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**INVESTOR NEWS**

DECEMBER 2010

FIXED INTEREST DEBENTURE STOCK

You could be earning

9.0% p.a.

fixed for 3 years

INVESTOR SERVICE LINE 1800 010 800

Interest paid Monthly or Reinvested
Listed on the National Stock Exchange of Australia
Investments only by the application form contained in our Prospectus.
This is not a bank deposit.

IMPORTANT NOTICE

This newsletter does not contain investment advice. You should carefully consider the content of our Prospectus and seek advice from your own qualified financial adviser. This newsletter contains general information only and does not take into account your individual objectives, financial situation or needs.

**VISIT ANGAS SECURITIES ON THE WEB**

Financial Statements for Full Year FY10 are posted at

www.angassecurities.com

**ANGAS SECURITIES IN 2010
THE YEAR IN REVIEW**

Once again, this calendar year has seen consistent fixed interest returns paid by Angas Securities to thousands of investors. Such results do not come from complacency. A fund like Angas Securities requires good management and quality staff who work well as a team, a sound business model and a capable board of directors which is committed to delivering profit and looking after the interest of investors. The following is a précis of some of the issues and events that have arisen during 2010.

In January, Angas Securities applied to ASIC to vary its Australian Financial Services Licence to include the right to operate a mortgage trust. This authorisation was sought for business development and risk management purposes and was duly approved by ASIC following its regulatory deliberation. In February, the Half Year Review was concluded. The Half Year pre tax profit of \$1,690,559 was a solid increase on \$1,059,956 for the corresponding period for the previous year (when the financial crisis was at its height). March saw Angas Securities re-locate the Queensland office to Robina in the heart of the Gold Coast. Standard & Poor's re-affirmed its rating of Angas Securities in April following its annual review. Unfortunately details of the rating cannot be provided to retail investors due to ASIC restrictions.

The Federal Government announced in May its response to the Recommendations of the Henry Review of Taxation. These included "watered down" relief for investors in fixed interest products such as bank deposits and debentures comprising a discount of 50 percent on the first \$1,000 of interest earned. Treasurer Swan has since postponed the commencement of these measures until 1 July 2012 as a cost saving measure for the Federal Government. Also in May, the unit holders in Prime Monthly Income Trust (a mortgage trust which has operated since 1984) resolved to appoint Angas Securities as its Manager. In late June, Jeff Roberts retired as Senior Lending Manager of Angas Securities after many years of faithful service.

In July, the Angas Securities board conducted its annual business planning review when it deliberates specifically on future trends and strategy. Deloitte Touche Tohmatsu conducted the annual audit in August. The Financial Statements approved by the board in September reported a pre tax profit of \$3,451,956 compared to \$2,023,316 in the corresponding prior period. The Perth office re-located in October and Taryn Burke was appointed as Administration Manager. In November, Edwina Starck joined Angas Securities as National Compliance Officer. Edwina is a qualified solicitor who previously worked at the Conveyancer's Institute. In December, Angas Securities will open Prospectus No 12 for the issue of fixed interest debentures.



At rear: Chris Venus, David Johnston and Craig Williams.
Seated: Lyn Clare.

ANGAS SECURITIES WISHES ALL INVESTORS A MERRY CHRISTMAS AND A PROSPEROUS NEW YEAR.

Earn **9.0%** p.a. fixed for 3 years

ANGAS SECURITIES LIMITED
ACN 091 942 728
AFS LIC NO 232 479

FINANCIAL INFORMATION

STATEMENT OF FINANCIAL POSITION	2009	2010
	\$	\$
Assets		
Cash and cash equivalents	16,675,662	15,642,435
Trade and other receivables	5,540,057	14,896,070
Other assets	11,756	17,796
Loans receivable	103,767,581	128,204,379
Current tax asset	148,825	—
Deferred tax assets	689,701	1,041,168
Property, plant and equipment	556,706	521,246
Investment Property	2,500,000	3,037,686
Other financial assets	8,000,000	13,470,386
Other intangible assets	108,039	73,505
Goodwill	645,484	592,184
Total assets	138,653,811	177,496,855
Liabilities		
Trade and other payables	2,012,298	2,682,004
Interest bearing liabilities	128,955,990	164,916,738
Current tax liabilities	—	770,930
Provisions	188,367	185,091
Unearned income	287,169	231,582
Total liabilities	131,443,824	168,786,345
Net assets	7,209,987	8,710,510
Equity		
Issued capital	697,351	799,898
Retained earnings	6,512,636	7,910,612
Total equity	7,209,987	8,710,510

STATEMENT OF COMPREHENSIVE INCOME

Operating profit	2,023,316	3,451,956
Income Tax attributable to operating profit	(512,990)	(1,053,980)
Operating profit after income tax	1,510,326	2,397,976

A Financial Report of Angas Securities has been prepared for the year ended 30 June 2010. The Financial Report comprises the Directors' Report, Independent Audit Report by the Auditors (Deloitte Touche Tohmatsu), Directors' Declaration, Statement of Financial Position as at 30 June 2010, Income Statement, Cash Flow Statement, Statement of Recognised Income and Expense for the year ended 30 June 2010 and notes to the financial statements. The Financial Report has been lodged with ASIC. The Financial Report is posted on the Angas Securities website.

CASH FLOW STATEMENT	2009	2010
	\$	\$
Cash flows from operating activities		
Receipts from customers	3,583,824	4,580,804
Payments to suppliers and employees	(7,252,481)	(8,469,606)
Receipt of property investment distribution	269,054	71,211
Interest received	13,479,182	18,312,004
Interest paid	(10,628,976)	(11,962,104)
Income tax received	—	164,516
Income tax paid	(1,257,837)	(634,516)
Net cash (used in) provided by operating activities	(1,807,234)	2,046,618
Cash flows from investing activities		
Proceeds from repayment of mortgage loans	50,921,251	71,732,937
Payments for mortgage loans	(61,969,358)	(102,129,383)
Proceeds from investments	—	3,200,000
Payments for investments	—	(3,270,305)
Proceeds from sale of property, plant and equipment	—	1,029
Payments for property, plant and equipment	(286,845)	(84,064)
Payments for investment properties	—	(7,537,767)
Net cash provided by/(used in) investing activities	(11,334,682)	(38,087,553)
Cash flows from financing activities		
Proceeds from borrowings	1,262,810	—
Repayments of borrowings	(148,582)	(189,234)
Proceeds from issue of equity securities	27,879	102,547
Proceeds from issue of debt securities	37,705,291	51,432,314
Repayment of debt securities	(29,257,000)	(15,337,919)
Payment for share buy back: - members of parent entity	(1,348,398)	—
Dividends paid: - members of parent entity	(1,000,000)	(1,000,000)
Net cash (used in)/provided by financing activities	7,242,000	35,007,708
Net decrease in cash and cash equivalents	(5,899,916)	(1,033,227)
Cash and cash equivalents at the beginning of the financial year	22,575,578	16,675,662
Cash and cash equivalents at the end of the financial year	16,675,662	15,642,435

This information is an extract only of the Financial Report. Deloitte Touche Tohmatsu has performed an audit of the Financial Report to form an opinion whether, in all material respects, the Financial Report is presented fairly in accordance with the Corporations Act and Accounting Standards and other mandatory professional reporting requirements in Australia so as to present a view which is consistent with Deloitte Touche Tohmatsu's understanding of the financial position of Angas and performance as represented by the results of its operations and its cash flows. The Independent Audit Report to the members of Angas Securities was dated 16 September 2010. The 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. The Financial Report has been audited and the Independent Audit Report is without qualification.

DEBENTURE RATE

8.0%

p.a. fixed for 1 year

THE FIXED INTEREST SPECIALIST
INVESTOR SERVICE LINE 1800 010 800

