

ANGAS SECURITIES LIMITED

ACN: 091 942 728

Annual report for the financial year ended 30 June 2011

Directors' report

The directors of Angas Securities Limited ("ASL") submit herewith the annual financial report of the company for the financial year ended 30 June 2011. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

Information about the directors and senior management

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

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.
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.

Directorships of other listed companies

No directors have held directorships of other listed companies in the 3 years immediately before the end of the financial year.

Directors' shareholdings

The following table sets out each director's relevant interest in shares, debentures, and rights or options in shares or debentures of the company or a related body corporate as at the date of this report.

Directors	Angas Securities Limited			
	Fully paid ordinary shares Number	Partly paid ordinary shares Number	Redeemable Preference Shares \$	Debentures \$
A Luckhurst-Smith	171,976	-	-	-
M J Hower	424,176	-	-	-
K J Lyons	97,124	-	-	20,000
P S McCarthy	6,670	31,875	-	-

Remuneration of directors and senior management

Information about the remuneration of directors and senior management is set out in the remuneration report of this directors' report, on pages 2 to 5.

Company secretary

Patricia Harkins-Burr held the position of Company Secretary from July 2004 to 3 September 2010. Kimley Lyons held the position of Company Secretary for the period 3 September 2010 to 1 November 2010 in addition to his position as Director. Edwina Starck was appointed on 1 November 2010. Edwina is a qualified solicitor and holds Bachelor degrees in Law and Arts and a Graduate Diploma in Legal Practice.

Principal activities

The consolidated entity's activities during 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 purposes including real property investments) and the management of a retail lending portfolio which is funded externally.

Review of operations

The profit attributed to members amounted to \$1,834,438 (2010: \$2,746,182). This was a decrease over the previous year resulting from an increase in impairment expenses pertaining to mortgage loans after applying AASB139. A portion of the impairment expenses also related to the revaluation of units held by Angas Securities Limited in Angas Commercial Property Trust in the short-term the properties held in Angas Commercial Property Trust will not be sold and the Board has a long-term outlook on these properties that they will recover in value and therefore trigger a reversal of impairment in future periods.

During the year, Angas Securities Limited has introduced secured loans into a facility with Advance Investment Finance No. 2 Pty Ltd. Shortly prior to balance date, the ability to access that facility was terminated. Accordingly existing loans will be managed through to expiry but no new loans will be written into the facility.

During the year, Angas Securities Limited has become the Responsible Entity for the Angas Prime Income Fund (formerly Prime Monthly Income Trust). This followed variation of the Australian Financial Services Licence (approved by ASIC).

Changes in state of affairs

There was no significant change in the state of affairs of the consolidated entity during the financial year.

Subsequent events

A dividend of \$1,000,000 fully franked (imputed credit of \$428,571) was declared and paid on 1 July 2011. This represents a fully franked dividend of 124.93 cents per share. Payment of this dividend will reduce franking credits available for subsequent reporting periods to equity holders by \$428,571.

The company made an application to ASIC on 23 May 2011 to vary its AFS Licence 232479 to include the Angas Contributory Mortgage Fund. The variation to the Licence was granted by ASIC on 20 July 2011.

A further investment of 500,000 units at \$1.00 per unit were acquired by the company in Angas Commercial Property Trust on 20 July 2011. The \$500,000.00 was invested by Angas Commercial Property in a BankSA Term Deposit under a set off deed arrangement against an existing bank bill facility.

Future developments

The consolidated entity proposes to maintain its core operating functions whilst continuing to build its asset base and revenue. 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 maintain the retail lending business which generates fee income from retail lending using third party funding sources.

Dividends

In respect of the financial year ended 30 June 2010, the directors recommended the payment of a dividend of 125.44 cents per share franked to 100% at 30% corporate income tax rate to the holders of ordinary shares.

In respect of the financial year ended 30 June 2011, the directors recommended the payment of a final dividend of 124.93 cents per share franked to 100% at 30% corporate income tax rate to the holders of ordinary shares on 1 July 2011.

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 on page 1), the company secretary, Edwina Starck, and all executive officers of the company and of any related body corporate against a liability incurred as such a director, secretary or executive officer to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

The company has not otherwise, during or since the end of the financial year, except to the extent permitted by law, 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, 16 board meetings and 12 audit, risk management and compliance committee ("ARMCO") meetings were held.

Directors	Board Meetings		ARMCO	
	Held	Attended	Held	Attended
Mr A Luckhurst-Smith	16	15	12	11
Mr M J Hower	16	15	12	8
Mr K J Lyons	16	14	12	11
Mr P S McCarthy	16	14	N/A	N/A

Non-audit services

Details of amounts paid or payable to the auditor for non-audit services provided during the year by the auditor are outlined in note 36 to the financial statements.

The directors are satisfied that the provision of non-audit services, during the year, by the auditor (or by another person or firm on the auditor's behalf) is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The directors are of the opinion that the services as disclosed in note 36 to the financial statements do not compromise the external auditor's independence, based on advice received from the Audit, Risk Management and Compliance Committee, for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor, and
- none of the services undermine the general principles relating to auditor independence as set out in Code of Conduct APES 110 'Code of Ethics for Professional Accountants' issued by the Accounting Professional & Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risks and rewards.

Auditor's independence declaration

The auditor's independence declaration is included on page 6 of the annual report.

Remuneration report

This remuneration report, which forms part of the directors' report, sets out information about the remuneration of Angas Securities Limited's directors and its senior management for the financial year ended 30 June 2011. The prescribed details for each person covered by this report are detailed below under the following headings:

- director and senior management details
- remuneration policy
- relationship between the remuneration policy and company performance
- remuneration of directors and senior management
- key terms of employment contracts.

Director and senior management details

The following persons acted as directors of the company during or since the end of the financial year:

- Matthew Hower
- Andrew Luckhurst-Smith
- Kimley Lyons
- Paul McCarthy

The term 'senior management' is used in this remuneration report to refer to the following persons. Except as noted, the named persons held their current position for the whole of the financial year and since the end of the financial year:

- Patricia Harkins-Burr (resigned 3 September 2010)
- Kimley Lyons (3 September 2010 to 1 November 2010)
- Edwina Starck (appointed 1 November 2010)

As the directors are also key management personnel and involved in the day to day activities of the consolidated entity, for the purposes of s.300A the directors are also company executives.

Remuneration policy

The Board has determined that Key Management Personnel ("KMP") are defined as the Executive Directors of Angas Securities Limited and the Company Secretary.

As at 30th June 2011 the KMP are:

Name	Position	Appointment Date
Matthew Hower	Managing Director	24 March 2000
Andrew Luckhurst-Smith	Executive Chairman	24 March 2000
Kimley Lyons	Director and ARMCO Chairman	10 May 2002
	Company Secretary	3 September 2010 (retired 1 November 2010)
Paul McCarthy	Director and	6 August 2007
	Credit Committee Chairman	
Patricia Harkins-Burr	Company Secretary	8 July 2004 (resigned 3 September 2010)
Edwina Starck	Company Secretary	1 November 2010

As each KMP fulfils a different role in the consolidated entity, each KMP will be entitled to an annual review of remuneration. This review will require an independent assessment from an industry expert which will determine that the KMP's remuneration is at a market level for their particular role. The Board will then review the independent expert's assessment and confirm whether it accepts the recommended rate. This is solely at the Board's discretion and the relevant KMP must abstain from voting with regard to their particular recommendation.

In June 2011 an independent consultant advised that remuneration levels for all KMP's (excluding the Company Secretary) were below industry norms for similar roles. This was largely due to the fact that no remuneration increase had occurred in a number of years. The recommended levels were subject to Board approval which was duly provided at the Board meeting on 23 June 2011 effective 1 July 2011. No further increases in remuneration have occurred since then.

Annual Remuneration as at 30th June 2011:

Name	Annual Salary *	% Paid
Matthew Hower	\$275,000 + 9% Super	85%
Andrew Luckhurst-Smith	\$182,000 + 9% Super	100%
Kimley Lyons	\$172,500 + 9% Super	55%
Paul McCarthy	\$181,500 + 9% Super	100%
Edwina Starck	\$91,667 + 9% Super	60%

* The term Annual Salary refers to a nominal amount and each executive is only entitled to be paid a percentage of that nominal salary. The percentage paid is calculated based on hours worked as agreed on by the board.

** The recommended salary increase effective 1 July 2011 was set at 4.5%

KMP (excluding the Company Secretary) are not entitled to long service leave but will be entitled to annual leave in accordance with the agreed Annual Leave Policy for Executive Directors.

No KMP (excluding the Company Secretary) is employed under contract.

Remuneration increases have brought KMP back to the current market with respect to salaries.

Angas Securities has performed consistently well over the past 5 years. Remuneration for KMP has not been linked to that performance, with no automatic annual remuneration increases made. At the same time, the capital base has continued to grow in line with retained earnings, due to caps being put in place in relation to dividends paid.

The Angas Securities Board has determined that from company inception, the most appropriate way to protect its investors and to maximise shareholder wealth is to manage the company in a prudent and conservative manner. Given recent global financial conditions and dislocation in a number of financial markets, this approach has been certainly well justified.

Accordingly, no change to the dividend policy is envisaged and in any case, this can only be implemented by a Board resolution.

Whilst there has been a broad understanding to that effect, the Board has also formally adopted a Policy on Security Interest over Shareholdings on 22 May 2008. The policy reflects:-

1. Directors will not register charges over their shareholding in ASL without the consent of the Board;
2. In the absences of sound commercial reasons which are for the benefit of ASL such consent will not normally be forthcoming; and
3. In the event directors' ASL shareholding is changed, the National Stock Exchange ("NSX") will be immediately notified.

Given well-publicised issues arising from margin lending against company shares in previous years, the Board feels that this policy is both appropriate and prudent. Accordingly, there are no margin loans against any Angas Securities shares.

With respect to the company's capital base, it cannot be reduced without full consent of the Board, trustee and an independent auditor's sign off. The independent auditors' sign off is a requirement under the Trust Deed for First Ranking Debenture Stock ('agreed upon procedures') and of the Board.

Relationship between the remuneration policy and company performance

The Board has determined that as the majority of KMP are also owners of the business it is not appropriate to link remuneration to company performance. Accordingly, KMP are not entitled to instruments such as performance and equity options. Likewise, there will be no cash incentives or bonus payments available for KMP.

The tables below set out summary information about the consolidated entity's earnings and movements in shareholder wealth for the five years to June 2011:

	30 June 2007 \$	30 June 2008 \$	30 June 2009 \$	30 June 2010 \$	30 June 2011 \$
Revenue	20,929,175	21,082,997	22,050,469	27,136,605	30,715,934
Net profit before tax	5,417,995	3,380,056	1,369,173	3,800,162	2,717,369
Net profit after tax	3,739,785	2,325,299	856,183	2,746,182	1,834,438

	30 June 2007	30 June 2008	30 June 2009	30 June 2010	30 June 2011
Share price at start of year ²	-	-	-	-	-
Share price at end of year ²	-	-	-	-	-
Interim dividend ¹	-	-	-	600,000	-
Final dividend ¹	1,000,000	1,000,000	1,000,000	400,000	1,000,000
Basic earnings per share (cents per share)	436.33	271.48	107.87	344.58	229.20
Diluted earnings per share (cents per share) ³	436.33	271.48	107.87	344.58	117.27

¹ Franked to 100% at 30% corporate income tax rate.

² Angas Securities Limited shares are not traded in an active market and therefore no price is disclosed.

³ The diluted earnings per share has been calculated for reporting purposes in accordance with the requirements of AASB 133. The election to covert Redeemable Preference Shares ("RPS") to Equity is at the Company's discretion. The Board believes that the scenario of the Company electing to convert Redeemable Preference Shares to Equity is remote.

Angas Securities Limited shares are not traded in an active market and hence there is no link between performance and the share price.

Remuneration of directors and senior management

2011	Short-term employee benefits			Post-employment benefits	Total
	Salary	Fees (i)	Allowances (ii)	Superannuation	
	\$	\$	\$	\$	\$
Executive officers					
M J Hower	233,745	61,000	-	21,037	315,782
A Luckhurst-Smith	181,997	61,000	-	16,380	259,377
P S McCarthy	181,497	61,000	-	16,335	258,832
K J Lyons	95,622	61,000	8,000	9,326	173,948
P Harkins-Burr (iii)	-	2,000	-	180	2,180
E Starck	37,279	-	-	3,355	40,634
					<u>1,050,753</u>

2010	Short-term employee benefits			Post-employment benefits	Total
	Salary	Fees (i)	Allowances (ii)	Superannuation	
	\$	\$	\$	\$	\$
Executive officers					
M J Hower	233,745	61,000	-	21,037	315,782
A Luckhurst-Smith	181,997	61,000	-	16,380	259,377
P S McCarthy	181,497	61,000	-	16,335	258,832
K J Lyons	98,142	61,000	-	8,538	167,680
P Harkins-Burr (iii)	-	12,000	-	1,080	13,080
					<u>1,014,751</u>

(i) Fees relate to directors fees (\$36,000 per annum), guarantee fees paid to directors (\$25,000 per annum) and Company Secretary fees paid to P Harkins-Burr only.

(ii) Allowances relate to an accommodation allowance for interstate executive officers when travelling to Adelaide.

(iii) The Company Secretary fee for P Harkins-Burr pertained to remuneration for Company Secretary duties only. P Harkins-Burr held the position of Company Secretary from the beginning of the financial year until 3 September 2010.

No director or senior management person appointed during the period received a payment as part of his or her consideration for agreeing to hold the position.

Bonuses and share-based payments granted as compensation for the current financial year

Bonuses

There are no cash incentives or bonus payments available for KMP.

Employee share option plan

There are no share option plans.

Other share based compensation

There is no other share based compensation.

Key terms of employment contracts

No KMP (excluding the Company Secretary) are employed under contract.

The Company Secretary is employed under a standard salary based employment contract. Under the terms of the contract either party can terminate the contract with 4 weeks written notice.

The employment contract is set for a fixed annual amount plus 9% superannuation with annual salary reviews. The Company Secretary works part-time and as such is paid 60% of the annualized salary disclosed in her contract.

This directors' report is signed in accordance with a resolution of directors made pursuant to s.298(2) of the Corporations Act 2001.

On behalf of the Directors

M J Hower
Director

Adelaide, 19 September 2011

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

19 September 2011

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 2011, 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 M Burton
Partner
Chartered Accountants

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

Report on the Financial Report

We have audited the accompanying financial report of Angas Securities Limited, which comprises the statement of financial position as at 30 June 2011, the statement of comprehensive income, the statement of cash flows and the statement of changes in equity for the year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, 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 9 to 52.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 3, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements 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. Those 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 of the financial report that gives a true and fair view, 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*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Angas Securities Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

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 2011 and of their performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- (b) the financial statements also comply with International Financial Reporting Standards as disclosed in Note 3.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 3 to 5 of the directors' report for the year ended 30 June 2011. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion the Remuneration Report of Angas Securities Limited for the year ended 30 June 2011, complies with section 300A of the *Corporations Act 2001*.



DELOITTE TOUCHE TOHMATSU



J M Burton
Partner
Chartered Accountants
Adelaide, 19 September 2011

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) the attached financial statements are in compliance with International Financial Reporting Standards, as stated in note 3 of the financial statements;
- (c) 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 the consolidated entity; and
- (d) the directors have been given the declarations required by s.295A of the Corporations Act 2001.

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, 19 September 2011

Index to the financial report

Contents	Page
Consolidated statement of comprehensive income	11
Consolidated statement of financial position	12
Consolidated statement of change in equity	13
Consolidated statement of cash flows	14
Notes to the financial statements	
1 General information	15
2 Adoption of new and revised Accounting standards	15
3 Significant accounting policies	17
4 Critical accounting judgements and key sources of estimation uncertainty	25
5 Segment information	26
6 Revenue	27
7 Interest expense	28
8 Profit for the year	28
9 Income taxes	29
10 Earnings per share	31
11 Trade and other receivables	32
12 Other financial assets	32
13 Loans receivable	33
14 Expired loans	34
15 Property, plant and equipment	35
16 Investment property	36
17 Goodwill	36
18 Other intangible assets	37
19 Other assets	37
20 Assets pledged as security	38
21 Trade and other payables	38
22 Interest bearing liabilities	38
23 Provisions	39
24 Other financial liabilities	39
25 Issued capital	39
26 Retained earnings	40
27 Dividends	40
28 Contingent liabilities and contingent assets	40
29 Leases	41
30 Subsidiaries	41
31 Business combinations	42
32 Notes to the statement of cash flows	43
33 Financial instruments	45
34 Key management personnel compensation	49
35 Related party transactions	50
36 Remuneration of auditors	52
37 Subsequent events	52

**Consolidated statement of comprehensive income
for the financial year ended 30 June 2011**

	Note	Consolidated		Company	
		2011 \$	2010 \$	2011 \$	2010 \$
Interest revenue	6	22,173,044	16,527,544	22,166,609	16,525,166
Interest expense	7	(17,452,049)	(13,263,482)	(16,157,666)	(12,278,042)
Net interest revenue		4,720,995	3,264,062	6,008,943	4,247,124
Non interest revenue	6	7,220,111	6,256,551	5,711,716	4,840,237
Profit on sale of property	6	1,322,779	4,352,510	1,322,779	3,952,870
Marketing expenses		(410,383)	(343,757)	(410,383)	(343,757)
Occupancy expenses		(485,858)	(392,431)	(485,858)	(392,431)
Administration expenses		(6,835,223)	(6,536,822)	(6,800,538)	(6,502,141)
Impairment expenses		(1,940,394)	(1,162,397)	(2,501,481)	(1,162,397)
Lending waivers		(436,988)	(1,175,213)	(436,988)	(1,175,213)
Other expenses		(437,670)	(462,341)	(26,533)	(12,336)
Profit before tax	8	2,717,369	3,800,162	2,381,657	3,451,956
Income tax expense	9	(882,931)	(1,053,980)	(882,931)	(1,053,980)
Profit for the year		1,834,438	2,746,182	1,498,726	2,397,976
Other comprehensive income		-	-	-	-
Total comprehensive income for the year		1,834,438	2,746,182	1,498,726	2,397,976
Attributable to:					
Equity holders of the parent		1,877,557	2,739,773	1,498,726	2,397,976
Non-controlling interests		(43,119)	6,409	-	-
		1,834,438	2,746,182	1,498,726	2,397,976
Earnings per share	10				
Basic (cents per share)		229.20	344.58		
Diluted (cents per share)		117.27	344.58		

Notes to the financial statements are included on pages 15 to 52.

**Consolidated statement of financial position
as at 30 June 2011**

	Note	Consolidated		Company	
		2011 \$	2010 \$	2011 \$	2010 \$
Assets					
Cash and cash equivalents	32(a)	30,268,020	11,981,999	30,032,147	11,942,435
Trade and other receivables	11	16,175,522	18,607,225	12,419,538	14,896,070
Current tax assets	9	745,424	-	745,424	-
Loans	13	161,360,788	128,204,379	161,360,788	128,204,379
Deferred tax assets	9	301,116	1,041,168	301,116	1,041,168
Other financial assets	12	7,806,333	9,170,386	15,979,983	17,170,386
Property, plant and equipment	15	498,478	521,246	498,478	521,246
Other assets	19	3,873,590	55,687	44,434	17,796
Investment property	16	24,445,088	21,839,074	5,458,473	3,037,686
Other intangible assets	18	45,023	73,505	45,023	73,505
Goodwill	17	592,184	592,184	592,184	592,184
Total assets		246,111,566	192,086,853	227,477,588	177,496,855
Liabilities					
Trade and other payables	21	1,112,266	985,916	576,230	917,422
Other financial liabilities	24	349,258	231,582	349,258	231,582
Interest bearing liabilities	22	235,056,254	181,749,087	217,038,487	166,681,320
Current tax liabilities	9	-	770,930	-	770,930
Provisions	23	205,799	185,091	205,799	185,091
Total liabilities		236,723,577	183,922,606	218,169,774	168,786,345
Net assets		9,387,989	8,164,247	9,307,814	8,710,510
Equity					
Issued capital	25	898,476	799,898	898,476	799,898
Retained earnings	26	8,104,720	7,227,163	8,409,338	7,910,612
Equity attributable to equity holders of the parent		9,003,196	8,027,061	9,307,814	8,710,510
Non-controlling interest		384,793	137,186	-	-
Total equity		9,387,989	8,164,247	9,307,814	8,710,510

Notes to the financial statements are included on pages 15 to 52.

Consolidated statement of change in equity for the financial year ended 30 June 2011

Consolidated

	Issued Capital \$	Retained earnings \$	Non- controlling interest \$	Total \$
Balance at 1 July 2009	697,351	5,487,390	130,777	6,315,518
Profit/(loss) for the period	-	2,739,773	6,409	2,746,182
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	-	2,739,773	6,409	2,746,182
Payment of dividends	-	(1,000,000)	-	(1,000,000)
Issue of capital	72,481	-	-	72,481
Installment partly paid shares	30,066	-	-	30,066
Balance at 30 June 2010	799,898	7,227,163	137,186	8,164,247
Profit/(loss) for the period	-	1,877,557	(43,119)	1,834,438
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	-	1,877,557	(43,119)	1,834,438
Payment of dividends	-	(1,000,000)	-	(1,000,000)
Issue of capital	68,589	-	-	68,589
Installment partly paid shares	29,989	-	-	29,989
Non-controlling interest arising on the acquisition of Hindmarsh Precinct Developments	-	-	290,726	290,726
Balance at 30 June 2011	898,476	8,104,720	384,793	9,387,989

Company

	Issued Capital \$	Retained earnings \$	Non- controlling interest \$	Total \$
Balance at 1 July 2009	697,351	6,512,636	-	7,209,987
Profit/(loss) for the period	-	2,397,976	-	2,397,976
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	-	2,397,976	-	2,397,976
Payment of dividends	-	(1,000,000)	-	(1,000,000)
Issue of capital	72,481	-	-	72,481
Installment partly paid shares	30,066	-	-	30,066
Balance at 30 June 2010	799,898	7,910,612	-	8,710,510
Profit/(loss) for the period	-	1,498,726	-	1,498,726
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	-	1,498,726	-	1,498,726
Payment of dividends	-	(1,000,000)	-	(1,000,000)
Issue of capital	68,589	-	-	68,589
Installment partly paid shares	29,989	-	-	29,989
Balance at 30 June 2011	898,476	8,409,338	-	9,307,814

Notes to the financial statements are included on pages 15 to 52.

**Consolidated statement of cash flows
for the financial year ended 30 June 2011**

	Note	Consolidated		Company	
		2011 \$	2010 \$	2011 \$	2010 \$
Cash flows from operating activities					
Receipts from customers		6,828,543	5,965,986	5,323,658	4,580,804
Payments to suppliers and employees		(7,675,539)	(8,933,439)	(7,352,313)	(8,469,606)
Receipts of distributions from Angas Commercial Property Trust		-	-	-	71,211
Payment of property investment distribution		-	(1,335)	-	-
Interest received		20,516,711	18,314,383	20,511,545	18,312,004
Interest paid		(16,550,804)	(12,948,732)	(15,243,608)	(11,962,104)
Income tax received		-	148,825	-	148,825
Income taxes paid		(1,659,233)	(634,516)	(1,659,233)	(634,516)
Net cash (used in)/provided by operating activities	32(d)	1,459,678	1,911,172	1,580,049	2,046,618
Cash flows from investing activities					
Proceeds from repayment of mortgage loans		45,901,559	71,732,937	45,901,559	71,732,937
Payments for mortgage loans		(77,251,269)	(102,129,383)	(77,251,269)	(102,129,383)
Payment of refund of deposit on assets held for sale		-	(50,000)	-	-
Proceeds from financial assets		3,996,202	-	3,996,202	3,200,000
Payments for financial assets		(912,153)	(9,170,305)	(662,153)	(9,170,305)
Amounts advanced to subsidiaries		-	-	(306,379)	-
Proceeds from sale of property, plant and equipment		3,909	1,029	3,909	1,029
Payments for property, plant and equipment		(159,480)	(84,064)	(159,480)	(84,064)
Payments for acquisition of investment properties		(600,000)	(5,002,947)	(600,000)	(5,002,947)
Payment of building and development costs for investment properties		(2,640,698)	(334,820)	(2,420,787)	(334,820)
Net cash outflow on acquisition of subsidiaries		(739,870)	-	(740,082)	-
Net cash used in investing activities		(32,401,800)	(45,037,553)	(32,238,480)	(41,787,553)
Cash flows from financing activities					
Proceeds from borrowings		149,033	3,700,000	149,033	-
Repayment of borrowings		(184,295)	(189,234)	(184,295)	(189,234)
Proceeds from issue of equity securities		98,578	102,547	98,578	102,547
Proceeds from issue of debentures		58,786,901	50,912,314	58,786,901	51,432,314
Repayment of debentures		(15,138,034)	(15,337,919)	(15,618,034)	(15,337,919)
Proceeds from issue of redeemable preference shares		6,579,000	-	6,579,000	-
Payment of debt issue costs		(63,040)	-	(63,040)	-
Dividends paid:					
- members of parent entity		(1,000,000)	(1,000,000)	(1,000,000)	(1,000,000)
Net cash (used in)/provided by financing activities		49,228,143	38,187,708	48,748,143	35,007,708
Net Increase / (decrease) in cash and cash equivalents		18,286,021	(4,938,673)	18,089,712	(4,733,227)
Cash and cash equivalents at the beginning of the financial year		11,981,999	16,920,672	11,942,435	16,675,662
Cash and cash equivalents at the end of the financial year	32(a)	30,268,020	11,981,999	30,032,147	11,942,435

Notes to the financial statements are included on pages 15 to 52.

1. General information

Angas Securities Limited (the company) is a public company incorporated in Australia and operating in Adelaide. Debentures issued by Angas Securities Limited are listed on the National Stock Exchange (NSX).

Angas Securities Limited registered office and its principal place of business is as follows:

Registered office Level 14, 26 Flinders Street Adelaide SA 5000 TEL: (08) 8410 4343	Principal place of business Level 14, 26 Flinders Street Adelaide SA 5000 TEL: (08) 8410 4343
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The entity's principal activity is financial services.

2. Adoption of new and revised Accounting Standards

2.1 Standards and Interpretations affecting amounts reported in the current period (and/or prior periods)

The following new and revised Standards and Interpretations have been adopted in the current period and have affected the amounts reported in these financial statements. Details of other Standards and Interpretations adopted in these financial statements but that have had no effect on the amounts reported are set out in section 2.2.

Standards affecting presentation and disclosure

Amendments to AASB 7 'Financial Instruments: Disclosure' (adopted in advance of effective date of 1 January 2011)	The amendments (part of AASB 2010-4 'Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project') clarify the required level of disclosures about credit risk and collateral held and provide relief from disclosures previously required regarding renegotiated loans.
Amendments to AASB 101 'Presentation of Financial Statements' (adopted in advance of effective date of 1 January 2011)	The amendments (part of AASB 2010-4 'Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project') clarify that an entity may choose to present the required analysis of items of other comprehensive income either in the statement of changes in equity or in the notes to the financial statements.

Standards and Interpretations affecting the reported results or financial position:

There are no new and revised Standards and Interpretations adopted in these financial statements affecting the reporting results or financial position.

2.2 Standards and Interpretations adopted with no effect on financial statements

The following new and revised Standards and Interpretations have also been adopted in these financial statements. Their adoption has not had any significant impact on the amounts reported in these financial statements but may affect the accounting for future transactions or arrangements.

Amendments to AASB 5 'Non-current Assets Held for Sale and Discontinued Operations'	Disclosures in these financial statements have been modified to reflect the clarification in AASB 2009-5 'Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project' that the disclosure requirements in Standards other than AASB 5 do not generally apply to noncurrent assets classified as held for sale and discontinued operations.
Amendments to AASB 107 'Statement of Cash Flows'	The amendments (part of AASB 2009-5 'Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project') specify that only expenditures that result in a recognised asset in the statement of financial position can be classified as investing activities in the statement of cash flows. Consequently, cash flows in respect of development costs that do not meet the criteria in AASB 138 'Intangible Assets' for capitalisation as part of an internally generated intangible asset (and, therefore, are recognised in profit or loss as incurred) have been reclassified from investing to operating activities in the statement of cash flows.
AASB 2009-5 'Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project'	Except for the amendments to AASB 5 and AASB 107 described earlier this section, the application of AASB 2009-5 has not had any material effect on amounts reported in the financial statements.
AASB 2009-8 'Amendments to Australian Accounting Standards – Group Cash-Settled Sharebased Payment Transactions'	The application of AASB 2009-8 makes amendments to AASB 2 'Share-based Payment' to clarify the scope of AASB 2, as well as the accounting for group cash-settled share-based payment transactions in the separate (or individual) financial statements of an entity receiving the goods or services when another group entity or shareholder has the obligation to settle the award.
AASB 2009-10 'Amendments to Australian Accounting Standards – Classification of Rights Issues'	The application of AASB 2009-10 makes amendments to AASB 132 'Financial Instruments: Presentation' to address the classification of certain rights issues denominated in a foreign currency as either an equity instrument or as a financial liability. To date, the consolidated entity has not entered into any arrangements that would fall within the scope of the amendments.

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

2.2 Standards and Interpretations adopted with no effect on financial statements (cont'd)

<p>AASB 2010-3 'Amendments to Australian Accounting Standards arising from the Annual Improvements Project'</p>	<p>The application of AASB 2010-3 makes amendments to AASB 3(2008) 'Business Combinations' to clarify that the measurement choice regarding non-controlling interests at the date of acquisition is only available in respect of noncontrolling interests that are present ownership interests and that entitle their holders to a proportionate share of the entity's net assets in the event of liquidation. All other types of noncontrolling interests are measured at their acquisition-date fair value, unless another measurement basis is required by other Standards.</p> <p>In addition, the application of AASB 2010-3 makes amendments to AASB 3(2008) to give more guidance regarding the accounting for share-based payment awards held by the acquiree's employees. Specifically, the amendments specify that share-based payment transactions of the acquiree that are not replaced should be measured in accordance with AASB 2 'Share-based Payment' at the acquisition date ('market-based measure').</p>
<p>Interpretation 19 'Extinguishing Financial Liabilities with Equity Instruments'</p>	<p>This Interpretation provides guidance regarding the accounting for the extinguishment of a financial liability by the issue of equity instruments. In particular, the equity instruments issued under such arrangements will be measured at their fair value, and any difference between the carrying amount of the financial liability extinguished and the fair value of equity instruments issued will be recognised in profit or loss. To date, the consolidated entity has not entered into transactions of this nature.</p>

2.3 Standards and Interpretations in issue not yet adopted

At the date of authorisation of financial statements, the Standards and Interpretations listed below were in issue but not yet effective.

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 124 'Related Party Disclosures' (revised December 2009), AASB 2009-12 'Amendments to Australian Accounting Standards'	1 January 2011	30 June 2012
AASB 9 'Financial Instruments', AASB 2009-11 'Amendments to Australian Accounting Standards arising from AASB 9' and AASB 2010-7 'Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)'	1 January 2013	30 June 2014
AASB 10 'Consolidated Financial Statements', AASB 11 'Joint Arrangements', AASB 12 'Disclosure of Interests in Other Entities', AASB 127 'Separate Financial Statements' (2011), AASB 128 'Investments in Associates and Joint Ventures' (2011), and AASB 2011-7 'Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards'	1 January 2013	30 June 2014
AASB 13 'Fair Value Measurement', AASB 2011-8 'Amendments to Australian Accounting Standards arising from AASB 13'	1 January 2013	30 June 2014
AASB 2009-14 'Amendments to Australian Interpretation – Prepayments of a Minimum Funding Requirement'	1 January 2011	30 June 2012
AASB 2010-4 'Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project'	1 January 2011	30 June 2012
AASB 2010-5 'Amendments to Australian Accounting Standards'	1 January 2011	30 June 2012
AASB 2010-6 'Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets'	1 July 2011	30 June 2012
AASB 2010-8 'Amendments to Australian Accounting Standards – Deferred Tax: Recovery of Underlying Assets'	1 January 2012	30 June 2013
AASB 2011-7 'Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards'	1 January 2013	30 June 2014
AASB 2011-9 'Amendments to Australian Accounting Standards - Presentation of Items of Other Comprehensive Income'	1 January 2012	30 June 2013

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

2.3 Standards and Interpretations in issue not yet adopted (cont'd)

At the date of authorisation of the financial statements, the following IASB Standards and IFRIC Interpretations were also in issue but not yet effective, although Australian equivalent Standards and Interpretations have not yet been issued.

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
IAS 19 Employee Benefits (2011)	1 January 2013	30 June 2014

3. 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 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 Accounting Standards. Compliance with Australian Accounting Standards ensures that the financial statements and notes of the company and the consolidated entity comply with International Financial Reporting Standards ('IFRS').

The financial statements were authorised for issue by the directors on 19 September 2011.

Basis of preparation

The financial report has been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments that are measured at revalued amounts or fair values, as explained in the accounting policies below. Historical cost is generally based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

Early adoption of Accounting Standards

The directors have elected under s.334(5) of the Corporations Act 2001 to apply Amendments to AASB 7 'Financial Instruments: Disclosure' and Amendments to AASB 101 'Presentation of Financial Statements' in advance of their effective dates. The Standards are not required to be applied until annual reporting periods beginning on or after 1 January 2011. The impact of the adoption of these standards is disclosed in note 2.1 to the financial statements.

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 (including special purpose entities) controlled by the company (its subsidiaries). 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.

Income and expenses of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate. Total comprehensive income of subsidiaries is attributed to the owners of the company and to the non-controlling interest even if this results in the non-controlling interests having a deficit balance.

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.

Changes in the consolidated entities ownership interests in subsidiaries that do not result in the consolidated entity losing control are accounted for as equity transactions. The carrying amounts of the consolidated entities interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the company.

When the consolidated entity loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. When assets of the subsidiary are carried at revalued amounts or fair values and the related cumulative gain or loss has been recognised in other comprehensive income and accumulated in equity, the amounts previously recognised in other comprehensive income and accumulated in equity are accounted for as if the company had directly disposed of the relevant assets (i.e. reclassified to profit or loss or transferred directly to retained earnings as specified by applicable Standards). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under AASB 139 'Financial Instruments: Recognition and Measurement' or, when applicable, the cost on initial recognition of an investment in an associate or jointly controlled entity.

3. Significant accounting policies (cont'd)

(b) Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value which is calculated as the sum of the acquisition-date fair values of assets transferred by the consolidated entity, liabilities incurred by the consolidated entity to the former owners of the acquiree and the equity instruments issued by the consolidated entity in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with AASB 112 'Income Taxes' and AASB 119 'Employee Benefits' respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the consolidated entity entered into to replace share-based payment arrangements of the acquiree are measured in accordance with AASB 2 'Share-based Payment' at the acquisition date; and
- assets (or disposal groups) that are classified as held for sale in accordance with AASB 5 'Noncurrent Assets Held for Sale and Discontinued Operations' are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another Standard.

Where the consideration transferred by the consolidated entity in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or liability is remeasured at subsequent reporting dates in accordance with AASB 139, or AASB 137 'Provisions, Contingent Liabilities and Contingent Assets', as appropriate, with the corresponding gain or loss being recognised in profit or loss.

Where a business combination is achieved in stages, the consolidated entities' previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the consolidated entity attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the consolidated entity reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date. Business combinations that took place prior to 1 July 2009 were accounted for in accordance with the previous version of AASB 3.

3. Significant accounting policies (cont'd)

(c) Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of the acquisition of the business (see (b) above) less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the consolidated entities' cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss in the consolidated statement of comprehensive income. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

The consolidated entities' policy for goodwill arising on the acquisition of an associate is described at (b) above.

(d) Revenue

Interest revenue

Interest revenue from a financial asset is recognised when it is probable that the economic benefits will flow to the consolidated entity and the amount of revenue can be measured reliably. Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

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.

Upfront commission

Upfront commission is recognised as revenue when receivable.

Rental income

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

Profit on sale of property

Revenue from the sale of property is recognised when all the following conditions are satisfied:

- the company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the property sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the entity; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

In addition where the company enters an agreement which locks in the sales price to be settled at a future date and the above conditions are met this is treated as a sale of the property and the corresponding profit is recognised.

3. Significant accounting policies (cont'd)

(e) Income tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statement of comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The consolidated entity's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the consolidated entity is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such 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.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. 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 end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the consolidated entity intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the year

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items that are recognised outside profit or loss (whether in other comprehensive income or directly in equity), in which case the tax is also recognised outside profit or loss, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is included in the accounting for the business combination.

(f) Cash and cash equivalents

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

(g) Financial instruments

Financial assets and financial liabilities are recognised when the consolidated entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

3. Significant accounting policies (cont'd)

(h) Financial assets

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' (FVTPL), 'held-to-maturity' investments, 'available-for-sale' (AFS) 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.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest revenue over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL.

Loans and receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest revenue is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the consolidated entities past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 60 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

(i) Financial liabilities and equity instruments

Classification as debt or equity

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

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the consolidated entity are recognised at the proceeds received, net of direct issue costs.

3. Significant accounting policies (cont'd)

(i) Financial liabilities and equity instruments (cont'd)

Compound instruments

The component parts of compound instruments (convertible bonds) issued by the Group are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. Conversion options that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is an equity instrument.

At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instruments. This amount is recognised as a liability on an amortised cost basis using the effective interest method until extinguished upon conversion or at the instrument's maturity date.

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognised and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised, in which case, the balance recognised in equity will be transferred to retained earnings. Where the conversion option remains unexercised at the maturity date of the convertible note, the balance recognised in equity will be transferred to retained earnings. No gain or loss is recognised in profit or loss upon conversion or expiration of the conversion option.

Transaction costs that relate to the issue of the convertible notes are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are recognised directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component and are amortised over the lives of the convertible notes using the effective interest method.

Financial guarantee contract liabilities

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contract liabilities are initially measured at their fair values and, if not designated as at FVTPL, are subsequently measured at the higher of:

- the amount of the obligation under the contract, as determined in accordance with AASB 137 'Provisions, Contingent Liabilities and Contingent Assets'; and
- the amount initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the revenue recognition policies set out at (d) above.

Financial liabilities

Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'other financial liabilities'.

Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction cost.

Other financial liabilities are subsequently measured at amortised cost using effective interest rate method, with interest expense recognised on an effect yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

(j) Derivative financial instruments

Derivatives are initially recognised at fair value at the date the derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

Embedded derivatives

Derivatives embedded in other financial instruments or other host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at FVTPL.

3. Significant accounting policies (cont'd)

(k) Property, plant and equipment

Plant and equipment and assets held under finance leases are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

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

Plant and equipment	2.5 – 10 years
Assets held under finance leases	2.5 – 10 years

(l) Investment property

Investment property, which is property held to earn rentals and/or for capital appreciation, is measured at cost, including transaction costs, less accumulated depreciation and accumulated impairment losses.

Buildings are depreciated on a straight line basis over a period of 50 years.

(m) Intangible assets

Software

Software is recorded at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over the estimated useful life. The estimated useful life and amortisation method is reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

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

Software (including under lease)	2.5 - 4 years
----------------------------------	---------------

(n) 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 statement of cash flows on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified within operating cash flows.

(o) Employee benefits

A liability is recognised 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.

Liabilities recognised in respect of short-term employee benefits, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Liabilities recognised in respect of long-term employee benefits 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.

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

3. Significant accounting policies (cont'd)

(p) Leasing

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

The consolidated entity as lessor

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

The consolidated entity as lessee

Assets held under finance leases are initially recognised as assets of the consolidated entity at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Contingent rentals are recognised as expenses in the periods in which they are incurred.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is 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.

(q) Provisions

Provisions are recognised when the consolidated entity has a present obligation (legal or constructive) as a result of a past event, it is probable that the consolidated entity will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

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 (where the effect of the time value of money is material).

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 reimbursement will be received and the amount of the receivable can be measured reliably.

(r) Impairment of tangible and intangible assets other than goodwill

At the end of each reporting period, the consolidated entity reviews the carrying amounts of its tangible and intangible 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 is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset 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 in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

4. Critical accounting judgments and key sources of estimation uncertainty

Critical judgements in applying the entity's accounting policies

The following are the critical judgements 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 discount rate of 18.30% (post-tax) on total retail loans. Management estimates that the average life of a loan is 8 years.

Management uses Independent Valuation in conjunction with other credit assessment material in determining whether a potential borrower has adequate security and in turn determining the likelihood of recovering the loan advance that is to be made. All real property must be valued by an independent licensed valuer appointed by the company before a loan is made. The valuation is used to determine the maximum loan amount to be advanced taking into account the following Loan to Valuation Ratios ("LVR"):

- Residential Land 70%
- Industrial Land 70%
- Commercial Land 70%
- Rural Land 50%
- Construction or Development up to 70% of the value of the development.

The outcome of the analysis will determine whether or not the company will make a loan, the amount of any such loan in terms of the maximum LVR and the length of the loan term.

In terms of provisioning against loans the credit committee meets on a monthly basis and reviews all loans which have an arrears balance. Once these loans are identified the principal outstanding on the loan is measured against an existing valuation (if a current valuation is not available – i.e. 12 months old - then a new valuation is requested) to determine whether there is adequate security against the outstanding amount. If the valuation, along with any other security held, is deemed adequate to cover the principal no provision is made, however if the principal falls short of the valuation along with any other security held then a provision equal to the shortfall is recommended by the credit committee to the Board. Once the recommendation is assessed by the Board a provision is made against the loan.

5. Segment information

AASB 8 requires operating segments to be identified on the basis of internal reports and components of the consolidated entity that are regularly reviewed by the chief operating decision maker in order to allocate resources to segments and to assess its performance.

Information reported to the consolidated entities Board of Directors for the purposes of assessing the performance of the consolidated entity specifically focuses on the consolidated entities core financial products. The consolidated entities' reportable segments under AASB 8 are therefore as follows:

- Commercial Investments
- Retail Lending
- Property Investments

The Commercial Investments reportable segment involves the supply of commercial mortgages and the investment in properties held for resale funded by Debentures issued to the public. The Retail Lending reportable segment includes the supply of retail mortgages funded by third parties (either by Finance & Systems Technology Pty Ltd, GE Money or Advance Investment Finance No 2 Pty Ltd), while the third reportable segment is Property Investments which includes all activities relating to investments made in properties solely for investment purposes (all properties are commercial tenanted and receive monthly rental income).

Segment revenues and results

The following is an analysis of the consolidated entities revenue and results by reportable segment.

	Revenue		Segment Profit/(Loss)	
	Consolidated		Consolidated	
	30 June 2011	30 June 2010	30 June 2011	30 June 2010
	\$	\$	\$	\$
Commercial Lending	28,221,247	24,998,136	2,559,814	3,734,380
Retail Lending	979,857	320,137	382,929	(282,421)
Property Investments	1,560,225	1,888,322	(225,374)	348,203
	30,761,329	27,206,595	2,717,369	3,800,162
Profit before tax			2,717,369	3,800,162
Income tax expense			882,931	1,053,980
Consolidated segment revenue and profit for the period	30,761,329	27,206,595	1,834,438	2,746,182

The accounting policies of the reportable segments are the same as the consolidated entities accounting policies described in Note 3. Segment profit represents the profit earned by each segment without allocation of income tax expenses. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

Intersegment revenue has not been eliminated in the above table, revenue and profit has been disclosed in the same manner the chief operating decision maker would receive it. Intersegment revenues include \$45,395 (2010: \$28,213) interest paid by Commercial Investments to Property Investments on Debentures issued by Commercial Investments.

Segment assets and liabilities

Segment assets

	30 June 2011	30 June 2010
	\$	\$
Commercial Investments	217,683,263	168,269,233
Retail Lending	1,308,951	1,227,622
Property Investments	27,119,352	22,589,998
Total segment assets	246,111,566	192,086,853
Unallocated assets	-	-
Total assets	246,111,566	192,086,853

5. Segment information (cont'd)

Segment liabilities

	30 June 2011	30 June 2010
	\$	\$
Commercial Investments	218,089,457	168,740,756
Retail Lending	80,317	45,589
Property Investments	18,553,803	15,136,261
Total segment liabilities	236,723,577	183,922,606
Unallocated liabilities	-	-
Total liabilities	236,723,577	183,922,606

For the purpose of monitoring segment performance and allocating resources between segments all assets and liabilities are allocated to reportable segments other than tax which is included in its entirety in the Commercial Investments segment.

Goodwill is allocated to reportable segments.

6. Revenue

An analysis of the consolidated entity's revenue for the year is as follows:

	Consolidated		Company	
	2011	2010	2011	2010
	\$	\$	\$	\$
Interest revenue:				
Bank deposits	1,400,788	1,122,198	1,394,353	1,119,820
Other loans and receivables	20,772,256	15,405,346	20,772,256	15,405,346
	22,173,044	16,527,544	22,166,609	16,525,166
Non interest revenue:				
Loan fee income	4,368,622	4,108,739	4,368,622	4,108,739
Trailing commission & retail lending income	299,181	75,064	299,181	75,064
Upfront commission – retail lending	680,670	245,062	680,670	245,062
Distribution received:				
Subsidiaries (Angas Commercial Property Trust)	-	-	-	40,767
Rental revenue:				
Operating lease rental revenue:				
Investment properties	1,508,395	1,490,320	-	33,239
Other – serviced office	363,243	337,366	363,243	337,366
	7,220,111	6,256,551	5,711,716	4,840,237
Profit on sale of property				
Profit on sale of property (i)	1,322,779	4,352,510	1,322,779	3,952,870

(i) Angas Securities Limited has acquired a partial interest in three properties, as tenant in common with the vendor, with an agreement entered into to sell such interest back to the vendor for an agreed amount at a future date. Where the amount to be settled at a future day is agreed and the conditions with regard to the company's revenue recognition policy are satisfied, a sale of the property and the corresponding profit is recognised. Total receivables balance of \$9,888,367 remains outstanding at 30 June 2011 across two properties, the third property settled in June 2011.

7. Interest expense

	Consolidated		Company	
	2011 \$	2010 \$	2011 \$	2010 \$
Interest on debentures	15,919,100	12,167,163	15,964,495	12,196,387
Interest on Redeemable Preference Shares ("RPS")	109,169	-	109,169	-
Interest on hire purchase	13,570	19,361	13,570	19,361
Interest on portfolio loan	70,441	62,294	70,432	62,294
Interest on commercial bills	1,339,769	1,014,664	-	-
Total interest expense	17,452,049	13,263,482	16,157,666	12,278,042

8. Profit for the year

Profit for the year has been arrived at after charging / (crediting):

	Consolidated		Company	
	2011 \$	2010 \$	2011 \$	2010 \$
Net foreign exchange (gains) / losses	22,601	3,305	22,601	3,305
	22,601	3,305	22,601	3,305
<u>Direct operating expenses of investment properties:</u>				
Properties generating rental income	124,259	203,299	3,932	9,031
	124,259	203,299	3,932	9,031
Depreciation & amortisation of non-current assets	266,664	198,742	210,432	164,058
	266,664	198,742	210,432	164,058
Operating lease rental expenses	444,122	349,673	444,122	349,673
	444,122	349,673	444,122	349,673
<u>Employee benefit expense:</u>				
<u>Post employment benefits:</u>				
Defined contribution plans	212,446	197,562	212,446	197,562
Other employee benefits	2,517,956	2,388,548	2,517,956	2,388,548
	2,730,402	2,586,110	2,730,402	2,586,110
<u>Impairment losses on financial assets:</u>				
Impairment loss on loans carried at amortised cost (note 13)	1,878,669	1,109,097	1,878,669	1,109,097
Impairment loss on investments in subsidiaries (i)	-	-	622,812	-
Impairment of goodwill	61,725	53,300	-	53,300
	1,940,394	1,162,397	2,501,481	1,162,397

(i) As a result of movements in the value of investment properties held by Angas Commercial Property Trust, Angas Securities Limited has impaired the units it holds in Angas Commercial Property Trust. In the short-term the properties held in Angas Commercial Property Trust will not be sold and the Board has a long-term outlook on these properties that they are expected to recover in value and therefore trigger a reversal of impairment in future periods.

9. Income taxes

Income tax recognised in profit or loss

	Consolidated		Company	
	2011 \$	2010 \$	2011 \$	2010 \$
Tax expense/(income) comprises:				
Current tax expense in respect of the current year	142,880	1,405,446	142,880	1,405,446
Adjustments recognised in the current year in relation to current tax of prior years	-	-	-	-
	142,880	1,405,446	142,880	1,405,446
Deferred tax expense/(income) relating to the origination and reversal of temporary differences	740,051	(351,466)	740,051	(351,466)
Total tax expense	882,931	1,053,980	882,931	1,053,980

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:

	Consolidated		Company	
	2011 \$	2010 \$	2011 \$	2010 \$
Profit for the year	2,717,369	3,800,162	2,381,657	3,451,956
Income tax expense calculated at 30%	815,211	1,140,049	714,497	1,035,587
Effect of expenses that are not deductible in determining taxable profit	67,720	(86,069)	168,434	18,393
	882,931	1,053,980	882,931	1,053,980
Adjustments recognised in the current year in relation to the current tax of prior years	-	-	-	-
	882,931	1,053,980	882,931	1,053,980

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.

Current tax assets and liabilities

	Consolidated		Company	
	2011 \$	2010 \$	2011 \$	2010 \$
<u>Current tax assets</u>				
Tax refund receivable	745,424	-	745,424	-
	745,424	-	745,424	-
<u>Current tax liabilities</u>				
Income tax payable	-	770,930	-	770,930
	-	770,930	-	770,930

9. Income taxes (cont'd)

Deferred tax balances

2011	Consolidated		
	Opening balance \$	Charged to income \$	Closing balance \$
Temporary differences			
Investment property	(156,442)	-	(156,442)
Trade and other receivables	(765,861)	(216,834)	(982,695)
Trade and other payables	20,747	3,235	23,982
Goodwill	15,990	-	15,990
Provisions	55,527	6,212	61,739
Loans	1,871,206	(532,664)	1,338,542
	1,041,167	(740,051)	301,116

2010	Consolidated		
	Opening balance \$	Charged to income \$	Closing balance \$
Temporary differences			
Investment property	(144,212)	(12,230)	(156,442)
Trade and other receivables	135,000	(900,861)	(765,861)
Trade and other payables	22,063	(1,315)	20,748
Goodwill	-	15,990	15,990
Provisions	56,510	(983)	55,527
Loans	620,340	1,250,866	1,871,206
	689,701	351,467	1,041,168

2011	Company		
	Opening balance \$	Charged to income \$	Closing balance \$
Temporary differences			
Investment property	(156,442)	-	(156,442)
Trade and other receivables	(765,861)	(216,834)	(982,695)
Trade and other payables	20,747	3,235	23,982
Goodwill	15,990	-	15,990
Provisions	55,527	6,212	61,739
Loans	1,871,206	(532,664)	1,338,542
	1,041,167	(740,051)	301,116

2010	Company		
	Opening balance \$	Charged to income \$	Closing balance \$
Temporary differences			
Investment in property	(144,212)	(12,230)	(156,442)
Trade and other receivables	135,000	(900,861)	(765,861)
Trade and other payables	22,063	(1,315)	20,748
Goodwill	-	15,990	15,990
Provisions	56,510	(983)	55,527
Loans	620,340	1,250,866	1,871,206
	689,701	351,467	1,041,168

Deferred tax balances are presented in the statement of financial position as follows:

	Consolidated		Company	
	2011 \$	2010 \$	2011 \$	2010 \$
Deferred tax assets	301,116	1,041,168	301,116	1,041,168
Deferred tax liabilities	-	-	-	-
	301,116	1,041,168	301,116	1,041,168

10. Earnings per share

	Consolidated	
	30 June 2011 \$	30 June 2010 \$
<u>Basic earnings per share</u>		
Total basic earnings per share	229.20	344.58
<u>Diluted earnings per share</u>		
Total diluted earnings per share (i)	25.89	344.58

(i) The diluted earnings per share has been calculated for reporting purposes in accordance with the requirements of AASB 133. The election to convert Redeemable Preference Shares ("RPS") to Equity is at the Company's discretion. The Board believes that the scenario of the Company electing to convert Redeemable Preference Shares to Equity is remote.

Basic earnings per share

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

	Consolidated	
	30 June 2011 \$	30 June 2010 \$
Profit for the year attributable to owners of the Company	1,834,438	2,746,182
Earnings used in the calculation of basic earnings per share	1,834,438	2,746,182
Weighted average number of ordinary shares for the purposes of basic earnings per share	800,377	796,962
	800,377	796,962
Total basic earnings per share	229.20	344.58

Diluted earnings per share

The earnings used in the calculation of diluted earnings per share are as follows:

	Consolidated	
	30 June 2011 \$	30 June 2010 \$
Earnings used in the calculation of basic earnings per share	1,834,438	2,746,182
Interest on redeemable preference shares (after tax at 30%)	76,418	-
Earnings used in the calculation of diluted earnings per share	1,910,856	2,746,182

The weighted average number of ordinary shares for the purposes of the diluted earnings per share reconciles to the weighted average number of ordinary shares used in the calculation of basic earnings per share as follows:

	Consolidated	
	30 June 2011 \$	30 June 2010 \$
Weighted average number of ordinary shares used in the calculation of basic earnings per share	800,377	796,962
Shares deemed to be issued for no consideration in respect of:		
- Redeemable preference shares	829,134	-
Weighted average number of ordinary shares for the purposes of diluted earnings per share	1,629,511	796,962
Total basic earnings per share	117.27	344.58

11. Trade and other receivables

	Consolidated		Company	
	2011 \$	2010 \$	2011 \$	2010 \$
Trade receivables (i)	5,638,106	4,348,260	5,481,762	4,236,745
Security held – VIC & QLD lease	5,647	9,253	5,647	9,253
Trailing commission receivable	643,402	577,125	643,402	577,125
Property sale receivables	9,888,367	9,752,510	6,288,727	6,152,870
Other receivables	-	3,920,077	-	3,920,077
	16,175,522	18,607,225	12,419,538	14,896,070

(i) The average credit term 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.

Ageing of past due but not impaired

	Consolidated		Company	
	2011 \$	2010 \$	2011 \$	2010 \$
30 – 60 days	-	-	-	-
60 – 90 days	-	-	-	-
90 – 120 days	-	99,652	-	99,652
120+ days	3,162,504	3,068,761	3,162,504	3,068,761
	3,162,504	3,168,413	3,162,504	3,168,413

Movement in the allowance for doubtful debts

	Consolidated		Company	
	2011 \$	2010 \$	2011 \$	2010 \$
Balance at the beginning of the year	-	450,000	-	450,000
Impairment transferred to loan receivables	-	(450,000)	-	(450,000)
Balance at the end of the year	-	-	-	-

In determining the recoverability of a trade receivable, the consolidated entity reviews the current security held on the loan against the loans' combined principal and arrears, any shortfall is provided for 100%.

12. Other financial assets

	Consolidated		Company	
	2011 \$	2010 \$	2011 \$	2010 \$
Investments carried at cost:				
Investments in subsidiaries (note 30)	-	81	8,423,650	8,000,081
Loans and receivables carried at amortised cost:				
Term deposit – BankSA (i) (ii)	368,000	-	118,000	-
Other loan receivables (iii)	2,738,333	4,470,305	2,738,333	4,470,305
Loan to Advance Investments Finance No 2 (iv)	1,000,000	1,000,000	1,000,000	1,000,000
Investment in the La Trobe Australian Mortgage Fund – Special Situation Mortgage Option (v)	3,700,000	3,700,000	3,700,000	3,700,000
	7,806,333	9,170,386	15,979,983	17,170,386

(i) Angas Securities Limited was required to deposit \$118,000 with BankSA as security in relation to the \$2,470,000 Commercial Bill facility assumed on the acquisition of Hindmarsh Precinct Developments Pty Ltd as trustee for The Lot 101 Development Unit Trust (refer to Note 31). The deposit is subject to a Deed of Deposit and Setoff.

(ii) Angas Commercial Property Trust ("ACPT") was required to deposit \$250,000 as security in relation to the \$12,048,000 Commercial Bill Facility with BankSA as part of the annual review of the facility in March 2011. The deposit is subject to a Deed of Deposit and Setoff. Subsequent to year end a further \$500,000.00 was placed on a Term Deposit with BankSA subject to a Deed of Deposit Setoff.

(iii) Other loan receivables relates to loans which are not funded by Debentures.

(iv) This deposit was made under the funding line agreement with Advance Investments Finance No.2 Pty Ltd. This is due to mature prior to 30 June 2012

(v) The investment in La Trobe is due to mature in December 2011.

13. Loans

	Consolidated		Company	
	2011 \$	2010 \$	2011 \$	2010 \$
Mortgage Loans	169,218,552	134,481,919	169,218,552	134,481,919
Interest received in advance	(3,629,953)	(3,914,348)	(3,629,953)	(3,914,348)
Fees received in advance	(586,045)	(600,095)	(586,045)	(600,095)
Allowances for doubtful debts	(3,641,766)	(1,763,097)	(3,641,766)	(1,763,097)
	161,360,788	128,204,379	161,360,788	128,204,379
<u>Maturity analysis</u>				
Not longer than 3 months	101,621,151	54,905,063	101,621,151	54,905,063
Longer than 3 months and not longer than 12 months	59,739,637	73,299,316	59,739,637	73,299,316
Longer than one year not longer than 5 years	-	-	-	-
	161,360,788	128,204,379	161,360,788	128,204,379
<u>Loan by security</u>				
Secured by chattel mortgage	1,000,000	1,000,000	1,000,000	1,000,000
Secured by first mortgage	159,731,739	123,912,924	159,731,739	123,912,924
Secured by collateral security	629,049	2,194,180	629,049	2,194,180
Secured by cash	-	1,097,275	-	1,097,275
	161,360,788	128,204,379	161,360,788	128,204,379
<u>Loan by security</u>				
Debenture	-	97,275	-	97,275
Chattel	1,000,000	1,000,000	1,000,000	1,000,000
Commercial property	93,040,438	53,944,165	93,040,438	53,944,165
Rural property	3,067,996	4,317,595	3,067,996	4,317,595
Residential property	61,797,785	68,175,563	61,797,785	68,175,563
Industrial property	2,454,569	669,781	2,454,569	669,781
	161,360,788	128,204,379	161,360,788	128,204,379

For the reporting period the company had \$22,015,469 concentration to one debtor spread over a number of loans (\$13,217,839) and property sale receivables (\$8,797,631) secured against multiple completed residential assets over twenty-four titles. In additional collateral security is held.

Movement in the allowance for doubtful debts

	Consolidated		Company	
	2011 \$	2010 \$	2011 \$	2010 \$
Balance at the beginning of the year	1,763,097	204,000	1,763,097	204,000
Impairment losses recognised on loans	1,878,669	1,109,097	1,878,669	1,109,097
Transferred from trade and other receivables	-	450,000	-	450,000
Balance at the end of the year	3,641,766	1,763,097	3,641,766	1,763,097

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. The consolidated entity's Loan to Valuation Ratio (LVR) is maintained at a maximum 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.

14. Expired loans

	Consolidated		Company	
	2011 \$	2010 \$	2011 \$	2010 \$
Expired loans	21,003,179	21,140,374	21,003,179	21,140,374

Expired loans refer to loans which are past the expiry date, included in Mortgage Loans in Note 13.

Ageing of expired loan but not impaired

	Consolidated		Company	
	2011 \$	2010 \$	2011 \$	2010 \$
30 - 60 days	-	-	-	-
60 - 90 days	-	-	-	-
90 - 120 days	-	905,000	-	905,000
120+ days	13,609,953	13,831,276	13,609,953	13,831,276
Total	13,609,953	14,736,276	13,609,953	14,736,276

The above ageing analysis includes the principal outstanding for all expired loans. Security held for expired loans for the period ending 30 June 2011 totalled \$15,497,000 (2010: \$22,523,000). Security is in the form of registered first mortgages on land and buildings, chattels and collateral security.

Ageing of impaired expired loans

	Consolidated		Company	
	2011 \$	2010 \$	2011 \$	2010 \$
30 - 60 days	-	-	-	-
120+ days	7,393,227	6,404,097	7,393,227	6,404,097
Total	7,393,227	6,404,097	7,393,227	6,404,097

The above ageing analysis includes the principal outstanding less provisions for all impaired expired loans. Security is held in the form of a first registered mortgage over land and building.

Security and other credit enhancements obtained

During the financial year the consolidated entity gained possession of a number of properties relating to seventeen loans with a total balance owing at report date of \$20,009,179 (2010: \$19,074,353, fifteen properties). Of the seventeen loans one loan has had a principal reduction subsequent to 30 June 2011 and two loans are under contract to settle in full by no later than 30 September 2011. Management will continue the structured work out of the remaining expired loans with full resolution expected within 12 to 18 months.

All loans are for first mortgages over real property and are therefore not readily convertible into cash. Management's process for disposing of such assets is to firstly allow the owner the opportunity to sell the property and repay the debt owed, however, if this is unsuccessful then the consolidated entity will take control of the asset and sell the property on the open market.

15. Property, plant and equipment

Consolidated	Plant and equipment at cost	Equipment under finance lease at cost	Total
	\$	\$	\$
Gross carrying amount			
Balance at 1 July 2009	345,975	474,872	820,847
Additions	84,597	-	84,597
Disposals – sale and leaseback	(15,378)	-	(15,378)
Balance at 1 July 2010	415,194	474,872	890,066
Additions	356,121	135,031	491,152
Disposals – sale and leaseback	(148,516)	-	(148,516)
Disposals	(32,101)	(188,395)	(220,496)
Balance at 30 June 2011	590,698	421,508	1,012,206
Accumulated depreciation			
Balance at 1 July 2009	(162,965)	(91,176)	(254,141)
Disposals – sale and leaseback	(45,616)	(83,289)	(128,905)
Depreciation expense	14,226	-	14,226
Balance at 1 July 2010	(194,355)	(174,465)	(368,820)
Depreciation expense	(80,851)	(101,087)	(181,938)
Disposals	37,030	-	37,030
Balance at 30 June 2011	(238,176)	(275,552)	(513,728)
Net book value			
As at 30 June 2010	220,839	300,407	521,246
As at 30 June 2011	352,523	145,955	498,478

Company	Plant and equipment at cost	Equipment under finance lease at cost	Total
	\$	\$	\$
Gross carrying amount			
Balance at 1 July 2009	345,975	474,872	820,847
Additions	84,597	-	84,597
Disposals – sale and leaseback	(15,378)	-	(15,378)
Balance at 1 July 2010	415,194	474,872	890,066
Additions	356,121	135,031	491,152
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Disposals	(32,101)	(188,395)	(220,496)
Balance at 30 June 2011	590,698	421,508	1,012,206
Accumulated depreciation			
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Disposals – sale and leaseback	(45,616)	(83,289)	(128,905)
Depreciation expense	14,226	-	14,226
Balance at 1 July 2010	(194,355)	(174,465)	(368,820)
Depreciation expense	(80,851)	(101,087)	(181,938)
Disposals	37,030	-	37,030
Balance at 30 June 2011	(238,176)	(275,552)	(513,728)
Net book value			
As at 30 June 2010	220,839	300,407	521,246
As at 30 June 2011	352,523	145,955	498,478

There was no depreciation during the period that was capitalised as part of the cost of other assets.

16. Investment property

	Consolidated		Company	
	2011 \$	2010 \$	2011 \$	2010 \$
At cost				
Balance at beginning of financial year	21,839,074	21,336,072	3,037,686	2,500,000
Acquisitions	-	202,866	-	202,866
Building & development costs	2,640,698	334,820	2,420,787	334,820
Depreciation	(34,684)	(34,684)	-	-
Balance at end of financial year	24,445,088	21,839,074	5,458,473	3,037,686

The value of the investment properties are determined by using the cost model.

In December 2008 Angas Securities Limited foreclosed on a property held in Wahroonga NSW. The property was valued at \$2.5m at the time of the foreclosure and in 2010/11 the property was in the final stages of being subdivided and developed. The depreciation method used on investment properties held in Angas Commercial Property Trust is the straight line method depreciating the depreciable amount less expected residual value over a period of 50 years. In 2010/11 53-55 Junction Road, Wahroonga NSW was not revalued; however, the projected profit on the completed project as forecast by the project manager (Hanridge Consulting Pty Limited) via a feasibility study concluded that the land and development costs were not impaired as at 30 June 2011.

In March 2010 Angas Securities Limited acquired a parcel of land in New Zealand to facilitate the mortgage recovery process of an existing loan financed by the consolidated entity in New Zealand. The parcel of land in New Zealand was not impaired and was valued for impairment against council rates.

The fair value of 32 Murdoch Circuit, Acacia Ridge is \$6.62m (2010: \$6.5m) based on an updated market valuation received from Knight Frank (June 2011). The fair value of Lot 4, 17 Breene Place Morningside is \$8.3m (2010: \$8.5m) based on a market opinion received by Taylor Byrne Valuers (May 2011). The market value of 107 Reichart Road Winnellie is \$3.9m (2010: \$4.1m) as valued by Intergrated Valuation Services (NT) (November 2010).

17. Goodwill

	Consolidated		Company	
	2011 \$	2010 \$	2011 \$	2010 \$
Gross carrying amount				
Balance at beginning of financial year	645,484	645,484	645,484	645,484
Additional amounts recognised from business combinations occurring during the period (note 31)	61,725	-	61,725	-
Balance at end of financial year	707,209	645,484	707,209	645,484
Accumulated impairment losses				
Balance at beginning of financial year	(53,300)	-	(53,300)	-
Impairment losses for the year (i)	(61,725)	(53,300)	(61,725)	(53,300)
Balance at end of financial year	(115,025)	(53,300)	(115,025)	(53,300)
Net book value				
At the beginning of the financial year	592,184	645,484	592,184	645,484
At the end of the financial year	592,184	592,184	592,184	592,184

- (i) During the financial year, the consolidated entity assessed the recoverable amount of goodwill, and determined that goodwill associated with the acquisition of API Home Loans was not impaired (2010: \$53,300), however the Goodwill arising on the acquisition of Hindmarsh Precinct Development was impaired and as a result written off in full.

Angas Financial Services (formally API Home Loans) does not trade in an active market and in turn the recoverable amount is based on value in use. The following are the assumptions used by management in measuring the recoverable amount of the cash-generating unit containing goodwill.

A cash flow was prepared over a 5 year period and a terminal value, using a post-tax discount rate of 12.81% and an implied pre-tax discount rate of 22.15%. The first year of the cash flow was based on internal budgets prepared for this business unit for the year ending 2011/12 and going forward a 3% growth rate was factored in per annum for the remaining years. The main drivers of the impairment valuation were; growth in sources of revenue through Angas Financial Services relationship with FAST and new income sources (application fees); pre-existing loans from GE are expected to reduce to zero over the projected period; and margin improvements reflecting the relatively fixed cost base of Angas Financial Services.

18. Other intangible assets

	Consolidated			
	Software under lease \$	Software \$	Copyright & Website \$	Total \$
Gross carrying amount				
Balance at 1 July 2009	185,176	21,450	2	206,628
Additions				
Balance at 30 June 2010	185,176	21,450	2	206,628
Additions	-	1	-	1
Disposal – sale & leaseback	(92,697)	-	-	(92,697)
Balance at 30 June 2011	92,479	21,451	2	113,932
Accumulated amortisation and impairment				
Balance at 1 July 2009	(95,386)	(3,203)	-	(98,589)
Amortisation expense	(29,171)	(5,363)	-	(34,534)
Balance at 30 June 2010	(124,557)	(8,566)	-	(133,123)
Amortisation expense	(23,120)	(5,363)	-	(28,483)
Disposal – sale & leaseback	92,697	-	-	92,697
Balance at 30 June 2011	(54,980)	(13,929)	-	(68,909)
Net book value				
As at 30 June 2010	60,619	12,884	2	73,505
As at 30 June 2011	37,499	7,522	2	45,023

	Company			
	Software under lease \$	Software \$	Copyright & Website \$	Total \$
Gross carrying amount				
Balance at 1 July 2009	185,176	21,450	2	206,628
Additions	-	-	-	-
Balance at 30 June 2010	185,176	21,450	2	206,628
Additions	-	1	-	1
Disposal – sale & leaseback	(92,697)	-	-	(92,697)
Balance at 30 June 2011	92,479	21,451	2	113,932
Accumulated amortisation and impairment				
Balance at 1 July 2009	(95,386)	(3,203)	-	(98,589)
Amortisation expense	(29,171)	(5,363)	-	(34,534)
Balance at 30 June 2010	(124,557)	(8,566)	-	(133,123)
Amortisation expense	(23,120)	(5,363)	-	(28,483)
Disposal – sale & leaseback	92,697	-	-	92,697
Balance at 30 June 2011	(54,980)	(13,929)	-	(68,909)
Net book value				
As at 30 June 2010	60,619	12,884	2	73,505
As at 30 June 2011	37,499	7,522	2	45,023

19. Other assets

	Consolidated		Company	
	2011 \$	2010 \$	2011 \$	2010 \$
Prepayments	95,138	55,687	44,434	17,796
Prepaid Land Lease - Lot 101 Adam Street Hindmarsh (i)	3,778,452	-	-	-
	3,873,590	55,687	44,434	17,796

(i) The land is leased from the Commonwealth for 99 years. The lease will expire on 12 February 2106.

20. Assets pledged as security

In accordance with the security arrangements of liabilities, as disclosed in note 22 to the financial statements, all assets of the company, except goodwill, plant & equipment under lease and deferred tax assets, have been pledged as security. The holder of the security does not have the right to sell or repledge the assets other than in an event of default.

21. Trade and other payables

	Consolidated		Company	
	2011 \$	2010 \$	2011 \$	2010 \$
Trade payables (i)	1,112,266	985,916	576,230	917,422
	1,112,266	985,916	576,230	917,422

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

22. Interest bearing liabilities

	Consolidated		Company	
	2011 \$	2010 \$	2011 \$	2010 \$
Secured – at amortised cost				
Debentures (i)	209,153,964	164,798,363	209,353,964	165,478,363
Redeemable Preference Shares (ii)	6,516,827	-	6,516,827	-
Bank bills (iii)	18,217,767	15,747,767	-	-
Portfolio loan	997,557	999,224	997,557	999,224
Hire purchase (Note 29)	170,139	203,733	170,139	203,733
	235,056,254	181,749,087	217,038,487	166,681,320
Maturity analysis				
Not longer than 3 months	48,779,616	47,519,420	48,779,616	47,599,421
Longer than 3 months and not longer than 12 months	125,471,765	94,704,493	119,501,765	89,592,725
Longer than 1 year and not longer than 5 years	50,768,873	39,525,174	48,757,106	29,489,174
Longer than 5 years	10,036,000	-	-	-
	235,056,254	181,749,087	217,038,487	166,681,320

- (i) The face value of Debentures: Consolidated \$206,564,971 (2010: \$163,033,781); Company \$206,764,971 (\$163,713,781). Debentures may be issued for a period of 1 or 3 years, with interest rates fixed for the term of the debenture. Interest is payable monthly. 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 investor in excess of 10% of total debentures on issue.
- (ii) The face value of the Redeemable Preference Shares ("RPS"): \$6,579,000 (2010: Nil). RPS are subordinate to Debentures but will rank ahead of ordinary share capital and any external funding facility. The RPS has two reset dates the first being 30 April 2014 and the second being 30 April 2014. At each reset date the Company can elect to exchange by either: converting the RPS into Ordinary Shares, repurchase the RPS, arrange for a third party to acquire the RPS or redeem the RPS. The RPS holder can request exchange on either: the reset dates, a dividend not being paid in full for two consecutive dividend periods, certain takeovers offers or during a sale of all or substantially all of the business (some exclusions apply to this condition). The RPS will expire on 30 April 2020 in any event. On expiry or redemption investors will be paid the full face value of their RPS.
- (iii) As at the balance date there were four bank bills in place with BankSA. The bank bill expiry dates range from within the next 12 months out to 5 years. All of the bank bills are secured against real property.

Subsequent to year end, Angas Commercial Property Trust was required to deposit an additional \$500,000 in security in relation to the \$12,048,000 Commercial Bill Facility with BankSA to ensure the Loan to Security Ratio was below the required ratio. The requirement for an additional deposit does not trigger an Event of Review of the Commercial Bill Facility with BankSA and no further security is required to meet the conditions of the Commercial Bill Facility.

23. Provisions

	Consolidated		Company	
	2011	2010	2011	2010
	\$	\$	\$	\$
Employee benefits (i)	205,799	185,091	205,799	185,091
	205,799	185,091	205,799	185,091

- (i) The provision for employee benefits includes \$118,586 of annual leave and \$87,213 of long service leave entitlements accrued. Over the next 12 months management estimates that 90% of the annual leave provision will be taken and 37% long service leave.

24. Other financial liabilities

	Consolidated		Company	
	2011	2010	2011	2010
	\$	\$	\$	\$
Funds received in advance (i)	349,258	231,582	349,258	231,582
	349,258	231,582	349,258	231,582

- (i) These are debenture funds which have been received prior to rolled over date or in circumstances of new debenture prior to the physical application form being received.

25. Issued capital

	Consolidated		Company	
	2011	2010	2011	2010
	\$	\$	\$	\$
768,546 fully paid ordinary shares (2010: 765,303)	794,605	726,016	794,605	726,016
31,875 partly paid ordinary shares (2010: 31,875)	103,871	73,882	103,871	73,882
	898,476	799,898	898,476	799,898

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.

	2011		2010	
	No.	\$	No.	\$
Fully paid ordinary shares				
Balance at beginning of financial year	765,303	726,016	761,876	653,535
Issue of shares	3,243	68,589	3,427	72,481
Balance at end of financial year	768,546	794,605	765,303	726,016

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

In the prior period, the consolidated entity completed off-market share buy-back to buy-back shares owned by R B Morton and his associated entities.

	2011		2010	
	No.	\$	No.	\$
Partly paid ordinary shares				
Balance at beginning of financial year	31,875	73,882	31,875	43,816
Installment on allotment	-	29,989	-	30,066
Balance at end of financial year	31,875	103,871	31,875	73,882

Partly paid ordinary shares carry one vote per share.

75% of all dividends paid to shareholders holding partly paid shares will be retained by the company and applied against any unpaid amounts owing on the partly paid shares whether or not a call has been made for unpaid capital. The remaining 25% of dividends will be paid to the owner of the partly paid shares.

26. Retained earnings

	Consolidated		Company	
	2011 \$	2010 \$	2011 \$	2010 \$
Balance at beginning of financial year	7,227,163	5,487,390	7,910,612	6,512,636
Net profit attributable to members of the parent entity	1,877,557	2,739,773	1,498,726	2,397,976
Dividends provided for or paid (note 27)	(1,000,000)	(1,000,000)	(1,000,000)	(1,000,000)
Balance at end of financial year	8,104,720	7,227,163	8,409,338	7,910,612

27. Dividends

	2011		2010	
	Cents per share	Total \$	Cents per share	Total \$
Recognised amounts				
<u>Fully paid ordinary shares</u>				
Interim dividend:				
Fully franked at a 30% tax rate	-	-	75.59	600,000
<u>Fully paid ordinary shares</u>				
Final dividend:				
Fully franked at a 30% tax rate	125.44	1,000,000	50.18	400,000
Unrecognised amounts				
<u>Fully paid ordinary shares</u>				
Final dividend:				
Fully franked at a 30% tax rate	124.94	1,000,000	125.44	1,000,000

Adjusted franking account balance
Impact on franking account balance of dividends not recognised

Company	
2011 \$	2010 \$
4,235,322	4,521,014
(428,571)	(428,571)

28. Contingent liabilities and contingent assets

During the period Angas Securities Limited has introduced secured loans into a facility with Advance Investment Finance No 2 Pty Ltd and which are not recognised on the statement of financial position. Under the terms of the facility Angas Securities Limited assumes risk of default of the loans. As at reporting date secured loans of \$2,763,750 have been made and Angas Securities Limited considers the likelihood of default to be remote and as such has not recognised a provision. Shortly prior to balance date, the ability to access that facility was terminated. Accordingly existing loans will be managed through to expiry but no new loans will be written into the facility.

Angas Securities Limited was involved in legal proceedings brought in the Supreme Court of Western Australia by Seizer Builders Pty Ltd (in liquidation). The claim against Angas was for failing to lend funds. The proceedings were discontinued post the balance date.

Angas Securities Limited is involved in legal proceedings brought in the Supreme Court of South Australia against Horizon Lifestyle Developments Pty Ltd which is a borrower. The principal claim for possession of mortgaged land is resolved. The land has been sold and the loan funds recovered. A counter claim bought by the borrower remains on foot. The directors believe, based on legal advice, that the counter claim can be successfully defended and therefore no losses will be incurred. Other than as detailed above, there are no other contingent liabilities or contingent assets.

29. Leases

Finance leases

Leasing arrangements

Finance leases relate to property, plant and equipment with a lease term of 3 years.

Finance lease liabilities

	Lease payments			
	Consolidated		Company	
	2011 \$	2010 \$	2011 \$	2010 \$
No later than 1 year	95,900	151,921	95,900	151,921
Later than 1 year and not later than 5 years	74,238	51,812	74,238	51,812
	170,138	203,733	170,138	203,733

Operating leases

Leasing arrangements as Lessee

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.

Non-cancellable operating lease payments

	Consolidated		Company	
	2011 \$	2010 \$	2011 \$	2010 \$
Not longer than 1 year	142,714	249,035	142,714	249,035
Longer than 1 year and not longer than 5 years	185,017	124,600	185,017	124,600
	327,731	373,635	327,731	373,635

Leasing arrangements as Lessor

The consolidated entity has three operating leases for terms of 9, 10 and 11 years on land and building held at Acacia Ridge QLD, Winnellie NT, and Morningside QLD.

Non-cancellable future minimum lease receivable

	Consolidated		Company	
	2011 \$	2010 \$	2011 \$	2010 \$
Not longer than 1 year	1,583,868	1,527,969	-	-
Longer than 1 year and not longer than 5 years	6,667,645	6,434,519	-	-
Longer than 5 years	357,071	2,174,064	-	-
	8,608,584	10,136,552	-	-

30. Subsidiaries

Name of subsidiary	Country of incorporation	Ownership interest	
		2011 %	2010 %
Angas Commercial Property Trust	Australia	98.2	98.2
Hindmarsh Precinct Developments Pty Ltd as trustee for The Lot 101 Development Unit Trust	Australia	70.0	Nil
Angas Securities Limited (New Zealand)	New Zealand	Nil	100.0

31. Business combinations

(a) Subsidiary acquired

On 14 December 2010, the consolidated entity acquired a 70% interest in Hindmarsh Precinct Developments Pty Ltd as trustee for The Lot 101 Development Unit Trust ("Hindmarsh Precinct Development"). Hindmarsh Precinct Developments is engaged in Property Investment and was acquired with the objective of strengthening the consolidated entities investment portfolio.

(b) Consideration transferred

Cash

\$
740,082
740,082

(c) Assets acquired and liabilities assumed at the date of acquisition

Assets

Cash & cash equivalents

Trade receivables (i)

Prepaid land lease – Lot 101 Adam Street Hindmarsh (ii)

Liabilities

Trade & other payables

Related party payable – Vidale Developments Pty Ltd

Commercial Bill – BankSA

\$
212
30,050
3,800,000
(191,180)
(200,000)
(2,470,000)
969,082

(i) Trade receivables acquired of \$30,050 relate entirely to GST receivables

(ii) The land acquired is leased from the Commonwealth for 99 years. The lease will expire on 12 February 2106.

(d) Non-controlling interest

The non-controlling interest (30%) in Hindmarsh Precinct Development recognized at the acquisition date was measured by reference to the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets.

(e) Goodwill arising on acquisition

Consideration transferred

Plus: non-controlling interest (at fair value)

Less: fair value of identifiable net assets acquired

Goodwill arising on acquisition

\$
740,082
290,725
(969,082)
61,725

None of the goodwill arising on this acquisition is expected to be deductible for tax purposes.

(f) Net cash outflow arising on acquisition

Consideration transferred

Less: cash and cash equivalent balances acquired

\$
740,082
(212)
739,870

(g) Impact of acquisition on the results of the Consolidated Entity

Included in the profit for the period ending 30 June 2011 is a loss of \$205,581 attributed to Hindmarsh Precinct Developments. Revenue for the period includes \$24 in respect of Hindmarsh Precinct Developments.

32. Notes to the statement of cash flows

(a) Reconciliation of cash and cash equivalents

For the purposes of the statement of cash flows, 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 statement of cash flows are reconciled to the related items in the statement of financial position as follows:

	Consolidated		Company	
	2011 \$	2010 \$	2011 \$	2010 \$
Cash – Trading account (at call)	6,307,729	2,344,462	6,071,856	2,304,898
Cash – Debenture fund (at call)	14,958,958	4,825,420	14,958,958	4,825,420
Cash – BankWest (term deposit)	-	2,000,000	-	2,000,000
Cash – NAB (term deposit)	6,000,000	2,810,642	6,000,000	2,810,642
Cash – BankSA (term deposit)	3,000,000	-	3,000,000	-
Cash on hand	1,333	1,475	1,333	1,475
	30,268,020	11,981,999	30,032,147	11,942,435

(b) Financing facilities

	Consolidated		Company	
	2011 \$	2010 \$	2011 \$	2010 \$
Secured bank bill facilities:				
• amount used	18,217,767	15,747,767	-	-
• amount unused	233	3,233	-	-
	18,218,000	15,751,000	-	-
Portfolio Loan:				
• amount used	997,557	1,000,000	997,557	1,000,000
• amount unused	2,443	-	2,443	-
	1,000,000	1,000,000	1,000,000	1,000,000
Hire purchase facility:				
• amount used	170,138	702,809	170,138	702,809
• amount unused	-	-	-	-
	170,138	702,809	170,138	702,809

(c) Cash balances not available for use

The Debenture Fund account has at all times a cash balance of at least 5% of all debenture funds issued pursuant to the company's Prospectus and Trust Deed for First Ranking Debenture Stock.

The consolidated entity must hold \$124,500 in cash in the consolidated trading account for working capital relating to Angas Commercial Property Trust.

BankSA holds a set off deed over the Trading account for \$193,000.00 which is made up of the following:

- \$143,000.00 Bank guarantee - SA office lease
- \$23,000.00 Bank guarantee - WA office lease
- \$20,000.00 Bank guarantee - ASIC (relating to AFS Licence requirement)
- \$50,000.00 Cash security over Hire Purchase agreements on computer equipment

32. Notes to the statement of cash flows (cont'd)

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

	Consolidated		Company	
	2011 \$	2010 \$	2011 \$	2010 \$
Profit for the year	1,834,438	2,746,182	1,498,726	2,397,976
Debt issue costs recognised in profit or loss	867	-	867	-
Investment revenue recognised in profit or loss	(1,322,779)	(4,352,510)	(1,322,779)	(3,952,870)
Impairment of assets	1,940,394	53,300	2,501,481	53,300
Gain on disposal of property, plant & equipment	(3,611)	(1,029)	(3,611)	(1,029)
Depreciation and amortisation	266,664	198,742	210,433	164,058
Change in tax balances	(776,303)	568,288	(776,303)	568,288
Changes in net assets and liabilities, net of effects from acquisition and disposal of businesses:				
(Increase)/decrease in assets:				
Trade and other receivables	(1,321,326)	58,376	(1,307,688)	130,278
Loan receivables	(298,446)	2,626,227	(298,446)	2,626,227
Other assets	(30,776)	(7,227)	(26,638)	(6,040)
Increase/(decrease) in liabilities:				
Trade and other payables	325,438	(280,717)	258,889	(235,110)
Interest bearing liabilities	824,411	304,816	824,411	304,816
Provisions	20,707	(3,276)	20,707	(3,276)
Net cash from operating activities	1,459,678	1,911,172	1,580,049	2,046,618

33. Financial instruments

(a) Capital risk management

The company manages its capital to ensure that entities in the consolidated group will be able to continue as a going concern while maximising the return to shareholders. 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's overall strategy remains unchanged from the previous period.

Angas Commercial Property Trust which is a subsidiary of the consolidated entity currently holds four bank bills which are secured against two investment properties held in Queensland and one investment property held in the Northern Territory. Hindmarsh Precinct Developments Pty Ltd as trustee for The Lot 101 Development Unit Trust is also a subsidiary of the consolidated entity and this entity currently holds 1 bank bill secured against one property held in South Australia. In 2009 the company foreclosed on a property in Wahrenga NSW and, subsequently, obtained a Portfolio loan secured against this property.

(b) Categories of financial instruments

	Consolidated		Company	
	2011 \$	2010 \$	2011 \$	2010 \$
Financial assets				
Cash and cash equivalents	30,268,020	11,981,999	30,032,147	11,942,435
Loans and receivables	185,342,643	155,981,990	189,760,310	160,270,835
Financial liabilities				
At amortised cost	236,168,520	182,735,003	217,614,717	167,598,742

(c) Financial risk management objectives

The consolidated entity's activities expose it to financial risks, market risk, credit risk and liquidity risk. The consolidated entity's overall risk management program seeks to minimise potential adverse effects on the financial performance of the consolidated entity. Risk management is carried out by the Audit Risk Management and Compliance Committee ("ARMCO") and the Credit Committee (specific to lending).

ARMCO is a committee established by the Board of Directors of the consolidated entity to assist the company in the effective discharge of its corporate governance and oversight responsibilities. The Credit Committee focuses on assessing the risk and credit worthiness of all borrowings prior to a letter of offer being issued.

Management minimises market risk by maintaining a maximum loan to value ratio across the total loan portfolio of 70% in conjunction with only lending on first mortgage loans. In addition all real property must be valued by an independent licensed valuer appointed by the company before any loan is made.

The company must retain a liquidity reserve which comprises 5% of all debenture funds to be held in liquid assets. In addition to the 5% liquid asset reserve held in the current financial year management resolved to maintain an additional \$5 million in cash reserves to strengthen liquidity.

(d) Market risk

The consolidated entity's activities expose it primarily to the financial risks of changes in interest rates (refer note 33(f)) and, to a lesser degree, foreign currency exchange rates (refer note 33(e)).

At a consolidated entity and company level, market risks are managed through sensitivity analysis and stress scenario analysis.

There has been no change to the consolidated entity's exposure to market risks or the manner in which it manages and measures the risk from the previous period.

(e) Foreign currency risk management

Foreign currency sensitivity analysis

The consolidated entity is only exposed to the New Zealand dollar. The consolidated entity revalued all cash held in New Zealand dollars at spot rate on the 30 June 2011.

33. Financial instruments (cont'd)

(f) Interest rate risk management

The consolidated entity has interest bearing assets and liabilities. Interest rate risk on the assets is managed by investing in an Australian bank, or ADI or a subsidiary of same for a maximum of 12 months on funds which are not required in the short term. All other funds are either held in cash management accounts or 30 day rolling facilities.

Interest bearing liabilities include bank bills, debentures, a portfolio loan, and hire purchase facilities. Bank bills, the portfolio loan and the hire purchase facility are at fixed rates and are not sensitive to market movements; however the debentures are set at a variable interest rate reliant on the time of investment.

The company and the consolidated entity's exposures to interest rates on financial assets and financial liabilities are detailed in the liquidity risk management section of this note.

Interest rate sensitivity analysis

The sensitivity analyses below have been determined based on the exposure of cash and cash equivalent with variable interest rates. A +/- 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the possible change in interest rates.

At reporting date, if interest rates had been 50 basis points higher or lower and all other variables were held constant, the consolidated entity's:

- net profit would increase/(decrease) by \$43,964 (2010: increase/(decrease) by \$55,099). These movements are as a result of lower/higher interest income from these financial assets.
- equity would increase/(decrease) by nil (2010: increase/(decrease) by nil).

(g) 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's credit risks fall into the following categories:

- Cash and other deposits;
- loans; and
- trade and other receivables.

Under the Trust Deed for First Ranking Debenture Stock the consolidated entity can only deposit/invest in one or more of the following

- An Australian bank, or ADI or a subsidiary of same;
- A public authority;
- Securities, promissory notes and bills of exchange which have a ready market;
- A cash management trust; and
- A cash common fund within the meaning of the Trustee Companies ACT (SA) 1988 or equivalent legislation.

The consolidated entity minimises loan and trade and other receivables risk by only issuing loans on a first mortgage basis with a maximum loan to value ratio of 70% (50% on rural land). By maintaining a maximum loan to value ratio of 70% the risk of recoverability is greatly reduced. Other lending criteria which the Credit Committee takes into consideration before issuing a letter of offer include:

- Maintaining a spread of mortgage investments with conservative lending margins;
- Applying proven and prudent mortgage selection criteria;
- Ensuring that every security property is valued by an independent licensed valuer engaged by the company prior to any advance being approved;
- Requiring building insurance (at replacement cost) to be provided by Certificate of Currency from an approved insurer noting the company's interest as lender on each policy; and
- Weighting the portfolio to take account of geographic and investment spread.

33. Financial instruments (cont'd)

(g) Credit risk management (cont'd)

Furthermore 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.

Excluding financial guarantees, 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. In addition, the consolidated entity is exposed to credit risk in relation to financial guarantees given to Advance Investment Finance No 2 Pty Ltd. The consolidated entity's maximum exposure in this respect is the maximum amount the consolidated entity could have to pay if the guarantee is called on (refer to Note 28). As at 30 June 2011, no financial liabilities have been recognised in relation to this guarantee.

(h) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, who have built an appropriate liquidity risk management framework. The consolidated entity manages liquidity risk by maintaining a minimum cash reserve of 5% of all debentures on issue as per the Trust Deed for First Ranking Debenture Stock and a further decision by the board to hold an additional amount of \$5 million is also held in cash. The consolidated entity continuously monitors forecast and actual cashflows.

Liquidity and interest risk tables

The following tables detail the company's and the consolidated entity's financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the consolidated entity can be required to pay.

CONSOLIDATED	Average interest rate %	Less than 1 year \$	1-5 years \$	5 years + \$
2011				
Trade and other payables	0%	1,112,266	-	-
Bank bills	7.38%	7,463,333	4,923,501	10,570,076
Hire purchase	8.10%	106,215	26,598	-
Portfolio loan	7.06%	1,033,060	-	-
Redeemable Preference Shares (RPS)	10.50%	-	8,537,830	-
Debentures	8.44%	173,958,592	27,671,504	-
		183,673,466	41,159,433	10,570,076
2010				
Trade and other payables	0%	985,916	-	-
Bank bills	7.70%	6,741,003	2,727,342	-
Hire purchase	7.46%	160,530	-	-
Portfolio loan	5.19%	1,051,084	-	-
Redeemable Preference Shares (RPS)	-	-	-	-
Debentures	8.14%	140,646,270	23,690,126	-
		149,584,803	26,417,468	-

COMPANY	Average interest rate %	Less than 1 year \$	1-5 years \$	5 years + \$
2011				
Trade and other payables	0%	576,230	-	-
Hire purchase	8.10%	106,215	26,598	-
Portfolio loan	7.06%	1,033,060	-	-
Redeemable Preference Shares (RPS)	10.50%	-	8,537,830	-
Debentures	8.44%	174,169,622	27,671,504	-
		175,885,127	36,235,932	-
2010				
Trade and other payables	0	917,230	-	-
Hire purchase	7.46%	160,530	-	-
Portfolio loan	5.19%	1,051,084	-	-
Redeemable Preference Shares (RPS)	-	-	-	-
Debentures	8.14%	141,356,481	23,690,126	-
		143,485,325	23,690,126	-

33. Financial instruments (cont'd)

(h) Liquidity risk management (cont'd)

Liquidity and interest risk tables (cont'd)

The following table details the company's and the consolidated entity's financial assets. The tables below have been drawn up based on the undiscounted contractual maturities of the financial assets.

Consolidated

	Average interest rate %	Less than 1 year \$	1-5 years \$	5 years + \$
2011				
Cash	3.91%	6,309,062	-	-
Other cash deposits	4.05%	23,958,958	-	-
Loans	13.82%	176,622,257	-	-
Trade and other receivables	0%	15,542,870	630,148	138,873
		222,433,147	630,148	138,873
2010				
Cash	5.07%	2,345,936	-	-
Other cash deposits	5.01%	13,366,063	-	-
Loans	13.31%	141,542,530	-	-
Trade and other receivables	0%	18,231,225	587,368	102,857
		175,485,754	587,368	102,857

Company

	Average interest rate %	Less than 1 year \$	1-5 years \$	5 years + \$
2011				
Cash	4.18%	6,073,189	-	-
Other cash deposits	4.05%	23,958,958	-	-
Loans	13.82%	176,622,257	-	-
Trade and other receivables	0%	1,798,157	630,148	138,873
		208,452,561	630,148	138,873
2010				
Cash	4.18%	2,306,373	-	-
Other cash deposits	5.01%	13,366,063	-	-
Loans	13.31%	141,542,530	-	-
Trade and other receivables	0%	14,520,070	587,368	102,857
		171,735,036	587,368	102,857

34. Key management personnel compensation

Details of key management personnel

The directors and other members of key management personnel of the consolidated entity during the year were:

- A Luckhurst-Smith (Executive Chairman)
- M J Hower (Managing Director)
- K J Lyons (Executive Director)
- P S McCarthy (Executive Director)

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.

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 director salaries are 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 directors' remuneration.

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

Key management personnel compensation

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

	Consolidated		Company	
	2011 \$	2010 \$	2011 \$	2010 \$
Short-term employee benefits	945,649	939,381	945,649	939,381
Post-employment benefits	62,290	62,290	62,290	62,290
	1,007,939	1,001,671	1,007,939	1,001,671

The compensation of each member of the key management personnel of the consolidated entity for the current year is set out below:

2011	Short-term employee benefits			Post-employment benefits	Total
	Salary	Fees (i)	Allowances (ii)	Superannuation	
	\$	\$	\$	\$	\$
Executive officers					
M J Hower	233,745	61,000	-	21,037	315,782
A Luckhurst-Smith	181,997	61,000	-	16,380	259,377
P S McCarthy	181,497	61,000	-	16,335	258,832
K J Lyons	95,622	61,000	8,000	9,326	173,948
					1,007,939

2010	Short-term employee benefits			Post-employment benefits	Total
	Salary	Fees (i)	Allowances (ii)	Superannuation	
	\$	\$	\$	\$	\$
Executive officers					
M J Hower	233,745	61,000	-	21,037	315,782
A Luckhurst-Smith	181,997	61,000	-	16,380	259,377
P S McCarthy	181,497	61,000	-	16,335	258,832
K J Lyons	98,142	61,000	-	8,538	167,680
					1,001,671

(i) Fees relate to directors fees of \$36,000 per annum and guarantee fees of \$25,000 per annum.

(ii) Allowances relate to an accommodation allowance for interstate executive officers when travelling to Adelaide.

Contracts for services of key management personnel

No key management personnel are employed under contract.

35. Related party transactions

(a) Equity Interests in related parties

Equity interests in subsidiaries

Details of the percentage of units held in subsidiaries are disclosed in note 30 to the financial statements.

(b) Transactions with key management personnel

I. Key management personnel compensation

Details of key management personnel compensation are disclosed in note 34 to the financial statements.

II. Key management personnel equity holdings

Fully paid ordinary shares of Angas Securities Limited

	Balance at 1 July No.	Net other change No.	Balance at 30 June No.
2011			
A Luckhurst-Smith	171,976	-	171,976
M J Hower	424,176	-	424,176
K J Lyon	97,124	-	97,124
P S McCarthy	3,427	3,243	6,670
2010			
A Luckhurst-Smith	171,976	-	171,976
M J Hower	424,176	-	424,176
K J Lyon	97,124	-	97,124
P S McCarthy	-	3,427	3,427

Partly paid ordinary shares of Angas Securities Limited

	Balance at 1 July No.	Net other change No.	Balance at 30 June No.
2011			
P S McCarthy	31,875	-	31,875
2010			
P S McCarthy	31,875	-	31,875

35. Related party transactions (cont'd)

iii. Other transactions with key management personnel of the Consolidated entity

Profit for the year includes the following items of revenue and expense that resulted from transactions, other than compensation, loans or equity holdings, with key management personnel or their related entities:

	Consolidated	
	2011 \$	2010 \$
Consolidated revenue includes the following amounts arising from transactions with key management personnel of the consolidated entity or their related parties:		
Serviced office	267,657	242,053
Upfront & trail commission	5,145	443
	272,801	242,496
Consolidated profit includes the following expenses arising from transactions with key management personnel of the consolidated entity or their related parties:		
Commissions	3,737	34,393
Consultancy Fee	100,595	106,310
Distributions – Angas Commercial Property Trust	-	382
Interest expense	60,726	35,998
Legal consultancy	84,851	112,912
Management Fee	83,090	117,541
	332,999	407,536
Total assets arising from transactions other than loans and amounts receivable in relation to equity instruments with key management personnel or their related parties:		
Receivables – Trailing commission	20,806	20,031
	20,806	20,031
Total adjustments to assets arising from transactions pertaining to loans and amounts receivable in relation to equity instruments with key management personnel or their related parties:		
Trade and other receivables	(250,000)	(500,000)
	(250,000)	(500,000)

(c) Transactions with other related parties

Angas Securities Limited charges a service fee to KWS Capital No.2 Pty Ltd, of which Mr M J Hower is a director for office space, equipment and services provided. For the 2011 financial year \$251,055 (2010: \$227,695) was charged to KWS Capital No.2 Pty Ltd in the form of a service fee. A smaller service fee was also charged to Mr A Luckhurst-Smith for secretarial services provided. For the 2011 financial year \$16,602 (2010: \$14,358) was charged to Mr A Luckhurst-Smith. The service fees are based on percentage of usage which is reviewed by the board on an annual basis.

In 2011 the retailing lending business received \$4,350 (2010: \$443) in trail commission from FAST and \$795 (2010: nil) in upfront commission from FAST in relation to residential home loans held by Andrew Luckhurst-Smith.

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 \$3,737 (2010: \$34,393). Fees were based on standard rates for services provided on each loan. Trail commission is based on current market rates.

A consultancy fee of \$100,595 (2010: \$106,310) was paid to Barri Nominees, of which Mr P S McCarthy is a director, the consultancy fee was based on standard rates for the service provided.

Distributions were paid to the following directors and to parties related to them who are minority unit holders in Angas Commercial Property Trust during the financial year:

• K J Lyons	nil	(2010: \$127)
• M J Hower	nil	(2010: \$127)
• A Luckhurst-Smith	nil	(2010: \$127)
• P S McCarthy	nil	(2010: nil)

Profit distributions are based on the balance of net funds available for distribution at the end of the year to all trustee based on units held during the year.

35. Related party transactions (cont'd)

(c) Transactions with other related parties (cont'd)

Interest was paid to the following directors and to parties related to them on Debenture funds invested with Angas Securities Limited:

• K J Lyons	\$ 3,575	(2010: \$6,081)
• Barker Mortgages Pty Ltd (Hower, Luckhurst-Smith, McCarthy & Lyons are shareholders of this company)	Nil	(2010: \$ 695)
• Angas Commercial Property Trust	\$45,395	(2010: \$29,222)
• Angas Prime Income Fund (Angas Securities Limited is the Responsible Entity of Angas Prime Income Fund)	\$11,757	(2010: Nil)

All debenture interest is based on current advertised rate. Any rate paid above advertised rates must be approved by two directors who are not parties to the debenture investment.

Amounts paid to Mr A Luckhurst-Smith for legal consultancy fees for the year were \$84,851 (2010: \$112,912). Fees were based on standard rates for each service provided and were fully recovered by the consolidated entity from borrowers.

A management fee was paid by Angas Commercial Property Trust ("Trust") to Angas Property Fund Limited (Hower, Luckhurst-Smith, McCarthy & Lyons are shareholders of this company) of \$83,090 (2010: \$117,541). The management fee related to services provided by Angas Property Fund Limited relating to the management of investment properties held within the Trust.

Included under assets in trade and other receivables (trailing commission receivable) an amount totalling \$20,806 (2010: \$20,031) has been included as trailing commission receivable by the company as a result of a home loan between Mr A Luckhurst-Smith and Angas Financial Services. The trail commission receivable rate is determined by FAST.

Trade and other receivables was adjusted by \$250,000 (2010: \$500,000) pertaining to an investment made by entities associated with Mr K J Lyons and Mr A Luckhurst-Smith which related to the Company's partial interest in three properties, as tenant in common (refer to note 6 and 11). The \$250,000 (2010: \$500,000) was made up of principal of nil (2010: \$125,000) each and revenue on investment of \$125,000 (2010: \$125,000) each. The receivable is payable to the entities associated with Mr K J Lyons and Mr A Luckhurst-Smith on discharge of the facility.

36. Remuneration of auditors

	Consolidated		Company	
	2011 \$	2010 \$	2011 \$	2010 \$
Auditor of the parent entity				
Audit or review of the financial report	126,786	134,307	126,786	134,307
(Over)/under provision of prior year audit	-	(2,597)	-	(2,597)
Taxation services	28,435	-	28,435	-
Consultancy – Anti money laundering	-	1,086	-	1,086
	155,221	132,796	155,221	132,796

The auditor of Angas Securities Limited is Deloitte Touche Tohmatsu.

37. Subsequent events

A dividend of \$1,000,000 fully franked (imputed credit of \$458,571) was declared and paid on 1 July 2011. This represents a fully franked dividend of 124.94 cents per share. Payment of this dividend will reduce franking credits available for subsequent reporting periods to equity holders by \$458,571.

The company made an application to ASIC on 23 May 2011 to vary its AFS Licence 232479 to include the Angas Contributory Mortgage Fund. The variation to the Licence was granted by ASIC on 20 July 2011.

A further investment of 500,000 units at \$1.00 per unit were acquired by the company in Angas Commercial Property Trust on 20 July 2011. The \$500,000.00 was invested by Angas Commercial Property in a BankSA Term Deposit under a set off deed arrangement against an existing bank bill facility.