Morton	-	-
Mr K J Lyons	11	11

A – Number of meetings attended

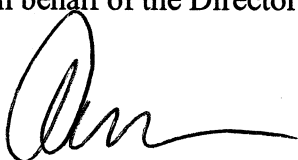
B – Number of meetings held during the time the director held office during the year

Auditor's Independence Declaration

The auditor's independence declaration is included on page 6.

Signed in accordance with a resolution of the directors made pursuant to s.298(2) of the Corporations Act 2001.

On behalf of the Directors



A Luckhurst-Smith

ADELAIDE, 29 September 2005

The Board of Directors
Angas Securities Limited
375 King William Street
ADELAIDE SA 5000

29 September 2005

Dear Board Members

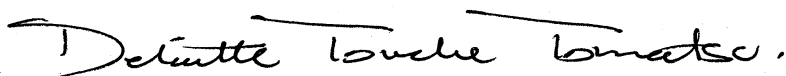
Angas Securities Limited

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Angas Securities Limited.

As lead audit partner for the audit of the financial statements of Angas Securities Limited for the financial year ended 30th June 2005, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

Yours sincerely


DELOITTE TOUCHE TOHMATSU



JJ Handel
Partner
Chartered Accountants

INDEPENDENT AUDIT REPORT TO THE MEMBERS OF ANGAS SECURITIES LIMITED

Scope

The financial report and directors' responsibility

The financial report comprises the statement of financial position, statement of financial performance, statement of cash flows, accompanying notes to the financial statements, and the directors' declaration for Angas Securities Limited, for the financial year ended 30 June 2005 as set out on pages 9 to 32.

The directors of the disclosing entity are responsible for the preparation and true and fair presentation of the financial report in accordance with the Corporations Act 2001. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Audit approach

We have conducted an independent audit of the financial report in order to express an opinion on it to the members of the disclosing entity. Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal controls, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with the Corporations Act 2001 and Accounting Standards and other mandatory professional reporting requirements in Australia so as to present a view which is consistent with our understanding of the disclosing entity's financial position, and performance as represented by the results of its operations and its cash flows.

Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates made by the directors.

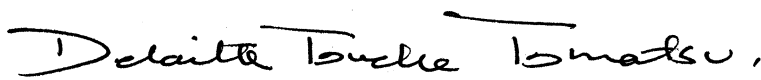
While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

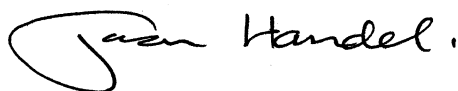
The audit opinion expressed in this report has been formed on the above basis.

Audit Opinion

In our opinion, the financial report of Angas Securities Limited is in accordance with:

- (a) the Corporations Act 2001, including:
 - (i) giving a true and fair view of the disclosing entity's financial position as at 30 June 2005 and of its performance for the year ended on that date; and
 - (ii) complying with Accounting Standards in Australia and the Corporations Regulations 2001; and
- (b) other mandatory professional reporting requirements in Australia.


DELOITTE TOUCHE TOHMATSU



J J Handel
Partner
Chartered Accountants
Adelaide, 29 September 2005

ANGAS SECURITIES LIMITED

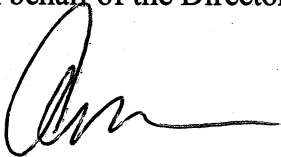
Directors' Declaration

The directors' declare that:

- (a) in the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable;
- (b) in the directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the company.

Signed in accordance with a resolution of the directors made pursuant to s.295(5) of the Corporations Act 2001.

On behalf of the Directors



A Luckhurst-Smith

ADELAIDE, 29 September 2005

ANGAS SECURITIES LIMITED

Statement of Financial Performance For the Financial Year Ended 30 June 2005

	Note	2005 \$	2004 \$
Interest revenue	2	8,323,487	3,597,350
Interest expense	2	<u>(5,526,643)</u>	<u>(2,561,629)</u>
Net interest revenue		2,796,844	1,035,721
Non-interest revenue	3	2,087,387	1,311,120
Other expenses	4	<u>(3,086,814)</u>	<u>(1,406,552)</u>
Profit From Ordinary Activities Before Income Tax		1,797,417	940,289
Income tax expense relating to ordinary activities	5	<u>550,535</u>	<u>293,968</u>
Net Profit		<u>1,246,882</u>	<u>646,321</u>
Total Changes in Equity Other Than Those Resulting From Transactions with Owners as Owners		<u>1,246,882</u>	<u>646,321</u>

Notes to the financial statements are included on pages 13 to 32.

ANGAS SECURITIES LIMITED

Statement of Financial Position as at 30 June 2005

	Note	2005 \$	2004 \$
Assets			
Cash and liquid assets	26 (a)	24,742,811	10,829,942
Receivables (other)	9	1,579,256	235,731
Other assets	10	50,395	12,469
Loans	11	64,382,975	36,849,391
Property held for resale	13	3,108,659	2,609,301
Other financial assets	12	1,750,000	1,850,000
Property, plant & equipment	15	65,222	23,590
Deferred tax assets	6	<u>694,440</u>	<u>178,399</u>
Total Assets		<u>96,373,758</u>	<u>52,588,823</u>
Liabilities			
Payables (other)	17	448,372	107,748
Interest bearing liabilities	21	92,448,741	50,485,604
Tax liabilities	18	745,627	421,472
Provisions	19	3,255	-
Other liabilities	20	<u>697,365</u>	<u>700,483</u>
Total Liabilities		<u>94,343,360</u>	<u>51,715,307</u>
Net Assets		<u>2,030,398</u>	<u>873,516</u>
Equity			
Contributed equity	22	245,138	245,138
Retained profits	23	<u>1,785,260</u>	<u>628,378</u>
Total Equity		<u>2,030,398</u>	<u>873,516</u>

Notes to the financial statements are included on pages 13 to 32.

ANGAS SECURITIES LIMITED

Statement of Cashflows For the Financial Year Ended 30 June 2005

	Note	Inflows (Outflows) 2005 \$	2004 \$
Cash Flow From Operating Activities			
Fees received		1,598,695	1,412,793
Property investment distribution		169,754	43,209
Payments to suppliers (excl. debt securities)		(2,677,926)	(1,313,429)
Interest paid		(5,524,679)	(2,672,487)
Interest received		7,008,471	3,929,305
Income tax paid		<u>(742,421)</u>	<u>(31,421)</u>
Net cash provided by / (used in) operating activities	26 (c)	<u>(168,106)</u>	<u>1,367,970</u>
Cash Flows From Investing Activities			
Mortgage loans granted		(48,372,432)	(37,873,418)
Mortgage loans repaid		20,840,606	12,409,335
Payment for property held for resale		(298,183)	(2,609,301)
Proceeds from redemption of other investments		100,000	-
Payment for other investments		-	(1,850,000)
Payment for plant & equipment		(63,395)	(18,150)
Loans advanced to related parties		(50,957)	(125,000)
Loans repaid by related parties		<u>49,199</u>	<u>10,434</u>
Net cash used in investing activities		<u>(27,795,162)</u>	<u>(30,056,100)</u>
Cash Flows From Financing Activities			
Proceeds from issues of debt securities		48,254,541	48,237,604
Repayment of debt securities		(6,288,404)	(17,735,100)
Dividends paid		<u>(90,000)</u>	<u>(36,000)</u>
Net cash provided by financing activities		<u>41,876,137</u>	<u>30,466,504</u>
Net Increase In Cash Held		13,912,869	1,778,374
Cash At The Beginning Of The Financial Year		<u>10,829,942</u>	<u>9,051,568</u>
Cash At The End Of The Financial Year	26 (a)	<u>24,742,811</u>	<u>10,829,942</u>

Notes to the financial statements are included on pages 13 to 32.

ANGAS SECURITIES LIMITED

Notes to the Financial Statements for the Financial Year Ended 30 June 2005

1. Summary of Accounting Policies

Financial reporting framework

The financial report is a general purpose financial report which has been prepared in accordance with the Corporations Act 2001, applicable accounting standards and Urgent Issues Group Consensus Views, and complies with other requirements of the law.

The financial report has been prepared on the basis of historical cost and except where stated, does not take into account changing money values or current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

Significant accounting policies

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

The following significant accounting policies have been adopted in the preparation and presentation of the financial report:

(a) Accounts payable

Trade payables and other accounts payable are recognised when the company becomes obliged to make future payments resulting from the purchase of goods and services.

(b) Acquisition of assets

Assets acquired are recorded at the cost of acquisition, being the purchase consideration determined as at the date of acquisition plus costs incidental to the acquisition.

(c) Depreciation

Depreciation is provided on plant & equipment. Depreciation is calculated on a straight line basis so as to write off the net cost or other revalued amount of each asset over its expected useful life. The following estimated useful lives are used in the calculation of depreciation:

- Plant and Equipment 2.5 - 4 years

(d) Financial instruments issued by the company

Debt and equity instruments

Debt and equity instruments are classified as either liabilities or as equity in accordance with the substance of the contractual arrangement.

Transaction costs on the issue of equity instruments

Transaction costs arising on the issue of equity instruments are recognised directly in equity as a reduction of the proceeds of the equity instruments to which the costs relate. Transaction costs are the costs that are incurred directly in conjunction with the issue of those equity instruments and which would not have been incurred had those instruments not been issued.

ANGAS SECURITIES LIMITED

Notes to the Financial Statements for the Financial Year Ended 30 June 2005

1. Summary of Accounting Policies (cont'd)

(e) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

- a. where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the acquisition of an asset or as part of an item of expense; or
- b. for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

Cash flows are included in the statement of cash flows on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

(f) Income tax

Tax effect accounting principles are adopted whereby income tax expense is calculated on pre-tax accounting profits after adjustment for permanent differences. The tax-effect of timing differences, which occur when items are included or allowed for income tax purposes in a period different to that for accounting, is shown at current taxation rates in provision for deferred income tax and future income tax benefit, as applicable.

(g) Interest-bearing liabilities

Debentures are recorded at an amount equal to the net proceeds received. Interest expense is recognised on an accrual basis.

(h) Receivables

Trade receivables and other receivables are recorded at amounts due less any allowance for doubtful debts.

(i) Recoverable amount of assets

Assets are written down to recoverable amount where the carrying value of any asset exceeds recoverable amount. In determining the recoverable amount of assets, the expected net cash flows have not been discounted to their present value.

(j) Revenue recognition

Interest income

Interest income is recognised as it accrues. Amounts received in advance are recorded as unearned income.

Loan fee income

Loan fee income is recognised when the loan agreement is settled.

Trust distributions

Trust distribution revenue is recognised when declared.

ANGAS SECURITIES LIMITED

Notes to the Financial Statements for the Financial Year Ended 30 June 2005

1. Summary of Accounting Policies (cont'd)

(k) Loans and advances

Loans and advances are recognised at their recoverable amount, after assessing the required allowance for impairment. Impairment of a loan is recognised when there is reasonable doubt that not all the principal and interest can be collected in accordance with the terms of the loan agreement. Impairment is assessed by specific identification in relation to individual loans and by estimation of expected losses in relation to loan portfolios where specific identification is impracticable.

All loans are secured by registered first mortgages. Where impairment has previously been recognised in relation to a bad debt written-off, the allowance is subsequently reduced by the amount of write-off.

All loans and advances that are not performing according to their terms and conditions are classified as follows:

- Non-accrual loans – Loans where there are reasonable doubts about the recovery of all amounts of principal and interest,
- Restructured loans – Loans which have had the original terms changed as a concession to the borrower, and the revised terms are not comparable with those for new loans of comparable risks,
- Past due loans – Loans which have not been performing within their terms and conditions for at least thirty days are actively pursued and assessed individually based on the circumstances surrounding those loans. Amounts included in past-due loans are those that have not been performing within their terms and conditions for more than 90 days.

(l) Land Held for Resale

Land held for development and resale is valued at the lower of cost and net realisable value. Cost includes the cost of acquisition, development, foreign currency movements, borrowing costs and holding costs until completion of development. Borrowing costs, foreign currency movements and holding charges incurred after development are expensed.

(m) Property, Plant and Equipment

Each class of property, plant is equipment are carried at cost or fair value less, where applicable, any accumulated depreciation.

Plant and equipment are measured on the cost basis.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows which will be received from the assets employment and subsequent disposal. The expected net cash flows have not been discounted to their present values in determining recoverable amounts.

(n) Investments

Investments are recorded at cost.

ANGAS SECURITIES LIMITED

Notes to the Financial Statements for the Financial Year Ended 30 June 2005

1. Summary of Accounting Policies (cont'd)

(o) Employee Benefits

Provision is made for the company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits expected to be settled within one year together with benefits arising from wages and salaries, annual leave and sick leave have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Other employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

(p) Impact of Adopting Australian Equivalents to International Financial Reporting Standards.

Management of the transition to A-IFRS

Angas Securities Limited will be required to prepare financial statements that comply with Australian equivalents to International Financial Reporting Standards ("A-IFRS") for annual reporting periods beginning on or after 1 January 2005. Accordingly Angas Securities Limited's first half-year report prepared under A-IFRS will be for the half-year reporting period ended 31 December 2005, and its first annual financial report prepared under A-IFRS will be for the year ended 30 June 2006.

In 2004, the company allocated internal resources and engaged expert consultants to conduct impact assessments to identify key areas that would be impacted by the transition to A-IFRS. As a result, Angas established a project team to prepare a detailed business impact analysis and evaluation analysing the approximate impacts on first-time adoption and best options for the entity for future reporting periods. This is currently being completed and is expected to be finalised in late 2005. Final implementation and review will be carried out shortly after. The directors believe Angas Securities Limited will be able to achieve its plan for A-IFRS implementation before 30 June 2006, and will be able to comply with its reporting obligations to present a financial report appropriately prepared in accordance with the A-IFRS.

The directors have identified the following as being the areas of significant differences affecting the entity on adoption of A-IFRS. All amounts disclosed are best estimates only, and reflect the directors' accounting policy decisions current at the date of this financial report. Readers of the financial report should note that further developments in A-IFRS (for example, the release of further pronouncements by the Australian Accounting Standards Board and the Urgent Issues Group), if any, may result in changes to the accounting policy decisions made by the directors and, consequently, the likely impacts outlined below.

Income Tax

Adjustments to the recognised amounts of deferred taxes will result as a consequence of adjustments to the carrying amounts of assets and liabilities resulting from the adoption of other A-IFRS. The likely impact of these changes on deferred tax balances has not currently been determined as a number of significant decisions affecting the balances have not yet been determined.

ANGAS SECURITIES LIMITED

Notes to the Financial Statements for the Financial Year Ended 30 June 2005

1. Summary of Accounting Policies (cont'd)

(p) Impact of Adopting Australian Equivalents to International Financial Reporting Standards.

Plant and Equipment

On initial adoption of A-IFRS, the directors have elected to use the A-IFRS Cost Method for plant and equipment at 1 July 2004. The A-IFRS cost requires the inclusion of "dismantling and restoration costs" in the value of plant and equipment, however no such applicable costs have been identified for plant and equipment currently held. Consequently, the adoption of A-IFRS will not result in an increase in plant and equipment costs or related depreciation expense for the financial year ended 30 June 2005.

Other financial assets and financial liabilities

The directors have elected to apply the first-time adoption exemption available to Angas Securities Limited to defer the date of transition of AASB 132 and 139 until 1 July 2005. Accordingly, there will be no quantitative impacts on the 30 June 2005 financial statements. The directors have not yet finalised the classifications that will apply to the various financial assets and financial liabilities held by the entity. The classification of the financial assets and financial liabilities determines the measurement basis to be adopted. Consequently, the impact of any change on the financial statements cannot yet be quantified.

Revenue and Expense Recognition – Fee Income and Related Expenses

Under the requirements of AASB 139 and AASB 18, the entity is required to adjust the timing of the recognition of certain revenue and expense items. Any fee income integral to the yield of an originated financial instrument, net of any direct incremental costs, must be capitalised and deferred over the expected life of the instrument. A decrease in retained earnings after tax is expected, reflecting the deferral of previously recognised revenue items, however the exact amount of this decrease has not yet been quantified.

Retained earnings

With limited exceptions the entity will be required to recognise adjustments on first-time adoption of A-IFRS directly in retained earnings at the date of transition to A-IFRS. The entity has not yet finalised the business impact analysis, accordingly the impacts of the adoption of A-IFRS on retained earnings is unknown at the date of this financial report.

ANGAS SECURITIES LIMITED

Notes to the Financial Statements for the Financial Year Ended 30 June 2005

2. Interest Revenue and Interest Expense

	Average Balance \$	Interest \$	Average Rate %
<i>Interest revenue 2005</i>			
Deposits with other financial institutions	17,786,029	834,448	4.69%
Loans	<u>50,738,946</u>	<u>7,489,039</u>	<u>14.76%</u>
	<u>68,524,975</u>	<u>8,323,487</u>	<u>12.17%</u>
<i>Interest revenue 2004</i>			
Deposits with other financial institutions	9,940,708	413,845	4.16%
Loans	<u>24,060,067</u>	<u>3,183,505</u>	<u>13.23%</u>
	<u>34,000,775</u>	<u>3,597,350</u>	<u>10.58%</u>
<i>Interest expense 2005</i>			
Debentures	<u>71,467,172</u>	<u>5,526,643</u>	<u>7.73%</u>
<i>Interest expense 2004</i>			
Debentures	<u>35,234,352</u>	<u>2,561,629</u>	<u>7.27%</u>

3. Non-Interest Revenue

	2005 \$	2004 \$
Distributions received Angas Property Trust No.1	169,754	43,209
Stamp duty rebate income	274,993	-
Loan fee income	<u>1,642,640</u>	<u>1,267,911</u>
	<u>2,087,387</u>	<u>1,311,120</u>

4. Other Expenses

Fees and commissions	440,976	29,182
General administration	2,221,554	1,019,959
Marketing	395,010	241,201
Depreciation	21,763	6,747
Other expenses	<u>7,511</u>	<u>109,463</u>
	<u>3,086,814</u>	<u>1,406,552</u>

ANGAS SECURITIES LIMITED

Notes to the Financial Statements for the Financial Year Ended 30 June 2005

2005	2004
\$	\$

5. Income Tax

The prima facie income tax expense on pre-tax accounting profit reconciles to the income tax expense in the financial statements as follows:

Profit from Ordinary Activities	<u>1,797,419</u>	<u>940,289</u>
Income tax expense calculated at 30%	539,226	282,087
Permanent differences:		
Non deductible expenses	<u>11,309</u>	<u>11,881</u>
Income tax expense attributable to profit from ordinary activities	<u>550,535</u>	<u>293,968</u>

6. Deferred Tax Assets

Future income tax benefits due to timing differences	<u>694,440</u>	<u>178,399</u>
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7. Directors' Remuneration

The specified directors of Angas Securities Limited during the year were:

A Luckhurst-Smith (Executive Chairman)
M J Hower (Managing Director)
M C H Burgess (Non-Executive)
R B Morton (Executive)
K J Lyons (Executive)

ANGAS SECURITIES LIMITED

Notes to the Financial Statements for the Financial Year Ended 30 June 2005

7. Directors' Remuneration (cont'd)

<u>2005</u>	<u>Primary salary & Fees</u>	<u>Other</u>	<u>Total</u>
	\$	\$	\$
A Luckhurst-Smith	152,533	8,000	160,533
M J Hower	168,687	8,000	176,687
M C H Burgess	13,200	8,000	21,200
R B Morton	124,410	8,000	132,410
K J Lyons	<u>51,350</u>	<u>8,000</u>	<u>59,350</u>
	<u>510,180</u>	<u>40,000</u>	<u>550,180</u>

<u>2004</u>	<u>Primary salary & Fees</u>	<u>Other</u>	<u>Total</u>
A Luckhurst-Smith	57,200	3,100	60,300
M J Hower	13,200	3,100	16,300
M C H Burgess	13,200	3,100	16,300
R B Morton	13,200	3,100	16,300
K J Lyons	<u>13,200</u>	<u>3,100</u>	<u>16,300</u>
	<u>110,000</u>	<u>15,500</u>	<u>125,500</u>

Remuneration packages are reviewed and determined with due regard to current market rates and are benchmarked against comparable industry salaries, adjusted by a performance factor to reflect changes in the performance of the company.

There are no other employees, who are not directors of the entity, who are considered key management personnel with responsibility for the strategic direction and operational management of the entity. Therefore there are no specified executives.

	2005	2004
	\$	\$
8. Remuneration of Auditors		
Auditing of the financial report	<u>58,944</u>	<u>25,383</u>
9. Receivables (other)		
GST receivable	14,322	21,550
Trade receivables	<u>1,564,934</u>	<u>214,181</u>
	<u>1,579,256</u>	<u>235,731</u>

ANGAS SECURITIES LIMITED

Notes to the Financial Statements For the Financial Year Ended 30 June 2005

	2005 \$	2004 \$
10. Other Assets		
Prepaid expenses	<u>50,395</u>	<u>12,469</u>
11. Loans		
Mortgage loans	<u>64,382,975</u>	<u>36,849,391</u>
<u>Maturity analysis</u>		
Not longer than 3 months	39,756,935	9,139,525
Longer than 3 months and not longer than 12 months	24,533,756	27,709,866
Longer than one year and not longer than 5 years	<u>92,284</u>	<u>-</u>
	<u>64,382,975</u>	<u>36,849,391</u>
<u>Loans by security</u>		
Secured by first mortgage	<u>64,382,975</u>	<u>36,849,391</u>
<u>Loans by purpose</u>		
Commercial loans	29,833,323	22,396,466
Rural loans	2,540,797	2,766,500
Residential loans	31,254,355	11,131,925
Industrial loans	<u>754,500</u>	<u>554,500</u>
	<u>64,382,975</u>	<u>36,849,391</u>

There is no significant concentration of loans to a single debtor or group of debtors having similar characteristics.

12. Other Financial Assets

Units held in Angas Property Trust No.1, at cost	<u>1,750,000</u>	<u>1,850,000</u>
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The Angas Property Trust No 1 is involved in the acquisition and management of property. Angas Securities Limited has significant influence over the Angas Property Trust No 1 as the effective ownership interest in the trust is 49% (2004: 51.5%). However control over the trust does not exist as, under the provisions of the Trust Deed, the company does not have the capacity to dominate the financial and operating policies of the trustee managing the trust, and does not have sufficient voting powers to appoint or remove the trustee. The carrying value of the investment approximates its equity accounted value as at 30 June 2005, as the increase in the net assets of the Angas Property Trust No 1 has been applied towards accrued establishment expenses. The investment has provided reliable diversified income flow to Angas Securities.

ANGAS SECURITIES LIMITED
Notes to the Financial Statements
for the Financial Year Ended 30 June 2005

	2005	2004
	\$	\$
13. Land Held for Resale		
Acquisition costs	2,975,051	2,609,301
Other costs capitalised	<u>133,608</u>	<u>-</u>
	<u>3,108,659</u>	<u>2,609,301</u>
14. Past Due Loans		
Past due loans	<u>14,431,500</u>	<u>3,546,039</u>
Net fair value of asset acquired through the enforcement of security during the financial year	<u>-</u>	<u>850,000</u>
Revenue received in respect of asset acquired through the enforcement of security	<u>-</u>	<u>62,359</u>
15. Property, Plant & Equipment		
	<u>Plant & Equipment</u>	
	<u>At Cost</u>	
<u>Gross carrying amount</u>	<u>\$</u>	
Balance at 30 June 2004	31,258	
Additions	<u>63,395</u>	
Balance at 30 June 2005	<u>94,653</u>	
<u>Accumulated depreciation</u>		
Balance at 30 June 2004	(7,668)	
Depreciation	<u>(21,763)</u>	
Balance at 30 June 2005	<u>(29,431)</u>	
<u>Net book value</u>		
As at 30 June 2004	<u>23,590</u>	
As at 30 June 2005	<u>65,222</u>	
Aggregate depreciation allocated and recognised as an expense during the year:		
	2005	2004
	\$	\$
Plant & equipment	<u>21,763</u>	<u>6,747</u>
	<u>21,763</u>	<u>6,747</u>

ANGAS SECURITIES LIMITED
Notes to the Financial Statements
for the Financial Year Ended 30 June 2005

16. Assets Pledged as Security

In accordance with the security arrangements of liabilities, as disclosed in note 21 to the financial statements, effectively all assets of the company have been pledged as security, except future income tax benefit.

	2005 \$	2004 \$
17. Payables (other)		
Trade payables	<u>448,372</u>	<u>107,748</u>
18. Tax Liabilities		
Income tax payable	703,219	421,472
Deferred income tax	<u>42,408</u>	<u>-</u>
	<u>745,627</u>	<u>421,472</u>
19. Provisions		
Employee benefits	<u>3,255</u>	<u>-</u>
20. Other Liabilities		
Unearned income	629,365	635,483
Funds received in advance	<u>68,000</u>	<u>65,000</u>
	<u>697,365</u>	<u>700,483</u>
21. Interest Bearing Liabilities		
<u>Secured:</u>		
Debentures	<u>92,448,741</u>	<u>50,485,604</u>
<u>Maturity analysis</u>		
Not longer than 3 months	19,807,000	8,409,500
Longer than 3 months and not longer than 12 months	59,930,441	33,913,104
Longer than 1 year and not longer than 5 years	<u>12,711,300</u>	<u>8,163,000</u>
	<u>92,448,741</u>	<u>50,485,604</u>

Debentures are secured by a first ranking floating charge over the company's assets and undertakings.

There is no significant concentration of borrowings to a single creditor or group of creditors having similar characteristics. The company does not issue debentures to any single creditor in excess of 10% of total debentures on issue. Debentures may be issued for a period of 1 to 3 years, with interest rates fixed for the term of the debenture. Interest is payable monthly.

ANGAS SECURITIES LIMITED

Notes to the Financial Statements for the Financial Year Ended 30 June 2005

		2005		2004	
		\$		\$	
22.	Contributed Equity				
	<u>Contributed equity</u>				
	900,000 fully paid ordinary shares (2004: 900,000)	<u>245,138</u>		<u>245,138</u>	
		2005		2004	
	No.	\$	No.	\$	
	Fully paid ordinary share capital	<u>900,000</u>	<u>245,138</u>	<u>900,000</u>	<u>245,138</u>
	<u>Fully paid ordinary shares</u>				
	Balance at beginning of financial year	900,000	245,138	900,000	245,138
	Issue of shares	-	-	-	-
	Shares fully paid up during financial year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	Balance at end of financial year	900,000	245,138	900,000	245,138

Fully paid ordinary shares carry one vote per share and carry the right to dividends.

	2005 \$	2004 \$
23. Retained Profits		
Balance at beginning of financial year	628,378	18,057
Net profit	1,246,882	646,321
Dividends paid	<u>(90,000)</u>	<u>(36,000)</u>
Balance at end of financial year	<u>1,785,260</u>	<u>628,378</u>

24. Dividends

	2005		2004	
	Cents per Share	Total \$	Cents per Share	Total \$
<u>Recognised Amounts</u>				
<u>Fully paid ordinary shares</u>				
Dividend franked to 100% (2004: 100%)	10.0	90,000	4.0	36,000

ANGAS SECURITIES LIMITED

Notes to the Financial Statements
for the Financial Year Ended 30 June 2005

25. Related Party Disclosures

(a) Specified directors' remuneration

Details of specified directors' remuneration are disclosed in note 7 to the financial statements.

(b) Specified directors' equity holdings

Fully Paid Ordinary Shares

Name	Balance at 1/7/04	Net other change	Balance at 30/6/05
A Luckhurst-Smith	180,000	-	180,000
M J Hower	405,000	(22,500)	382,500
M C H Burgess	67,500	-	67,500
R B Morton	67,500	22,500	90,000
K J Lyons	90,000	-	90,000
Total	810,000	-	810,000

(c) Other transactions with specified directors

The profit from ordinary activities before income tax includes the following items of income and expense that resulted from transactions other than remuneration or equity holdings with specified directors or their personally related entities:

	2005	2004
	\$	\$
Interest received	<u>10,931</u>	<u>5,167</u>
Total recognised as revenue	<u>10,931</u>	<u>5,167</u>
Commissions	52,787	14,821
Legal consultancy	164,094	99,577
Property inspection fees	19,147	-
Service fees for the provision of administrative services & related accommodation	420,403	162,042
Brokerage	<u>127,355</u>	<u>213,697</u>
Total recognised as expenses	<u>783,786</u>	<u>490,137</u>

Total assets arising from transactions other than loans and amounts receivable in relation to equity instruments with specified directors or their personally related entities as at reporting date:

	2005	2004
	\$	\$
<u>Current</u>		
Commercial Hire Purchase	116,324	114,566

ANGAS SECURITIES LIMITED

Notes to the Financial Statements for the Financial Year Ended 30 June 2005

25. Related Party Disclosures (continued)

(c) Other transactions with specified directors (continued)

Administrative services and related accommodation charged by Hower Nominees Pty Ltd for the financial year was \$Nil (2004: \$39,250). During the financial year, administration services and the related accommodation was provided by Lancaster Corporation Pty Ltd of which Mr M J Hower and Mr A Luckhurst-Smith are directors. Administrative services and related accommodation charged by Lancaster Corporation Pty Ltd for the 2005 financial year was \$420,403 (2004: \$122,792). These services were provided through a monthly charge based on the costs incurred by the related entities in providing the service.

On 22 December 2003 Angas Securities Limited entered into a commercial hire purchase agreement with Lancaster Corporation Pty Ltd of which Mr M J Hower and Mr A Luckhurst-Smith are directors. This commercial hire purchase agreement was for the purpose of financing the acquisition of plant and equipment for Lancaster Corporation Pty Ltd. The interest rate on this agreement is set at 8.5%.

	\$
Balance at the beginning of the year	114,566
New loan advanced	50,957
Loan repaid	(60,130)
Interest charged	10,931
Interest not charged	-
Balance at the end of the year	116,324

During the financial year trailing commissions were paid to Hower Corporation Pty Ltd of which Mr M J Hower is a director. Commissions paid were \$52,787 (2004:\$Nil). Fees were based on standard rates for services on each new loan.

Angas Securities Limited also paid brokerage to Hower Corporation Pty Ltd. During the financial year brokerage of \$127,355 (2004:\$213,697) was paid to Hower Corporation Pty Ltd, of which Mr M J Hower is a director. Fees were based on standard rates for services provided on each loan.

Amounts paid to Mr A Luckhurst-Smith for legal consultancy fees for the year were \$164,094 (2004:\$70,634). Fees were based on standard rates for each service provided.

Property inspection fees were paid to Mr R Morton and Mr K Lyons. Amounts paid for the year were \$12,582 (2004: \$Nil) to Mr R Morton and \$6,564 (2004: \$Nil) to Mr Lyons. Fees were based on standard rates for each service provided.

ANGAS SECURITIES LIMITED

Notes to the Financial Statements for the Financial Year Ended 30 June 2005

25. Related Party Disclosures (continued)

(d) Transactions With Other Related Parties

Details of transactions with other related parties are disclosed in notes 3 and 12.

2005	2004
\$	\$

26. Notes To The Statement of Cash Flows

(a) Reconciliation of Cash

For the purposes of the statement of cash flows, cash includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts. Cash at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the balance sheet as follows:

Cash – Trading account (at call)	954,849	1,583,589
Cash – Debenture fund (at call)	10,755,634	4,135,490
Cash – 11AM	12,500,000	4,400,000
Cash – ANZ (at call)	531,728	710,769
Cash on hand	600	94
	<u>24,742,811</u>	<u>10,829,942</u>
Average total balance	<u>17,786,376</u>	<u>9,940,708</u>
Amount of interest revenue	<u>834,448</u>	<u>413,845</u>
Average interest rate	<u>4.69%</u>	<u>4.16%</u>

(b) Cash Balances Not Available for Use

The Debenture Fund account has at all times a cash balance of at least 7% of all debenture funds issued pursuant to the company's prospectus and Trust Deed for First Ranking Debenture Stock.

ANGAS SECURITIES LIMITED

Notes to the Financial Statements
for the Financial Year Ended 30 June 2005

	2005 \$	2004 \$
26. Notes to the Statement of Cash Flows (continued)		
(c) Reconciliation of Profit From Ordinary Activities After Related Income Tax to Net Cash Flows From Operating Activities		
Profit from ordinary activities after related income tax	1,246,882	646,321
Depreciation of non-current assets	21,763	6,747
Change in tax balances	(191,886)	262,547
Change in assets:		
Receivables	(1,343,525)	(19,660)
Other Assets	(37,926)	(12,469)
Change in liabilities:		
Payables	139,449	(57,717)
Provisions	3,255	
Other liabilities	<u>(6,118)</u>	<u>542,201</u>
Net cash from operating activities	<u>(168,106)</u>	<u>1,367,970</u>

27. Segment Information

Angas Securities Limited operates a debenture fund in Australia through the raising of funds from the public principally for first mortgage lending and other investments.

The company operates predominately in one business and geographical segment.

ANGAS SECURITIES LIMITED

Notes to the Financial Statements for the Financial Year Ended 30 June 2005

28. Financial Instruments

(a) Interest rate risk

Interest rate risk exposure:

The company's exposure to interest rate risk and the effective weighted average interest rate for classes of financial assets is set out below:

2005	<u>Average interest rate</u>	<u>Variable interest rate</u>	<u>Fixed Interest Rate Maturity</u>		<u>Non interest bearing</u>	<u>Total</u>
			<u>1 Year or less</u>	<u>1 - 5 Years</u>		
	\$	\$	\$	\$	\$	\$
<i>Financial Assets</i>						
Cash	1%	954,849	-	-	-	954,849
Other Cash Deposits	4%	23,787,962	-	-	-	23,787,962
Loans	14%	-	64,290,691	92,284	-	64,382,975
Other Financial Assets	0%	-	-	-	1,750,000	1,750,000
Other Receivables	0%	-	-	-	1,579,256	1,579,256
		<u>24,742,811</u>	<u>64,290,691</u>	<u>92,284</u>	<u>3,329,256</u>	<u>92,455,042</u>
<i>Financial Liabilities</i>						
Payables	0%	-	-	-	448,372	448,372
Debentures	7%	-	<u>79,737,441</u>	<u>12,711,300</u>	-	<u>92,448,741</u>
		-	<u>79,737,441</u>	<u>12,711,300</u>	<u>448,372</u>	<u>92,897,113</u>

ANGAS SECURITIES LIMITED

Notes to the Financial Statements
for the Financial Year Ended 30 June 2005

28. Financial Instruments (continued)

(a) Interest rate risk (cont.)

2004	<u>Average interest rate</u>	<u>Variable interest rate</u>	<u>Fixed Interest Rate Maturity</u>		<u>Non interest bearing</u>	<u>Total</u>
			<u>1 Year or less</u>	<u>1 - 5 Years</u>		
	\$	\$	\$	\$	\$	\$
<i>Financial Assets</i>						
Cash	1%	1,583,683	-	-	-	1,583,683
Other Cash Deposits	4%	9,246,259	-	-	-	9,246,259
Loans	13%	-	36,849,391	-	-	36,849,391
Other Financial Assets	0%	-	-	-	1,850,000	1,850,000
Other Receivables	0%	-	-	-	235,731	235,731
		<u>10,829,942</u>	<u>36,849,391</u>	<u>-</u>	<u>2,085,731</u>	<u>49,765,064</u>
<i>Financial Liabilities</i>						
Payables	0%	-	-	-	107,748	107,748
Debentures	7%	-	42,322,604	8,163,000	-	50,485,604
		-	42,322,604	8,613,000	107,748	50,993,352

ANGAS SECURITIES LIMITED

Notes to the Financial Statements for the Financial Year Ended 30 June 2005

28. Financial Instruments (continued)

(b) Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which revenues and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 1 to the financial statements.

(c) Credit risk

Credit risk refers to the risk that a counter party will default on its contractual obligations resulting in financial loss to the company. The company has adopted the policy of only dealing with creditworthy counterparties and obtaining sufficient prime security (or other security where appropriate), as a means of mitigating the risk of financial loss from defaults. The company measures credit risk on a fair value basis.

The company does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics.

The carrying amount of financial assets recorded in the financial statements, net of any allowances for losses, represents the company's maximum exposure to credit risk without taking account of the value of any collateral or other security obtained.

(d) Net fair value

The company's financial assets and financial liabilities, included in the statement of financial position are carried at cost. The net fair value of financial assets and financial liabilities, determined in accordance with the discounted cash flow basis, approximates cost.

ANGAS SECURITIES LIMITED

Notes to the Financial Statements
for the Financial Year Ended 30 June 2005

29. Additional Company Information

	2005	2004
	\$	\$
Adjusted franking account balance (tax paid basis)	<u>1,450,273</u>	<u>464,676</u>
Number of employees at end of financial year	<u>3</u>	<u>Nil</u>

Angas Securities Limited is an unlisted public company, incorporated and operating in Australia.

Principal Registered Office

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12th Floor
26 Flinders Street
ADELAIDE SA 5000
Tel: (08) 8414 3333

Principal Place of Business

375 King William Street
ADELAIDE SA 5000
Tel: (08) 8410 4343

30. Concentrations of Deposits and Borrowings

There are no significant concentrations of deposits and borrowing arising from exposures to a single creditor or a group of creditors having similar characteristics.

31. Commitments and Contingent Liabilities

At reporting date the company has no commitments to extend credit or other contracted capital and expenditure commitments other than in the ordinary course of its lending activities.

32. Subsequent Events

Land with a cost of \$2,742,909 at 30 June 2005 was acquired for the sole purpose of entering into another contract for the sale of the land. A contract for the sale of the land was entered into during July 2004 and settlement was completed in July 2005. Under the terms of the contract title to the land did not pass until final settlement had been completed, therefore the profit after tax on disposal of the land of \$1,474,762 has not been brought to account in the current financial year.

Due to the proceeds from the sale of land, the directors paid an interim dividend in respect of the financial year ended 30 June 2006, of \$1,000,000 on 25 July 2005. This represents a fully franked dividend of \$1.11 per share.