

ANGAS SECURITIES LIMITED

ACN: 091 942 728

Financial report for the financial year ended 30 June 2007

Annual financial report for the financial year ended 30 June 2007

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Directors' report

The directors of Angas Securities Limited submit herewith the annual financial report of the company for the financial year ended 30 June 2007. 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 and since the end of the financial year are:

Directors

Name	Particulars
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.
Matthew John Hower	Managing Director. Finance industry experience in area of corporate structured finance, joined the Board 29 March 2000.
Michael Carlisle Howard Burgess	Chartered Accountant. Retired from the Board on 4 October 2006.
Robert Bruce Morton	Past General Manager SA & NT ANZ Banking Group, past Esanda Finance National General Manager Lending and Operations, joined the board 29 March 2000.
Kimley John Lyons	Retired Lawyer, who practiced principally in the area of banking and finance, former Managing Partner of a major Perth law firm, joined the board 10 May 2002.
Paul Stephen McCarthy	Past General Manager SA & NT ANZ Banking Group. Associate of the Chartered Institute of Bankers (City of London), joined the board 6 August 2007.

Company Secretary

Patricia Harkins-Burr was appointed Company Secretary in July 2004. 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 consolidated entity'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 including property investment.

Review of operations

The profit attributed to members amounted to \$3,739,785 (2006: \$3,368,211). This was an increase over the previous year reflecting an increase in underlying assets and revenues.

Changes in state of affairs

On 31 May 2007 the consolidated entity purchased a housing loan mortgage origination and management business. This will be complementary in many respects to the commercial lending business that the consolidated entity currently operates. The acquisition will add further depth to lending operations and allows the consolidated entity to branch out into the retail lending market. All API loans are funded off Balance Sheet with the third party funder bearing the credit risk and the company earning a margin for the duration of each loan. The retail mortgage business operates under the trading name API Home Loans. On 23 November 2006 the consolidated entity adopted a new charter for an Audit Risk Management & Compliance Committee ("ARMCO") chaired by Mr Kimley Lyons.

There were no other significant changes in the state of affairs of the consolidated entity during the financial year.

Subsequent events

On 20 July 2007 a dividend of \$1,000,000 fully franked (imputed credit of \$428,571) was declared and paid. This represents a fully franked dividend of \$1.17 per share. Payment of this dividend will reduce franking credits available for subsequent reporting periods to equity holders by \$428,571. On 10 August 2007 Shareholders of the consolidated entity resolved to effect a buy-back of 31,874 shares from Mr R Morton at a price of \$674,199.08 pursuant to Section 257D of the *Corporations Act 2001* whereby there will remain 825,626 shares of the Company on issue and that rights of all other shareholders remain unchanged.

Future developments

The consolidated entity 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 a portion of after tax profits. The consolidated entity plans to develop the retail lending business by building up local operations on a State by State basis commencing in Western Australia where a new retail lending manager was appointed in August 2007.

Dividends

In respect of the financial year ended 30 June 2006, a dividend of 120.12 cents per share franked to 100% at 30% corporate income tax rate was paid to the holders of ordinary shares on 20 July 2006. In respect of the financial year ended 30 June 2007, a dividend of 116.62 cents per share franked to 100% at 30% corporate income tax rate was paid to the holders of ordinary shares on 20 July 2007. The aggregate dividend paid was \$1 million which is the same aggregate sum as was paid in the preceding reporting period.

Indemnification 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 incurred 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 entered into a Deed with each director indemnifying such director out of the funds of the company against liability to a third party incurred as a director unless the liability:-

- Arises out of the conduct involving lack of good faith
- Arises from the commission of a criminal offence
- Comprises a pecuniary penalty or compensation order under the Corporations Act, or is a pecuniary penalty for a breach of the restrictive practice provisions of the Trade Practices Act.

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.

Directors' meetings

The following table sets out the number of directors' meetings (including meetings of committees of directors) held during the financial year and the number of meetings attended by each director (while they were a director or committee member). During the financial year, 11 board meetings and 12 audit, risk management and compliance committee meetings were held.


Directors	Board Meetings		"ARMCO" Meetings	
	Held	Attended	Held	Attended
Mr A Luckhurst-Smith	11	10	12	12
Mr M J Hower	11	10	12	8
Prof M C Burgess	3	-	-	-
Mr R B Morton	11	9	-	-
Mr K J Lyons	11	11	12	12
Mr P S McCarthy	-	-	-	-

Auditor's independence declaration

The auditor's independence declaration is included on page 3 of the financial report.

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


M J Hower
Director

ADELAIDE, 20 September 2007

The Board of Directors
Angas Securities Limited
Level 14, 26 Flinders Street
ADELAIDE SA 5000

20 September 2007

Dear Board Members

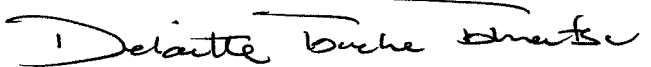
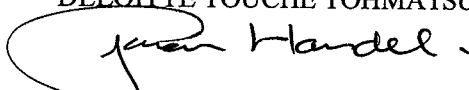
Angas Securities Limited

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 30 June 2007, 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


J J Handel
Partner
Chartered Accountants

Independent Auditor's Report to the members of Angas Securities Limited

We have audited the accompanying financial report of Angas Securities Limited, which comprises the balance sheet as at 30 June 2007, and the income statement, cash flow statement and statement of recognised income and expense for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year as set out on pages 6 to 43.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 2, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the consolidated financial statements and notes, comply with International Financial Reporting Standards.

Auditor's Responsibility

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

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

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

Auditor's Independence Declaration

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Member of
Deloitte Touche Tohmatsu

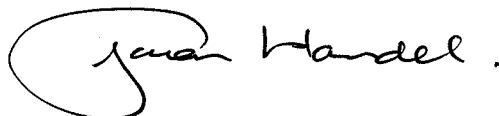
Auditor's Opinion

In our opinion:

- (a) the financial report of Angas Securities Limited is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2007 and of their performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and
- (b) the consolidated financial statements and notes also comply with International Financial Reporting Standards as disclosed in Note 2.



DELOITTE TOUCHE TOHMATSU



J J Handel

Partner

Chartered Accountants

Adelaide, 20 September 2007

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 and consolidated entity.

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



M.J. Hower
Director

Adelaide, 20 September 2007

Income statement for the financial year ended 30 June 2007

	Note	Consolidated		Company	
		2007 \$	2006 \$	2007 \$	2006 \$
Interest revenue	4	15,970,003	12,920,900	15,965,795	12,919,791
Interest expense	4	(10,761,907)	(8,599,706)	(10,453,651)	(8,533,407)
Net interest revenue		5,208,096	4,321,194	5,512,144	4,386,384
Non interest revenue	5	4,959,172	3,098,229	5,335,455	3,155,482
Gain on sale of property held for resale		855,089	2,148,834	855,089	2,148,834
Share of the profit of associate's accounted for using the equity method		809,252	164,675	-	-
Marketing expenses		(204,908)	(278,490)	(204,908)	(278,490)
Occupancy expenses		(309,796)	(212,645)	(309,796)	(212,645)
Administration expenses		(4,005,535)	(3,661,157)	(4,005,535)	(3,661,157)
Lending waivers		(1,641,007)	(576,995)	(1,641,007)	(576,995)
Other expenses		(252,368)	(134,985)	(17,515)	(7,243)
Profit before income tax expense	5	5,417,995	4,868,660	5,523,927	4,954,170
Income tax expense	6	(1,678,210)	(1,500,449)	(1,678,210)	(1,500,449)
Profit for the period		3,739,785	3,368,211	3,845,717	3,453,721
Loss attributable to minority interest		1,674	2,884	-	-
Profit attributable to members of the parent entity		3,741,459	3,371,095	3,845,717	3,453,721

Notes to the financial statements are included on pages 11 to 43.

Balance sheet as at 30 June 2007

	Note	Consolidated		Company	
		2007 \$	2006 \$	2007 \$	2006 \$
Assets					
Cash and cash equivalents	34	48,031,980	27,645,813	47,923,087	27,596,827
Trade and other receivables	9	7,017,943	1,547,998	6,969,653	1,541,310
Other assets	10	33,308	17,045	3,476	11,162
Loans	11	80,672,871	89,546,100	80,672,871	89,546,100
Investments accounted for using the equity method	13	-	1,750,000	-	1,750,000
Deferred tax assets	6	433,792	518,112	433,792	518,112
Property, plant and equipment	14	537,450	429,895	537,450	429,895
Investment property	15	15,397,108	6,344,359	-	-
Other financial asset	16	-	-	6,150,000	4,300,000
Marina berths		191,364	332,727	191,364	332,727
Other intangible assets	18	80,212	-	80,212	-
Goodwill	17	645,484	-	645,484	-
Total assets		153,041,512	128,132,049	143,607,389	126,026,133
Liabilities					
Trade and other payables	20	2,698,512	779,344	2,644,717	749,687
Interest bearing liabilities	21	142,059,839	122,601,127	132,638,072	120,589,360
Current tax payables	6	931,892	273,970	931,892	273,970
Deferred tax liabilities	6	91,003	95,135	91,003	95,135
Provisions	22	107,776	44,939	107,776	44,939
Unearned income	23	39,671	27,000	39,670	27,000
Total liabilities		145,928,693	123,821,515	136,453,130	121,780,091
Net assets		7,112,819	4,310,534	7,154,259	4,246,042
Equity					
Issued capital	24	730,372	245,138	730,372	245,138
Retained earnings	25	6,237,003	3,918,278	6,423,887	4,000,904
Parent entity interest		6,967,375	4,163,416	7,154,259	4,246,042
Minority interest		145,444	147,118	-	-
Total equity		7,112,819	4,310,534	7,154,259	4,246,042

Notes to the financial statements are included on pages 11 to 43.

Statement of recognised income and expense for the financial year ended 30 June 2007

	Consolidated		Company	
	2007 \$	2006 \$	2007 \$	2006 \$
Net income recognised directly in equity	-	-	-	-
Profit for the period	3,739,785	3,368,211	3,845,717	3,453,721
Total recognised income and expense for the period	3,739,785	3,368,211	3,845,717	3,453,721
Attributable to:				
Equity holders of the parent	3,741,459	3,371,095	3,845,717	3,453,721
Minority interest	(1,674)	(2,884)	-	-
	3,739,785	3,368,211	3,845,717	3,453,721

Notes to the financial statements are included on pages 11 to 43.

Cash flow statement for the financial year ended 30 June 2007

	Note	Consolidated		Company	
		2007 \$	2006 \$	2007 \$	2006 \$
Cash flows from operating activities					
Receipts from customers		3,942,088	2,972,953	3,282,585	2,749,848
Payments to suppliers and employees		(4,878,755)	(4,587,479)	(4,632,453)	(4,490,402)
Receipt of property investment distribution		809,252	151,140	1,017,078	249,116
Payment of property investment distribution		(24,899)	(3,418)	-	-
Interest received		15,595,003	13,692,794	15,590,794	13,691,685
Interest paid		(10,053,050)	(8,353,120)	(9,744,794)	(8,286,821)
Income tax paid		(940,100)	(1,598,611)	(940,100)	(1,598,611)
Net cash provided by operating activities	34(e)	4,449,539	2,274,259	4,573,110	2,314,815
Cash flows from investing activities					
Proceeds from repayment of mortgage loans		73,987,490	44,782,013	73,987,490	44,782,013
Payments for mortgage loans		(64,661,118)	(71,826,602)	(64,661,118)	(71,826,602)
Proceeds on sale of land held for sale		208,000	4,950,000	208,000	4,950,000
Payment for property held for resale		(2,136,548)	(58,256)	(2,136,548)	(58,256)
Proceeds from repayment of related party loans		-	116,323	-	116,323
Proceeds from investments		1,750,000	-	1,750,000	-
Payments for investments		-	-	(1,850,000)	(4,300,000)
Payment for property, plant and equipment		(518,556)	(291,895)	(518,556)	(291,895)
Payment for investment property		(9,076,522)	(6,372,225)	-	-
Payment for businesses	34(c)	(2,150,000)	-	(2,150,000)	-
Net cash provided by/(used in) investing activities		(2,597,254)	(26,688,875)	4,629,268	(26,628,417)
Cash flows from financing activities					
Proceeds from borrowings		7,850,000	2,011,767	440,000	-
Repayment of borrowings		(68,815)	-	(68,815)	-
Proceeds from issues of units in trust (minority interest)		-	150,000	-	-
Proceeds from issue of equity securities		500,000	-	500,000	-
Proceeds from issue of debt securities		36,160,546	47,338,240	36,160,546	47,338,240
Repayment of debt securities		(24,470,349)	(19,170,622)	(24,470,349)	(19,170,622)
Payment for share buy-back					
- members of the parent entity		(14,766)	-	(14,766)	-
Dividends paid:					
- members of the parent entity		(1,422,734)	(1,000,000)	(1,422,734)	(1,000,000)
Net cash provided by financing activities		18,533,882	27,317,618	11,123,882	27,167,618
Net increase in cash and cash equivalents		20,386,167	2,903,002	20,326,260	2,854,016
Cash and cash equivalents at the beginning of the financial year		27,645,813	24,742,811	27,596,827	24,742,811
Cash and cash equivalents at the end of the financial year	34(a)	48,031,980	27,645,813	47,923,087	27,596,827

Notes to the financial statements are included on pages 11 to 43.

Notes to the financial statements for the financial year ended 30 June 2007

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1. Adoption of new and revised Accounting Standards

In the current year, the consolidated entity has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for the current annual reporting period. The adoption of these new and revised Standards and Interpretations has not resulted in any changes to the consolidated entity's accounting policies.

Standards and Interpretations in issue not yet adopted

At the date of authorisation of the financial report, a number of Standards and Interpretations were in issue but not yet effective.

Initial application of the following Standards will not affect any of the amounts recognised in the financial report, but will change the disclosures presently made in relation to the consolidated entity's and the company's financial report:

Standard	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 7 'Financial Instruments: Disclosures' and consequential amendments to other accounting standards resulting from its issue	1 January 2007	30 June 2008
AASB 101 'Presentation of Financial Statements' – revised standard	1 January 2007	30 June 2008
AASB 2007-7 'Amendments to Australian Accounting Standards'	1 July 2007	30 June 2008
AASB 8 'Operating Segments'	1 January 2009	30 June 2010
AASB 2007-4 'Amendments to Australian Accounting Standards arising from ED 151 and Other Amendments'	1 July 2007	30 June 2008

Initial application of the following Standards and Interpretations is not expected to have any material impact to the financial report of the consolidated entity and the company:

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB Interpretation 10 'Interim Financial Reporting and Impairment'	1 November 2006	30 June 2008
AASB Interpretation 11 'AASB 2 – Group and Treasury Share Transactions'	1 March 2007	30 June 2008
AASB 2007-1 'Amendments to Australian Accounting Standards arising from AASB Interpretation 11'	1 March 2007	30 June 2008
AASB Interpretation 12 'Service Concession Arrangements'	1 January 2008	30 June 2009
AASB 2007-2 'Amendments to Australian Accounting Standards arising from AASB Interpretation 12'	1 January 2008	30 June 2009
AASB Interpretation 13 'Customer Loyalty Programmes'	1 July 2008	30 June 2009
AASB Interpretation 14 'AASB 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction'	1 January 2008	30 June 2009
AASB 123 'Borrowing Costs' – revised standard	1 January 2009	30 June 2010
AASB 2007-6 'Amendments to Australian Accounting Standards arising from AASB 123'	1 January 2009	30 June 2010

1. Adoption of new and revised Accounting Standards (cont'd)

AASB Interpretation 10

AASB 134 'Interim Financial Reporting' requires an entity to apply the same accounting policies in its interim financial report as are applied in its annual financial report. It also states that measurements for interim reporting purposes are made on a year-to-date basis so that the frequency of reporting does not affect an entity's annual reports. AASB Interpretation 10 clarifies that an entity cannot reverse an impairment loss recognised in a previous interim period in relation to goodwill or either an investment in an equity instrument or in a financial asset carried at cost.

This approach is consistent with impairment reversal prohibitions in AASB 136 'Impairment of Assets' and AASB 139 'Financial Instruments: Recognition and Measurement'.

AASB Interpretation 10 is required to be applied prospectively from the date at which the entity first applied AASB 136 (ie. 1 July 2004) and AASB 139 (ie. 1 July 2005), for goodwill and investments in either equity instruments or financial assets carried at cost, respectively.

There has been no other material impact to the changes in accounting policies.

Pronouncements approved by the IASB where an equivalent pronouncement has not yet been issued by the AASB

Initial application of the following Standards will not affect any of the amounts recognised in the financial report, but will change the disclosures presently made in relation to the consolidated entity's and the company's financial report:

Standard	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
IAS 1 'Presentation of Financial Statements'	1 January 2009	30 June 2010

2. Significant accounting policies

Statement of compliance

The financial report is a general purpose financial report which has been prepared in accordance with the Corporations Act 2001, Accounting Standards and Urgent Issues Group Interpretations, and complies with other requirements of the law.

The financial report includes the separate financial statements of the company and the consolidated financial statements of the consolidated entity.

Accounting Standards include Australian equivalents to International Financial Reporting Standards ('A-IFRS'). Compliance with A-IFRS ensures that the financial statements and notes of the consolidated entity comply with International Financial Reporting Standards ('IFRS'). The parent entity financial statements and notes also comply with IFRS except for the disclosure requirements in IAS 32 'Financial Instruments: Disclosure and Presentation' as the Australian equivalence Accounting Standards AASB 132 'Financial Instruments: Disclosure and Presentation' does not require such disclosure to be presented by the parent entity where its separate financial statements are presented together with the consolidated financial statements of the consolidated entity.

The financial statements were authorised for issue by the directors on 20 September 2007.

Basis of preparation

The financial report has been prepared on the basis of historical cost. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars.

2. Significant accounting policies (cont'd)

Significant accounting policies

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

(a) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) (referred to as 'the consolidated entity' in these financial statements). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the consolidated entity.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Minority interests in the net assets (excluding goodwill) of consolidated subsidiaries are identified separately from the consolidated entity's equity therein. Minority interests consist of the amount of those interests at the date of the original business combination and the minority's share of changes in equity since the date of the combination. Losses applicable to the minority in excess of the minority's interest in the subsidiary's equity are allocated against the interests of the Group except to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses.

(b) Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the purchase method. The cost of the business combination is measured as the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the consolidated entity in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under AASB 3 'Business Combinations' are recognised at their fair values at the acquisition date, except for non-current assets (or disposal groups) that are classified as held for sale in accordance with AASB 5 'Non-current Assets Held for Sale and Discontinued Operations', which are recognised and measured at fair value less costs to sell.

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the consolidated entity's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If, after reassessment, the consolidated entity's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately in profit or loss.

The interest of minority shareholders in the acquiree is initially measured at the minority's proportion of the net fair value of the assets, liabilities and contingent liabilities recognised.

(c) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, cash in banks and investments in money market instruments.

2. Significant accounting policies (cont'd)

(d) Employee benefits

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave, long service leave, and sick leave when it is probable that settlement will be required and they are capable of being measured reliably.

Provisions made in respect of employee benefits expected to be settled within 12 months, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Provisions made in respect of employee benefits which are not expected to be settled within 12 months are measured as the present value of the estimated future cash outflows to be made by the consolidated entity in respect of services provided by employees up to reporting date.

Defined contribution plans

Contribution to defined contribution superannuation plans are expensed when incurred.

(e) Financial assets

Investments are recognised and de-recognised on trade date where the purchase or sale of an investment is under a contract with terms that require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, net of transaction costs.

Subsequent to initial recognition, investments in associates are accounted for under the equity method in the consolidated financial statements. Subsequent to initial recognition, investments in subsidiaries are measured at cost. Other financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss', 'held-to-maturity' investments, 'available for sale' financial assets, and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Loans and receivables

Trade receivables, loans, and other receivables are recorded at amortised cost less impairment.

(f) 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 connection with the issue of those equity instruments and which would not have been incurred had those instruments not been issued.

Interest and dividends

Interest and dividends are classified as expenses or as distributions of profit consistent with the balance sheet classification of the related debt or equity instruments or component parts of compound instruments.

Financial liabilities

When a financial liability is recognised initially, the consolidated entity measures it at its fair value plus, transaction costs that are directly attributable to the issue of the financial liability.

After initial recognition, the consolidated entity measures all financial liabilities at amortised cost using effective interest rate method.

2. Significant accounting policies (cont'd)

(g) Goodwill

Goodwill acquired in a business combination is initially measured at its cost, being the excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. Goodwill is subsequently measured at its cost less any impairment losses.

For the purpose of impairment testing, goodwill is allocated to each of the consolidated entity's cash-generating units (CGUs), or groups of CGUs, expected to benefit from the synergies of the business combination. CGUs (or groups of CGUs) to which goodwill has been allocated are tested for impairment annually, or more frequently if events or changes in circumstances indicate that goodwill might be impaired.

If the recoverable amount of the CGU (or group of CGUs) is less than the carrying amount of the CGU (or groups of CGUs), the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the CGU (or groups of CGUs) and then to the other assets of the CGU (or groups of CGUs) pro-rata on the basis of the carrying amount of each asset in the CGU (or groups of CGUs). An impairment loss recognised for goodwill is recognised immediately in profit or loss and is not reversed in a subsequent period.

On disposal of an operation within a CGU, the attributable amount of goodwill is included in the determination of the profit or loss on disposal of the operation.

(h) Impairment of assets

At each reporting date, the consolidated entity reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the reversal of the impairment loss is treated as a revaluation increase.

(i) Income tax

Current tax

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

2. Significant accounting policies (cont'd)

Deferred tax

Deferred tax is accounted for using the comprehensive balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base of those items.

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither taxable income nor accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, branches and associates, and interests in joint ventures except where the Group is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with these investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the consolidated entity expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax for the period

Current and deferred tax is recognised as an expense or income in the income statement, except when it relates to items credited or debited directly to equity, in which case the deferred tax is also recognised directly in equity.

(j) Intangible assets

Software

Software is recorded at cost less accumulated amortisation and impairment. Amortisation is charged on a straight line basis over the estimated useful life. The estimated useful life and amortisation method is reviewed at the end of each annual reporting period, with any changes being recognised as a change in accounting estimate.

(k) Investment property

Investment property, which is property held to earn rentals and/or for capital appreciation, is measured at the cost basis. Buildings are depreciated on a straight line basis over a period of 50 years.

(l) Leased assets

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Lease incentives

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefits of incentives are recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

2. Significant accounting policies (cont'd)

(m) Property, plant and equipment

Plant and equipment, and leasehold improvements are stated at cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the item. In the event that settlement of all or part of the purchase consideration is deferred, cost is determined by discounting the amounts payable in the future to their present value as at the date of acquisition.

Depreciation is provided on property, plant and 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 to its estimated residual value. Leasehold improvements are depreciated over the period of the lease or estimated useful life, whichever is the shorter, using the straight line method. The estimated useful lives, residual values and depreciation method is reviewed at the end of each annual reporting period.

The following estimated useful lives are used in the calculation of depreciation:

- Leasehold improvements 3 years
- Plant and equipment 2.5 - 4 years

(n) Provisions

Provisions are recognised when the consolidated entity has a present obligation, the future sacrifice of economic benefits is probable, and the amount of the provision can be measured reliably.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cashflows estimated to settle the present obligation, its carrying amount is the present value of those cashflows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that recovery will be received and the amount of the receivable can be measured reliably.

(o) Revenue recognition

Interest revenue

Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

Trust distribution

Trust distribution revenue is recognised when receivable.

Loan fee income

Loan fee income is recognised over the loan period. However, loan fee income which is earned as a result of maintaining the loan will be recognised as revenue as the service is provided.

Trailing commission

Trailing commission is recognised as revenue as the service is provided. Interest revenue on trailing commission is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

(p) Goods and services tax

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

- i. where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
- ii. 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 cash flow statement 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.

(q) Payables

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

3. Critical accounting judgements and key sources of estimation uncertainty

In the application of the consolidated entity's accounting policies, which are described in note 2, management is required to make judgments, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making the judgments. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the entity's accounting policies

The following are the critical judgments that management has made in the process of applying the consolidated entity's accounting policies and that have the most significant effect on the amounts recognised in the financial statements:

Trailing commission receivable is calculated at a discounted rate of 20.35% (pre-tax) on total retail loans. Management estimates that the average life of a retail loan is 5 years.

4. Interest revenue and interest expense

Consolidated		
	Average Balance \$	Average Rate %
	Interest \$	
<i>Interest revenue 2007</i>		
Deposits with other financial institutions	37,837,800	2,296,630 6.07%
Loans	86,648,054	13,673,373 15.78%
	124,485,854	15,970,003 12.83%
<i>Interest revenue 2006</i>		
Deposits with other financial institutions	26,193,560	1,707,595 6.52%
Loans	77,847,107	11,213,305 14.40%
	104,040,667	12,920,900 12.42%
<i>Interest expense 2007</i>		
Debenture	127,062,644	10,443,000 8.22%
Hire purchase	405,592	10,651 7.95%
Commercial Bill	9,421,767	308,256 6.40%
	136,890,003	10,761,907 7.87%
<i>Interest expense 2006</i>		
Debenture	106,655,033	8,533,407 8.00%
Commercial Bill	2,011,767	66,299 6.08%
	108,666,800	8,599,706 7.92%
Company		
	Average Balance \$	Average Rate %
	Interest \$	
<i>Interest revenue 2007</i>		
Deposits with other financial institutions	37,758,861	2,292,421 6.07%
Loans	86,648,054	13,673,374 15.78%
	124,406,915	15,965,795 12.84%
<i>Interest revenue 2006</i>		
Deposits with other financial institutions	26,169,067	1,706,486 6.52%
Loans	77,847,107	11,213,305 14.40%
	104,016,174	12,919,791 12.42%
<i>Interest expense 2007</i>		
Debenture	127,062,644	10,443,000 8.23%
Hire purchase	405,592	10,651 7.95%
	127,468,236	10,453,651 8.20%
<i>Interest expense 2006</i>		
Debenture	106,655,033	8,533,407 8.00%

5. Profit from operations

(a) Non interest revenue

	Consolidated	
	2007	2006
	\$	\$
Rent received – investment property	659,600	223,105
Rent received – serviced office	179,323	225,020
Loan fee income	4,120,249	2,650,104
	4,959,172	3,098,229

	Company	
	2007	2006
	\$	\$
Distribution received Angas Property Trust No.1	809,252	164,675
Distribution received Angas Commercial Property Trust	226,630	115,683
Rent received – serviced office	179,324	225,020
Loan fee income	4,120,249	2,650,104
	5,335,455	3,155,482

(b) Profit before income tax

	Consolidated	
	2007	2006
	\$	\$
Profit before income tax has been arrived at after charging the following expenses:		
Direct operating expenses of investment property:		
Property generating rental income	65,381	27,683
	65,381	27,683
Depreciation & amortisation of non-current assets	158,382	109,087
Loss on disposal of property, plant & equipment	49,119	-
	207,501	109,087
Operating lease expense	266,724	168,980
	266,724	168,980
Net doubtful debts	-	260,000
	-	260,000
Employee benefit expense:		
Post employment benefits – Defined contribution plan	128,905	101,152
	128,905	101,152
Other employee benefits	1,392,635	1,145,684
	1,521,540	1,246,836

5. Profit from operations (cont'd)

Profit before income tax has been arrived at after charging the following expenses:

Direct operating expenses of investment property:

Property generating rental income

Depreciation & amortisation of non-current assets
Loss on disposal of property, plant & equipment

Operating lease expense

Net doubtful debts

Employee benefit expense:

Post employment benefits – Defined contribution plan

Other employee benefits

Company	
2007 \$	2006 \$
-	-
-	-
134,709	81,221
49,119	-
183,828	81,221
266,724	168,980
266,724	168,980
-	260,000
-	260,000
128,905	101,152
128,905	101,152
1,392,635	1,145,684
1,521,540	1,246,836

6. Income taxes

(a) Income tax recognised in profit or loss

Tax expense comprises:

Current tax expense

Deferred tax expense/(income) relating to the origination and reversal of temporary differences

Total tax expense

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

Profit

Income tax expense calculated at 30%

Non-deductible expenses

Consolidated		Company	
2007 \$	2006 \$	2007 \$	2006 \$
1,598,023	1,169,361	1,598,023	1,169,361
80,187	331,088	80,187	331,088
1,678,210	1,500,449	1,678,210	1,500,449
5,417,995	4,868,660	5,523,927	4,954,170
1,625,398	1,460,598	1,657,178	1,486,251
52,812	39,851	21,032	14,198
1,678,210	1,500,449	1,678,210	1,500,449

The tax rate used in the above reconciliation is the corporate tax rate of 30% payable by Australian corporate entities on taxable profits under Australian tax law. There has been no change in the corporate tax rate when compared with the previous reporting period.

(b) Current tax liabilities

Current tax payables:

Income tax payable attributable to:

Parent entity

Consolidated		Company	
2007 \$	2006 \$	2007 \$	2006 \$
931,892	273,970	931,892	273,970

6. Income taxes (cont'd)

(c) Deferred tax balances

Deferred tax assets comprise:

Temporary differences

Deferred tax liabilities comprise:

Temporary differences

Consolidated		Company	
2007	2006	2007	2006
\$	\$	\$	\$
433,792	518,112	433,792	518,112
433,792	518,112	433,792	518,112
(91,003)	(95,135)	(91,003)	(95,135)
(91,003)	(95,135)	(91,003)	(95,135)

Taxable and deductible temporary differences arise from the following:

2007	Consolidated		
	Opening balance	Charged to income	Closing balance
	\$	\$	\$
Gross deferred tax liabilities:			
Investment property	(95,135)	4,132	(91,003)
	(95,135)	4,132	(91,003)
Gross deferred tax assets:			
Trade and other receivables	78,000	-	78,000
Property held for resale	-	-	-
Investment property	2,174	(2,174)	-
Trade and other payables	10,404	22,008	32,412
Provisions	13,482	18,851	32,333
Loans	414,052	(123,005)	291,047
	518,112	(84,320)	433,792
	422,977	(80,188)	342,789
Attributable to:			
Continuing operations			342,789
			342,789

2006	Consolidated		
	Opening balance	Charged to income	Closing balance
	\$	\$	\$
Gross deferred tax liabilities:			
Investment property	(42,408)	(52,727)	(95,135)
	(42,408)	(52,727)	(95,135)
Gross deferred tax assets:			
Trade and other receivables	-	78,000	78,000
Property held for resale	632,041	(632,041)	-
Investment property	-	2,174	2,174
Trade and other payables	7,680	2,724	10,404
Provisions	977	12,505	13,482
Loans	155,774	258,278	414,052
	796,472	(278,360)	518,112
	754,064	(331,087)	422,977
Attributable to:			
Continuing operations			422,977
			422,977

6. Income taxes (cont'd)

2007	Company		
	Opening balance \$	Charged to income \$	Closing balance \$
Gross deferred tax liabilities:			
Investment property	(95,135)	4,132	(91,003)
	(95,135)	4,132	(91,003)
Gross deferred tax assets:			
Trade and other receivables	78,000	-	78,000
Property held for resale			
Investment property	2,174	(2,174)	-
Trade and other payables	10,404	22,008	32,412
Provisions	13,482	18,851	32,333
Loans	414,052	(123,005)	291,047
	518,112	(84,320)	433,792
	422,977	(80,188)	342,789
Attributable to:			
Continuing operations			342,789
			342,789

2006	Company		
	Opening balance \$	Charged to income \$	Closing balance \$
Gross deferred tax liabilities:			
Investment property	(42,408)	(52,727)	(95,135)
	(42,408)	(52,727)	(95,135)
Gross deferred tax assets:			
Trade and other receivables	-	78,000	78,000
Property held for resale	632,041	(632,041)	-
Investment property	-	2,174	2,174
Trade and other payables	7,680	2,724	10,404
Provisions	977	12,505	13,482
Loans	155,774	258,278	414,052
	796,472	(278,360)	518,112
	754,064	(331,087)	422,977
Attributable to:			
Continuing operations			422,977
			422,977

7. Key management personnel compensation

The key management personnel of Angas Securities Limited during and immediately following the year were:

- A Luckhurst-Smith (Executive Chairman)
- M J Hower (Managing Director)
- K J Lyons (Executive Director)
- R B Morton (Executive Director)
- M C H Burgess (Non-Executive Director) (retired 4 October 2006)
- P S McCarthy (Executive Director) (started 6 August 2007)

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 executives included as key management personnel.

(a) Key management personnel compensation policy

On a periodic basis the board enlists the services of a consultant specialising in the field of employee management to review director salaries and benchmark them against industry standards. The board then completes a review process, using the independently prepared report as a benchmark to measure existing director salaries and determine whether they are being paid accordingly.

Once the directors salary is set by the board, they are paid on a predetermined percentage of hours worked.

The Directors' salaries are not measured against company performance. Currently the consolidated entity does not have a set annual review date for director remuneration.

The consolidated entity does not pay directors or executives performance based payments at present.

(b) Key management personnel compensation

The aggregate compensation of the key management personnel of the consolidated entity and the company is set out below:

	Consolidated		Company	
	2007 \$	2006 \$	2007 \$	2006 \$
Short-term employee benefits	649,348	644,185	649,348	644,185
	649,348	644,185	649,348	644,185

Key management personnel compensation

The compensation of the key management personnel of the consolidated entity is set out below:

2007	Short term employee benefits		Total
	Salary & Fees \$	Directors Fees \$	\$
A Luckhurst-Smith	152,600	13,200	165,800
M J Hower	231,626	13,200	244,826
K J Lyons	76,345	13,200	89,545
R B Morton	134,877	13,200	148,077
M C H Burgess	-	1,100	1,100
Total	595,448	53,900	649,348

2006	Short term employee benefits		Total
	Salary & Fees \$	Directors Fees \$	\$
A Luckhurst-Smith	152,515	13,200	165,715
M J Hower	231,279	13,200	244,479
K J Lyons	57,918	13,200	71,118
R B Morton	136,473	13,200	149,673
M C H Burgess	-	13,200	13,200
Total	578,185	66,000	644,185

8. Remuneration of auditors

Audit or review of the financial report
IFRS review
Taxation services & other

Consolidated	
2007 \$	2006 \$
112,443	145,431
-	19,250
37,557	25,850
150,000	190,531

Company	
2007 \$	2006 \$
112,443	145,431
-	19,250
37,557	25,850
150,000	190,531

The auditor of Angas Securities Limited is Deloitte Touche Tohmatsu.

9. Trade and other receivables

GST receivable
Security held – Melbourne lease
Trailing commission receivable
Other receivables
Trade receivables (i)

Consolidated	
2007 \$	2006 \$
219,766	56,086
3,606	-
1,490,640	-
2,925,000	-
2,378,931	1,491,912
7,017,943	1,547,998

Company	
2007 \$	2006 \$
219,766	56,086
3,607	-
1,490,640	-
2,925,000	-
2,330,640	1,485,224
6,969,653	1,541,310

(i) The average credit period on trade receivables is 7 days. No interest is charged on the trade receivables for the first 7 days. Interest is charged on the 8th day of the month on trade receivables at a rate outlined in the individual loan agreement.

10. Other assets

Prepaid expenses

Consolidated	
2007 \$	2006 \$
33,308	17,045

Company	
2007 \$	2006 \$
3,476	11,162

11. Loans

	Consolidated		Company	
	2007 \$	2006 \$	2007 \$	2006 \$
Mortgage Loans (i)	80,932,871	89,806,100	80,932,871	89,806,100
Allowance for doubtful debts	(260,000)	(260,000)	(260,000)	(260,000)
	80,672,871	89,546,100	80,672,871	89,546,100
(i) Loans have a face value of \$81,984,868.				
<u>Maturity analysis</u>				
Not longer than 3 months	47,863,733	40,954,018	47,863,733	40,954,018
Longer than 3 months and not longer than 12 months	32,021,047	46,208,611	32,021,047	46,208,611
Longer than one year not longer than 5 years	788,091	2,383,471	788,091	2,383,471
	80,672,871	89,546,100	80,672,871	89,546,100
<u>Loans by security</u>				
Secured by first mortgage	80,672,871	89,546,100	80,672,871	89,546,100
<u>Loans by purpose</u>				
Commercial loans	30,254,485	18,991,435	30,254,485	18,991,435
Rural loans	4,207,904	10,022,169	4,207,904	10,022,169
Residential loans	45,428,304	59,744,947	45,428,304	59,744,947
Industrial loans	782,178	787,550	782,178	787,550
	80,672,871	89,546,100	80,672,871	89,546,100

There is no significant concentration of loans to a single debtor.

Loan recoverability

The primary security for any real property loan provided by the consolidated entity must be a first registered mortgage over freehold and leasehold property. Additional security is often sought as collateral. The company will never accept a second or subsequent mortgage as its primary security. All loans have a maximum Loan to Valuation Ratio (LVR) of 70%. If this ratio changes then the credit committee will instruct a new valuation and review the recoverability of the loan principal. If based on the valuation the credit committee finds that the loan may not be recovered in full then an appropriate provision based on the current valuation will be made at that time against the loan principal. Where applicable loans are not written off until the recovery process is complete.

12. Expired loans

Expired loans

Consolidated		Company	
2007 \$	2006 \$	2007 \$	2006 \$
21,014,587	11,857,775	21,014,587	11,857,775

Expired loans refer to loans which are past the expiry date.

13. Investments accounted for using the equity method

Units held in Angas Property Trust No.1, at cost

Consolidated		Company	
2007 \$	2006 \$	2007 \$	2005 \$
-	1,750,000	-	1,750,000

On 15 May 2007 Angas Property Trust No 1 sold the investment property which was the sole asset held in the trust. As a result the consolidated entity was repaid its full investment in Angas Property Trust No 1 of \$1,750,000 plus a portion of the profit made on the sale of the property calculated on the units held by the consolidated entity.

14. Property, plant and equipment

	Consolidated			
	Leasehold improvements at cost	Plant and equipment at cost	Equipment under finance lease at cost	Total
	\$	\$	\$	\$
Gross carrying amount				
Balance at 1 July 2005	-	94,653	-	94,653
Additions	42,229	403,665	-	445,894
Balance at 1 July 2006	42,229	498,318	-	540,547
Additions	-	463,715	347,303	811,018
Disposals	(42,229)	(6,717)	-	(48,946)
Disposal – sale & leaseback	-	(689,560)	-	(689,560)
Acquisitions through business combinations	-	13,528	-	13,528
Balance at 30 June 2007	-	279,284	347,303	626,587
Accumulated depreciation				
Balance at 1 July 2005	-	(29,431)	-	(29,431)
Depreciation expense	(1,133)	(80,088)	-	(81,221)
Balance at 1 July 2006	(1,133)	(109,519)	-	(110,652)
Disposals	1,518	1,725	-	3,243
Disposal – sale & leaseback	-	140,494	-	140,494
Depreciation expense	(385)	(111,015)	(10,822)	(122,222)
Balance at 30 June 2007	-	(78,315)	(10,822)	(89,137)
Net book value				
As at 30 June 2006	41,096	388,467	-	429,563
As at 30 June 2007	-	200,969	336,481	537,450

	Company			
	Leasehold improvements at cost	Plant and equipment at cost	Equipment under finance lease at cost	Total
	\$	\$	\$	\$
Gross carrying amount				
Balance at 1 July 2005	-	94,653	-	94,653
Additions	42,229	403,665	-	445,894
Balance at 1 July 2006	42,229	498,318	-	540,547
Additions	-	463,715	347,303	811,018
Disposals	(42,229)	(6,717)	-	(48,946)
Disposal – sale & leaseback	-	(689,560)	-	(689,560)
Acquisitions through business combinations	-	13,528	-	13,528
Balance at 30 June 2007	-	279,284	347,303	626,587
Accumulated depreciation				
Balance at 1 July 2005	-	(29,431)	-	(29,431)
Depreciation expense	(1,133)	(80,088)	-	(81,221)
Balance at 1 July 2006	(1,133)	(109,519)	-	(110,652)
Disposals	1,518	1,725	-	3,243
Disposal – sale & leaseback	-	140,494	-	140,494
Depreciation expense	(385)	(111,015)	(10,822)	(122,222)
Balance at 30 June 2007	-	(78,315)	(10,822)	(89,137)
Net book value				
As at 30 June 2006	41,096	388,467	-	429,563
As at 30 June 2007	-	200,969	336,481	537,450

	Consolidated		Company	
	2007	2006	2007	2006
	\$	\$	\$	\$
Aggregate depreciation allocated, whether recognised as an expense:				
Leasehold improvements	385	1,133	385	1,133
Plant & equipment	111,015	80,088	111,015	80,088
Plant & equipment under finance lease	10,822	-	10,822	-
	122,222	81,221	122,222	81,221

15. Investment property

Balance at beginning of financial year
Acquisitions
Accumulated depreciation
Balance at end of financial year

Consolidated	
2007 \$	2006 \$
6,344,359	-
9,076,522	6,372,225
(23,773)	(27,866)
15,397,108	6,344,359

Company	
2007 \$	2006 \$
-	-
-	-
-	-
-	-

The value of the investment properties are determined by using the cost model (note 2(k)). In February 2007 an additional property was purchased in Morningside Queensland for \$8.5m plus costs associated with the purchase. To maintain consistency with the Acacia Ridge property purchased in December 2006 the depreciation method used is the straight line method over a period of 50 years.

The fair value of 32 Murdoch Circuit, Acacia Ridge is \$6.3m as valued by Knight Frank (February 2007). The fair value of Lot 4, 17 Breene Place Morningside is \$9.5m as valued by Napier & Blakely (February 2007).

16. Other financial asset

Investment in subsidiary

Consolidated	
2007 \$	2006 \$
-	-

Company	
2007 \$	2006 \$
6,150,000	4,300,000

17. Goodwill

Gross carrying amount

Balance at beginning of financial year
Additional amounts recognised from business combinations occurring during the period
Balance at end of financial year

Consolidated	
2007 \$	2006 \$
-	-
645,484	-
645,484	-

Company	
2007 \$	2006 \$
-	-
645,484	-
645,484	-

Accumulated impairment losses

Balance at beginning of financial year
Impairment losses for the year
Balance at end of financial year

Consolidated	
2007 \$	2006 \$
-	-
-	-
-	-

Company	
2007 \$	2006 \$
-	-
-	-
-	-

Net book value

At the beginning of the financial year
At the end of the financial year

Consolidated	
2007 \$	2006 \$
-	-
645,484	-

Company	
2007 \$	2006 \$
-	-
645,484	-

On 31 May 2007 the consolidated entity acquired a mortgage management business from API Lifestyle Home Loans Pty Ltd, which resulted in goodwill of \$645,484.

Goodwill has been allocated for impairment testing purposes to one cash-generating unit being the financial services business.

18. Other intangibles

	Consolidated		
	Software \$	Copyright \$	Website \$
Gross carrying amount			
Balance at 1 July 2006	-	-	-
Additions	92,697	-	-
Acquisitions through business combinations	-	1	1
Balance at 30 June 2007	92,697	1	1
Accumulated amortisation and impairment			
Balance at 1 July 2006	-	-	-
Amortisation expense (i)	12,487	-	-
Balance at 30 June 2007	12,487	-	-
Net book value			
As at 30 June 2006	-	-	-
As at 30 June 2007	80,210	1	1

The company did not hold any intangible assets during the comparative reporting period.

(i) Amortisation expense is included in the line item 'depreciation'.

The following useful lives are used in the calculation of amortisation:

Software 2.5 years

19. Assets pledged as security

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

20. Trade and other payables

Trade payables (i)

Consolidated		Company	
2007 \$	2006 \$	2007 \$	2006 \$
2,698,512	779,344	2,644,717	749,687

(i) The average credit period on purchases of goods is 30 days. No interest is charged on the trade payables.

21. Interest bearing liabilities

Secured

At amortised cost:

	Consolidated		Company	
	2007 \$	2006 \$	2007 \$	2006 \$
Debentures	132,266,887	120,589,360	132,266,887	120,589,360
Bank Bill	9,421,767	2,011,767	-	-
Hire Purchase	371,185	-	371,185	-
	142,059,839	122,601,127	132,638,072	120,589,360

Maturity analysis

	Consolidated		Company	
	2007 \$	2006 \$	2007 \$	2006 \$
Not longer than 3 months	28,828,617	27,693,300	28,828,617	27,693,300
Longer than 3 months and not longer than 12 months	79,491,490	70,363,060	79,491,490	70,363,060
Longer than 1 year and not longer than 5 years	33,739,732	24,544,767	24,317,965	22,533,000
	142,059,839	122,601,127	132,638,072	120,589,360

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.

22. Provisions

Employee benefits

Consolidated		Company	
2007	2006	2007	2006
\$	\$	\$	\$
107,776	44,939	107,776	44,939

The current provision for employee benefits includes \$33,975 of long service leave entitlements accrued but not expected to be taken within 12 months (2006: Nil).

23. Unearned income

Funds received in Advance

Consolidated		Company	
2007	2006	2007	2006
\$	\$	\$	\$
39,671	27,000	39,670	27,000
39,671	27,000	39,670	27,000

24. Issued capital

857,500 fully paid ordinary shares
(2006: 900,000)

Consolidated		Company	
2007	2006	2007	2006
\$	\$	\$	\$
730,372	245,138	730,372	245,138

Changes to the then Corporations Law abolished the authorised capital and par value concept in relation to share capital from 1 July 1998. Therefore, the company does not have a limited amount of authorised capital and issued shares do not have a par value.

Fully paid ordinary shares

Balance at beginning of financial year
Off-market share buy-back
Issue of shares
Balance at end of financial year

Consolidated & Company		Consolidated & Company	
2007	2007	2006	2006
No.	\$	No.	\$
900,000	245,138	900,000	245,138
(67,500)	(14,766)	-	-
25,000	500,000	-	-
857,500	730,372	900,000	245,138

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

25. Retained earnings

Balance at beginning of financial year
Net profit
Off-market share buy-back
Dividends paid (note 26)
Balance at end of financial year

Consolidated		Company	
2007	2006	2007	2006
\$	\$	\$	\$
3,918,278	1,547,183	4,000,904	1,547,183
3,741,459	3,371,095	3,845,717	3,453,721
(422,734)	-	(422,734)	-
(1,000,000)	(1,000,000)	(1,000,000)	(1,000,000)
6,237,003	3,918,278	6,423,887	4,000,904

On 12 July 2006 an off-market buy-back was undertaken and a dividend of 626.28 cents per share franked to 100% at 30% corporate income tax rate was paid to M C Burgess.

26. Dividends

Recognised amounts

Fully paid ordinary shares

Final dividend:

Franked to 100 % (Prior year: 100 %)

2007		2006	
Cents per share	Total \$	Cents per share	Total \$
120.12	1,000,000	111.11	1,000,000

Unrecognised amounts

Fully paid ordinary shares

Final dividend:

Franked to 100 % (Prior year: 100 %)

Cents per share	Total \$	Cents per share	Total \$
116.62	1,000,000	120.12	1,000,000

Adjusted franking account balance (tax paid basis)

Company	
2007 \$	2006 \$
3,302,961	2,191,063

27. Leases

Disclosures for lessees

Finance leases

Leasing arrangements

Finance leases relate to property, plant and equipment with a lease term of 4 years.

	Consolidated		Company	
	2007	2006	2007	2006
	\$	\$	\$	\$
Finance lease liabilities				
Not later than 1 year	93,220	-	93,220	-
Later than 1 year and not longer than 5 years	277,965	-	277,965	-
	371,185	-	371,185	-

Operating leases

Leasing arrangements

The consolidated entity leases three offices under operating leases expiring within one to four years, with option to extend for further terms. All three operating lease contracts contain market review clauses in the event that the consolidated entity exercises its option to renew.

	Consolidated		Company	
	2007	2006	2007	2006
	\$	\$	\$	\$
Non-cancellable operating lease payments				
Not later than 1 year	239,221	75,391	239,221	75,391
Later than 1 year and not longer than 5 years	741,680	7,223	741,680	7,223
	980,901	82,614	980,901	82,614

Disclosures for lessors

Operating leases

Leasing arrangements

The consolidated entity has two operating leases for terms of 9 and 11 years on land and building held at Acacia Ridge and Morningside in Queensland.

	Consolidated		Company	
	2007	2006	2007	2006
	\$	\$	\$	\$
Non-cancellable operating lease receivables				
Not longer than 1 year	1,103,251	422,838	-	-
Longer than 1 year and not longer than 5 years	4,832,642	1,868,623	-	-
Longer than 5 years	5,340,377	1,942,697	-	-
	11,276,270	4,234,158	-	-

28. Subsidiaries

Name of entity	Country of incorporation	Ownership interest	
		2007 %	2006 %
Parent entity			
Angas Securities Limited	Australia		
Subsidiaries			
Angas Commercial Property Trust (formally Angas Property Fund Limited ATF Angas Property Trust No.3)	Australia	97.6	96.6

29. Acquisition of subsidiary

Names of subsidiary acquired	Principal activity	Date of acquisition	Proportion of units acquired (%)	Cost of acquisition \$
2007:				
Opening balance 1 July 2006	Investment		96.6	4,300,000
Additional units acquired	Investment	01/02/07	1.0	1,850,000
			97.6	6,150,000
2006:				
Angas Property Fund Limited ATF Angas Property Trust No.3 (unit trust)	Investment	16/12/05	96.6	4,300,000
				4,300,000

In 2006 the above acquisition was made via the investment of units in an unit trust which was a start up entity. In February 2007 additional units costing \$1.85m were taken up to allow the entity to purchase another investment property in Morningside Queensland.

30. Acquisition of business

Names of businesses acquired	Principal activity	Date of acquisition	Cost of acquisition \$
2007			
API Lifestyle Home Loans	Financial Services	31 May 2007	2,150,000
			<u>2,150,000</u>

Net assets acquired	API Lifestyle Home Loans			Total fair value on acquisition \$
	Book value \$	Fair value adjustment \$	Fair value on acquisition \$	
Assets				
Trade & other receivables	1,500,000	64,192	1,564,192	1,564,192
Plant & Equipment	25,133	(11,606)	13,527	13,527
Intangibles	2	-	2	2
Liabilities				
Trade & other payables	-	(46,892)	(46,892)	(46,892)
Provisions	-	(26,313)	(26,313)	(26,313)
	<u>1,525,135</u>	<u>(20,618)</u>	<u>1,504,516</u>	<u>1,504,516</u>
Goodwill on acquisition				645,484
				<u>2,150,000</u>

The cost of the acquisitions comprises cash for all of the acquisitions. The consolidated entity has paid a premium for the acquiree as it believes the acquisitions will create synergistic benefits to its existing operations.

Goodwill arose in the business combination because the cost of the combination included a control premium paid to acquire API Lifestyle Home loans. In addition, the consideration paid for the combination effectively included amounts in relation to the benefit of expected synergies, revenue growth, future market development and the assembled workforce of API Lifestyle Home Loans. These benefits are not recognised separately from goodwill as the future economic benefits arising from them cannot be reliably measured. No other identifiable intangible assets were acquired.

API Lifestyle Home Loans was acquired on 31 May 2007. It would be impracticable to estimate the revenue and net profit earned had this business combination been effected 1 July 2006.

31. 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. Since 31 May 2007, it has operated a retail lending business.

The company operates predominately in one business being the provision of loan funding and one geographical segment.

32. Related party disclosures

(a) Equity interest in associates and subsidiaries

Details of the percentage of ownership interest in Angas Property Trust No.1 are disclosed in note 13 to the financial statements.

Details of percentage of units held in subsidiaries are disclosed in note 28 to the financial statements.

(b) Key management personnel compensation

Details of key management personnel compensation are disclosed in note 7 to the financial statements.

(c) Key management personnel equity holdings

Fully paid ordinary shares of Angas Securities Limited

	Balance@ 1/07/06	Net other change	Balance@ 30/06/07
	No.	No.	No.
A Luckhurst-Smith	180,000	11,248	191,248
M J Hower	382,500	23,904	406,404
M C H Burgess	67,500	(67,500)	-
R B Morton	90,000	5,624	95,624
K J Lyons	90,000	5,624	95,624
	810,000	(21,100)	788,900

Fully paid ordinary shares of Angas Securities Limited

	Balance@ 1/07/05	Net other change	Balance@ 30/06/06
	No.	No.	No.
A Luckhurst-Smith	180,000	-	180,000
M J Hower	382,500	-	382,500
M C H Burgess	67,500	-	67,500
R B Morton	90,000	-	90,000
K J Lyons	90,000	-	90,000
	810,000	-	810,000

32. Related party disclosures (cont'd)

(d) Other transactions with key management personnel

The profit from operations includes the following items of revenue and expense that resulted from transactions other than compensation, loans or equity holdings, with key management personnel:

Consolidated	
	2007 \$
	2006 \$
Serviced office	176,096
Total recognised as revenue	176,096
Interest expense	17,277
Legal Consultancy	126,129
Property inspection fee	22,583
Commissions	41,633
Brokerage	-
Total recognised as expenses	207,622
Total assets arising from transactions other than loans and amounts receivable in relation to equity instruments with key management personnel as at reporting date:	
Plant & equipment	-
Leasehold improvement	-
	133,106
	42,229
	175,335

(e) Transactions with other related parties

In 2006 all administrative services and related accommodation was bought in-house and as a result Angas Securities Limited purchased all office equipment and leasehold improvements from Lancaster Corporation (Lancaster Corporation is an entity which Mr M J Hower and Mr A Luckhurst-Smith are directors of) for \$175,335. In 2007 there were no such transactions.

Angas Securities Limited charges a service fee to Hower Corporation Pty Ltd, of which Mr M J Hower is a director for office space, equipment and services provided. For the 2007 financial year \$164,096 (2006: \$188,808) was charged to Hower Corporation Pty Ltd in the form of a service fee. A smaller service fee was also charged to Mr A Luckhurst-Smith for secretarial services provide. For the 2007 financial year \$12,000 (2006: \$12,000) was charged to Mr A Luckhurst-Smith.

Interest was paid to Mr K J Lyons and to parties related to him on Debenture funds invested with Angas Securities Limited, total interest paid was \$9,358 for the 2007 financial year (2006:\$9,209). Further interest on Debenture funds invested was also paid to Angas Property Trust No.1 which is a associated entity of Angas Securities Limited. For the 2007 financial year funds paid to Angas Property Trust No.1 totaled \$7,379 (2006:\$7,155). \$540.00 in interest was paid to Lancaster Unit Trust in 2007 of which Mr M J Hower and Mr A Luckhurst-Smith are beneficiaries.

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 \$41,663 (2006:\$79,208). Fees were based on standard rates for services provided on each loan.

32. Related party disclosures (cont'd)

During the financial year no brokerage was paid to Hower Corporation Pty Ltd of which Mr M J Hower is a director. In 2006 Hower Corporation Pty Ltd was paid \$45,630 in brokerage. 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 \$126,129 (2006: \$142,413). Fees were based on standard rates for each service provided.

Property inspection fees were paid to Mr R Morton and Mr K J Lyons. Amounts paid for the year were \$18,332 (2006: \$17,275) to Mr R Morton and \$4,251 (2006: \$6,344) to Mr K J Lyons. Fees were based on standard rates for each service provided.

33. Subsequent events

On 20 July 2007 a dividend of \$1,000,000 fully franked (imputed credit of \$428,571) was declared and paid. This represents a fully franked dividend of \$1.17 per share. Payment of this dividend will reduce franking credits available for subsequent reporting periods to equity holders by \$428,571.

On 10 August 2007 Shareholders of the consolidated entity resolved to effect a buy-back of 31,874 shares from Mr R Morton at a price of \$674,199.08 pursuant to Section 257D of the *Corporations Act 2001* whereby there will remain 825,626 shares of the Company on issue and that rights of all other shareholders remain unchanged.

34. Notes to the cash flow statement

(a) Reconciliation of cash and cash equivalents

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

	Consolidated		Company	
	2007 \$	2006 \$	2007 \$	2006 \$
Cash – Trading account (at call)	5,890,159	4,389,794	5,781,266	4,340,808
Cash – Debenture fund (at call)	21,588,339	19,755,116	21,588,339	19,755,116
Cash – ANZ (term deposit)	8,000,000	3,000,000	8,000,000	3,000,000
Cash – BankWest (term deposit)	2,000,000	-	2,000,000	-
Cash – Billflex	10,052,192	-	10,052,192	-
Cash – Tasmanian Perpetual Trustees (at call)	500,000	500,000	500,000	500,000
Cash on hand	1,290	903	1,290	903
	48,031,980	27,645,813	47,923,087	27,596,827

(b) Financing facilities

Secured bank bill facilities:

Amount used	9,421,767	2,011,767	-	-
Amount unused	3,233	3,233	-	-

Hire Purchase facility:

Amount used	440,000	-	440,000	-
Amount unused	-	-	-	-
	9,865,000	2,015,000	440,000	-

(c) Business acquired

During the financial year, the consolidated entity acquired a retail mortgage business (one business). The net cash outflow on acquisition was \$2.15m. Refer note 30 for further details of this acquisition.

(d) 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.

The consolidated entity must hold \$20,000 in cash in the consolidated trading account for working capital relating to Angas Commercial Property Trust.

34. Notes to the cash flow statement (cont'd)

(e) Reconciliation of profit for the period to net cash flows from operating activities

	Consolidated		Company	
	2007 \$	2006 \$	2007 \$	2006 \$
Profit for the period	3,739,785	3,368,211	3,845,717	3,453,721
Depreciation of non-current assets	207,601	109,088	183,828	81,222
Change in tax balances	738,110	(98,162)	738,110	(98,162)
Gain on sale of property held for resale	(855,089)	(2,148,834)	(855,089)	(2,148,834)
Changes in net assets and liabilities, net of effects from acquisition of businesses:				
(Increase)/decrease in assets:				
Receivables	(1,054,305)	291,258	(1,012,703)	297,946
Other assets	(16,263)	33,351	7,685	39,234
Increase/(decrease) in liabilities:				
Payables	2,067,336	209,997	2,043,198	180,338
Provisions	62,837	41,684	62,837	41,684
Other liabilities	(440,473)	467,666	(440,473)	467,666
Net cash from operating activities	4,449,539	2,274,259	4,573,110	2,314,815

35. Financial instruments

(a) 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 income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 2 to the financial statements.

(b) Interest rate risk management

The consolidated entity is exposed to interest rate risk and the effective weighted average interest rate for classes of financial assets is set out below:

Maturity profile of financial instruments

The following table details the consolidated entity's exposure to interest rate risk as at 30 June 2007:

	Average interest rate	Variable interest rate	Fixed maturity dates						Non interest bearing	Total
			Less than 1 year	1-2 years	2-3 years	3-4 years	4-5 years	5+ years		
2007	%	\$	\$	\$	\$	\$	\$	\$	\$	\$
Financial assets:										
Cash	7%	5,891,449	-	-	-	-	-	-	-	5,891,449
Other cash deposits	6%	42,140,531	-	-	-	-	-	-	-	42,140,531
Loans	15%	-	79,884,780	788,091	-	-	-	-	-	80,672,871
Trade and other receivables	0%	-	-	-	-	-	-	-	7,017,943	7,017,943
		48,031,980	79,884,780	788,091	-	-	-	-	7,017,943	135,722,794
Financial liabilities:										
Trade and other payables	0%	-	-	-	-	-	-	-	2,698,512	2,698,512
Bank bill	7%	-	-	-	2,011,767	-	7,410,000	-	-	9,421,767
Hire purchase	7.95%	-	93,220	210,135	67,830	-	-	-	-	371,185
Debentures	8%	-	108,226,887	16,166,500	7,873,500	-	-	-	-	132,266,887
		-	108,320,107	16,376,635	9,953,097	-	7,410,000	-	3,176,779	144,758,351

The following table details the consolidated entity's exposure to interest rate risk as at 30 June 2006:

	Average interest rate	Variable interest rate	Fixed maturity dates						Non interest bearing	Total
			Less than 1 year	1-2 years	2-3 years	3-4 years	4-5 years	5+ years		
2006	%	\$	\$	\$	\$	\$	\$	\$	\$	\$
Financial assets:										
Cash	5%	4,390,696	-	-	-	-	-	-	-	4,390,696
Other cash deposits	6%	23,255,116	-	-	-	-	-	-	-	23,255,116
Loans	14%	-	87,162,629	2,383,471	-	-	-	-	-	89,546,100
Trade and other receivables	0%	-	-	-	-	-	-	-	1,547,998	1,547,998
		27,645,812	87,162,629	2,383,471	-	-	-	-	1,547,998	118,739,910
Financial liabilities:										
Trade and other payables	0%	-	-	-	-	-	-	-	779,344	779,344
Bank bill	6%	-	-	-	-	-	2,011,767	-	-	2,011,767
Debentures	8%	-	98,056,360	10,553,000	11,980,000	-	-	-	-	120,589,360
		-	98,056,360	10,553,000	11,980,000	-	2,011,767	-	779,344	123,380,471

35. Financial instruments (cont'd)

(c) Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the consolidated entity. The consolidated entity has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The consolidated entity measures credit risk on a fair value basis.

The consolidated entity 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 consolidated entity's maximum exposure to credit risk without taking account of the value of any collateral or other security obtained.

(d) Fair value of financial instruments

The consolidated entity's financial assets and financial liabilities, included in the financial statements are carried at amortised cost which approximates fair value. The net fair value of financial assets and financial liabilities is determined in accordance with the discounted cash flow basis.

(e) Liquidity risk management

The consolidated entity manages liquidity risk by maintaining a minimum cash reserve of 7% of all debentures on issue as per the trust deed. The consolidated entity continuously monitors forecast and actual cash.

36. Changes in the composition of the consolidated entity

In February 2007 Angas Securities Limited purchased an additional 74 units @ \$25,000 per unit totalling \$1.85m in Angas Commercial Property Trust (formally Angas Property Trust No.3). The total cost of units held by Angas Securities Limited is \$6,150,000.

37. 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. There are no contingent liabilities.

38. General information

Angas Securities Limited is an unlisted public company, incorporated and operating in Australia. It issues debenture securities to the public. These debentures are unlisted.

Registered office

Level 14, 26 Flinders Street
ADELAIDE SA 5000
TEL: (08) 8414 3363

Principal place of business

Level 14, 26 Flinders Street
ADELAIDE SA 5000
TEL: (08) 8410 4343