

# FORM: Half yearly report

Name of issuer

Angas Securities Limited

ACN or ARBN

091 942 728

Half yearly  
(tick)

✓

Preliminary  
final (tick)

Half year ended ('Current period')

31 December 2011

## For announcement to the market

Extracts from this statement for announcement to the market (see note 1).

				\$A
Revenue (item 1.1)	up	22.07%	to	17,451,076
Profit for the period (item 1.9)	down	19.19%	to	822,294
Profit for the period attributable to members of the parent (item 1.11)	down	14.57%	to	875,663
<b>Dividends</b>		Current period	Previous corresponding period	
Franking rate applicable:				
<b>Final dividend</b> (preliminary final report only)				
Amount per security		N/A		N/A
Franked amount per security		N/A		N/A
<b>Interim dividend</b> (Half yearly report only)				
Amount per security		124.93 cents		125.44 cents
Franked amount per security		100%		100%
Short details of any bonus or cash issue or other item(s) of importance not previously released to the market:				
N/A				

**Consolidated income statement** *(The figures are not equity accounted)**(see note 3)**(In accordance with paragraphs 81-85 and 88-94 of AASB 101: Presentation of Financial Statements)*

	Current period - \$A	Previous corresponding period - \$A
1.1 Revenues	17,541,076	14,369,802
1.2 Expenses, excluding finance costs	(5,727,997)	(4,695,571)
1.3 Finance costs	(10,496,521)	(8,133,387)
1.4 Share of net profits (losses) of associates and joint ventures	-	-
1.5 <b>Profit (loss) before income tax</b>	1,316,558	1,540,844
1.6 Income tax expense	(494,264)	(523,339)
1.7 Profit (loss) from continuing operations	822,294	1,017,505
1.8 Profit (loss) from discontinued operations	-	-
1.9 <b>Profit (loss) for the period</b>	822,294	1,017,505
1.10 Profit (loss) attributable to minority interests	(53,369)	(7,454)
1.11 <b>Profit (loss) attributable to members of the parent</b>	875,663	1,024,959
1.12 Basic earnings per security <i>(cents per share)</i>	104.16	127.12
1.13 Diluted earnings per security <i>(cents per share)</i>	14.47	127.12
1.14 Dividends per security <i>(cents per share)</i>	124.93	125.44

**Comparison of half-year profits***(Preliminary final statement only)*

	Current period - \$A	Previous corresponding period - \$A
2.1 Consolidated profit (loss) after tax attributable to members reported for the 1st half year <i>(item 1.11 in the half yearly statement)</i>	N/A	N/A
2.2 Consolidated profit (loss) after tax attributable to members for the 2nd half year	N/A	N/A

## Consolidated balance sheet

(as per paragraphs 68-69 of AASB 101: Financial Statement Presentation)

<b>Assets</b>		Current period - \$A	Previous corresponding period - \$A
3.1	Cash and cash equivalents	18,880,400	18,575,161
3.2	Trade and other receivables	18,668,540	15,967,820
3.3	Other assets	3,966,848	3,901,767
3.4	Other financial assets	5,574,061	7,438,414
3.5	Loans	179,231,166	149,374,737
3.6	Current tax assets	388,049	146,122
3.7	Deferred tax assets	-	517,826
3.8	Property, plant and equipment (net)	425,126	574,760
3.9	Investment properties	19,038,940	22,921,307
3.10	Property held for resale	6,415,536	-
3.11	Inventory – property	3,500,000	-
3.12	Goodwill	592,184	592,184
3.13	Other intangible assets	36,130	59,157
3.14	<b>Total assets</b>	<b>256,716,980</b>	<b>220,069,255</b>
<b>Liabilities</b>			
3.15	Trade and other payables	1,204,853	2,793,044
3.16	Interest bearing liabilities	241,444,375	208,208,277
3.17	Deferred tax liabilities	336,027	-
3.18	Provisions	222,809	177,644
3.19	Other financial liabilities	353,835	319,235
3.20	<b>Total liabilities</b>	<b>243,550,899</b>	<b>211,498,200</b>
3.21	<b>Net assets</b>	<b>13,155,081</b>	<b>8,571,055</b>
<b>Equity</b>			
3.22	Share capital	5,920,921	898,476
3.23	Other reserves	-	-
3.24	Retained earnings	6,902,736	7,252,122
3.25	<b>Parent interest</b>	<b>12,823,657</b>	<b>8,150,598</b>
3.26	<b>Minority interest</b>	<b>331,424</b>	<b>420,457</b>
3.27	<b>Total equity</b>	<b>13,155,081</b>	<b>8,571,055</b>

## Consolidated statement of changes in equity

(as per paragraphs 96-97 of AASB 101: Presentation of Financial Statements)

	Current period – A\$	Previous corresponding period – A\$
Revenues recognised directly in equity:	-	-
Expenses recognised directly in equity:	-	-
4.1 Net income recognised directly in equity	-	-
4.2 Profit for the period	822,294	1,017,505
4.3 Total recognised income and expense for the period		
Attributable to:		
4.4 Members of the parent	875,663	1,024,959
4.5 Minority interest	(53,369)	(7,454)
Effect of changes in accounting policy (as per AASB 108: Accounting Policies, Changes in Accounting Estimates and Errors):		
4.6 Members of the parent entity	-	-
4.7 Minority interest	-	-

**Consolidated statement of cash flows***(See note 6)**(as per AASB 107: Cash Flow Statements)*

		Current period -\$A	Previous corresponding period -\$A
	<b>Cash flows related to operating activities</b>		
5.1	Receipts from customers	3,852,703	3,287,661
5.2	Payments to suppliers and employees	(4,261,820)	(3,802,685)
5.3	Interest and other costs of finance received	8,997,158	8,885,340
5.4	Interest and other costs of finance paid	(10,524,574)	(7,759,346)
5.5	Income taxes received	888,303	-
5.6	Income taxes paid	(480,892)	(917,052)
5.7	<b>Net cash used in operating activities</b>	<b>(1,529,122)</b>	<b>(306,082)</b>
	<b>Cash flows related to investing activities</b>		
5.8	Proceeds from repayment of mortgage loans	25,355,898	15,717,454
5.9	Payment for mortgage loans	(45,039,472)	(32,512,921)
5.10	Payment for property held for resale	(575,000)	-
5.11	Proceeds from sale of property, plant and equipment	-	30,684
5.12	Payments for purchases of property, plant and equipment	(20,374)	(155,426)
5.13	Proceeds from financial assets	3,700,000	-
5.14	Payment for financial assets	(2,717,730)	-
5.15	Proceeds from sale of property investments	-	1,786,922
5.16	Payment for investments	-	(1,207,898)
5.17	Payment of building and development cost for investment properties	(451,730)	-
5.18	Payment for investment property	-	(1,699,575)
5.19	<b>Net cash used in investing activities</b>	<b>(19,748,408)</b>	<b>(18,040,760)</b>
	<b>Cash flows related to financing activities</b>		
5.20	Repayment of borrowings	(3,763,745)	(99,143)
5.21	Proceeds for issue of equity securities	94,798	98,578
5.22	Proceeds from issues of debt securities	25,149,107	33,811,569
5.23	Repayment of debt securities	(14,808,250)	(7,871,000)
5.24	Proceeds from issue of redeemable preference shares	5,000,000	-
5.25	Payment for share buy-back		-
	- member of the parent entity	(1,150,000)	
5.26	Dividends paid		
	- member of the parent entity	(1,000,000)	(1,000,000)
5.27	<b>Net cash provided by financing activities</b>	<b>9,521,910</b>	<b>24,940,004</b>
	<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(11,755,620)</b>	<b>6,593,162</b>
5.28	Cash at beginning of period	30,636,020	11,981,999
5.29	<b>Cash at end of period</b>	<b>18,880,400</b>	<b>18,575,161</b>

## Notes to the financial statements

### Ratios

		Current period	Previous corresponding period
<b>Profit before tax / revenue</b>			
6.1	Consolidated profit (loss) before tax ( <i>item 1.5</i> ) as a percentage of revenue ( <i>item 1.1</i> )	<b>7.51%</b>	<b>10.73%</b>
<b>Profit after tax / equity interests</b>			
6.2	Consolidated profit (loss) after tax attributable to members ( <i>item 1.11</i> ) as a percentage of equity (similarly attributable) at the end of the period ( <i>item 3.25</i> )	<b>6.83%</b>	<b>12.58%</b>

## Dividends

7.1 Date the dividend is payable 1 July 2011

7.2 Record date to determine entitlements to the dividend (i.e. on the basis of registrable transfers received up to 5.00 pm if paper based, or by 'End of Day' if a proper ASTC/CHESS transfer) 1 July 2011

7.3 If it is a final dividend, has it been declared? Yes  
(Preliminary final report only)

7.4 The dividend or distribution plans shown below are in operation.

N/A

The last date(s) for receipt of election notices to the dividend or distribution plans

N/A

7.5 Any other disclosures in relation to dividends or distributions

N/A

**Dividends paid or provided for on all securities**

(as per paragraph Aus126.4 AASB 101: Presentation of Financial Statements)

		Current period - \$A	Previous corresponding period - \$A	Franking rate applicable
<b>Dividends paid or provided for during the reporting period</b>				
7.6	Current year final			
	Franked dividends	1,000,000		100%
7.7	Previous year interim			
	Franked dividends		1,000,000	100%
<b>Dividends proposed and not recognised as a liability</b>				
7.8	Franked dividends	-	-	-

***Dividends is only payable to shareholders of Angas securities Limited. Angas Securities Limited shares are not listed.***

**Control gained over entity**

(See note 8)

8.1 Entities Name (not listed)

N/A



## Reports for industry and geographical segments

Information on the industry and geographical segments of the entity must be reported for the current period in accordance with AASB 114: Segment Reporting. Because of the different structures employed by entities, a pro forma is not provided. Segment information should be completed separately and attached to this statement. However, the following is the personation adopted in the Appendices to AASB 114 and indicates which amount should agree with items included elsewhere in this statement.

		Current period - \$A	Previous corresponding period - \$A
	<b>Segments</b>		
	Revenue:		
9.1	Commercial lending	16,417,896	13,279,354
9.2	Retail lending	316,646	315,915
9.3	Property investments	806,534	774,533
9.4	<b>Total</b> (consolidated total equal to item 1.1)	<b>17,541,076</b>	<b>14,369,802</b>
9.5	Segment result	1,316,558	1,540,844
9.6	Unallocated expenses	-	-
9.7	<b>Operating profit</b> (equal to item 1.5)	<b>1,316,558</b>	<b>1,540,844</b>
9.8	Interest expense	-	-
9.9	Interest income	-	-
9.10	Share of profits/(losses) of associates	-	-
9.11	Income tax expense	(494,264)	(523,339)
9.12	<b>Net profit</b> (consolidated total equal to item 1.9)	<b>822,294</b>	<b>1,017,505</b>
	<b>Other information</b>		
9.13	Segment assets	256,716,981	220,069,255
9.14	Investments in equity method associates	-	-
9.15	Unallocated assets	-	-
9.16	<b>Total assets</b> (equal to item 3.18)	<b>256,716,981</b>	<b>220,069,255</b>
9.17	Segment liabilities	243,561,900	211,498,200
9.18	Unallocated liabilities	-	-
9.19	<b>Total liabilities</b> (equal to item 3.32)	<b>243,561,900</b>	<b>211,498,200</b>

**NTA Backing***(see note 7)*

10.1	Current period	Previous corresponding period
Net tangible asset backing per ordinary security	\$18.36	\$9.25

***In accordance with the security arrangements of liabilities (ie: Debentures), all assets of the company, except goodwill 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.***

### Comments by directors

Comments on the following matters are required by the Exchange or, in relation to the half yearly statement, by AASB 134: Interim Financial Reporting. The comments do not take the place of the directors' report and statement (as required by the Corporations Act) but may be incorporated into the directors' report and statement. For both half yearly and preliminary final statements, if there are no comments in a section, state NIL. If there is insufficient space in comment, attach notes to this statement.

### Basis of accounts preparation

If this statement is a half yearly statement, it is a general purpose financial report prepared in accordance with the listing rules and AASB 134: Interim Financial Reporting. It should be read in conjunction with the last annual report and any announcements to the market made by the issuer during the period. This report does not include all notes of the type normally included in an annual financial report [Delete if inapplicable.]

A description of each event since the end of the current period which has had a material effect and is not related to matters already reported, with financial effect quantified (if possible). In a half yearly report, provide explanatory comments about any seasonal or irregular factors affecting operations (as per paragraphs 16(b), 16(b) and Aus 16.1 of AASB 134: Interim Financial Reporting)

Events which have occurred since 31 December 2011 include:

- Angas Securities Limited acquired all of the issued capital in Advance Investment Finance No.2 Pty Ltd (ACN 003 881 267) on 18 January 2012. Advance Investment Finance No.2 Pty Ltd core business is financial services.
- A fully franked dividend was declared and paid to Preference Shareholders (Redeemable Preference Share – Series 2) of \$165,753.42 on 31 January 2012.
- Angas Securities Limited acquired an 80% interest in Mannumm Investment Group Pty Ltd on 17 February 2012. Mannumm Investment Group Pty Ltd is a single retail/commercial property development.
- Angas Securities Limited sold a parcel of vacant land in New Zealand for NZ\$280,000.00 on 27 February 2012

Any other factors which have affected the results in the period, or which are likely to affect results in the future, including those where the effect could not be quantified.

N/A

Franking credits available and prospects for paying fully or partly franked dividends for at least the next year

Franking credits available as at FYE 30 June 2011 tax return = 4839669.12  
There are sufficient credits to pay any fully or partly franked dividends for at least the next year.

Changes in accounting policies, estimation methods and measurement bases since the last annual report are disclosed as follows.

*(Disclose changes in the half yearly statement in accordance with paragraph 16(a) of AASB 134: Interim Financial Reporting. Disclose changes in the preliminary final statement in accordance with paragraphs 28-29 of 108: Accounting Policies, Changes in Accounting Estimates and Errors.)*

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to their operations and effective for the current reporting period.

The adoption of all the new and revised Standards and Interpretations has not resulted in any changes to the Group's accounting policies and has no effect on the amounts reported for the current or prior periods. The new and revised Standards and Interpretations has not had a material impact and not resulted in changes to the Group's presentation of, or disclosure in, its half-yearly financial statements.

Revisions in estimates of amounts reported in previous periods. For half yearly reports the nature and amount of revisions in estimates of amounts reported in previous annual reports if those revisions have a material effect in this half year *(as per paragraph 16(d) of AASB 134: Interim Financial Reporting)*

N/A

Changes in contingent liabilities or assets. For half yearly reports, changes in contingent liabilities and contingent assets since the last annual report *(as per paragraph 16(j) of AASB 134: Interim Financial Reporting)*

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 recognized 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 \$1,413,750 have been made and Angas Securities Limited considers the likelihood of default to be remote and as such has not recognised a provision.

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.

The nature and amount of items affecting assets, liabilities, equity, profit or loss, or cash flows that are unusual because of their nature, size or incidence *(as per paragraph 16(c) of AASB 134: Interim Financial Reporting)*

N/A

Effect of changes in the composition of the entity during the interim period, including business combinations, acquisition or disposal of subsidiaries and long-term investments, restructurings and discontinued operations *(as per paragraph 16(i) of AASB 134: Interim Financial Reporting)*

N/A

**Compliance statement**

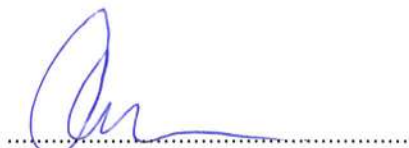
1. This statement has been prepared under accounting policies which comply with accounting standards as defined in the *Corporations Act* or other standards acceptable to the Exchange (see note 13).

Identify other standards used

N/A

2. This statement, and the financial statements under the *Corporations Act* (if separate), use the same accounting policies.
3. This statement does give a true and fair view of the matters disclosed (see note 2).
4. This statement is based on financial statements to which one of the following applies:
- ☐ The financial statements have been audited. ☒ The financial statements have been subject to review by a registered auditor (or overseas equivalent).
- ☐ The financial statements are in the process of being audited or subject to review. ☐ The financial statements have *not* yet been audited or reviewed.
5. The accounts have been review and the audit report is attached, there are no qualifications as per the attached report. (*Half yearly statement only - the audit report must be attached to this statement if the statement is to satisfy the requirements of the Corporations Act.*)
6. The *issuer* has a formally constituted audit committee.

Sign here:

  
(Director)

Date: .....15 March 2012.....

Print name: .....Andrew Luckhurst-Smith.....

## Notes

1. **For announcement to the market** The percentage changes referred to in this section are the percentage changes calculated by comparing the current period's figures with those for the previous corresponding period. Do not show percentage changes if the change is from profit to loss or loss to profit, but still show the amount of the change up or down. If changes in accounting policies or procedures have had a material effect on reported figures, do not show either directional or percentage changes in profits. Explain the reason for the omissions in the note at the end of the announcement section. *Issuers* are encouraged to attach notes or fuller explanations of any significant changes to any of the items in page 1. The area at the end of the announcement section can be used to provide a cross reference to any such attachment.

2. **True and fair view** If this statement does not give a true and fair view of a matter (for example, because compliance with an Accounting Standard is required) the *issuer* must attach a note providing additional information and explanations to give a true and fair view.

3. **Consolidated statement of financial performance**

Item 1.1            The definition of "revenue" is set out in *AASB 118: Revenue*

Item 1.6            This item refers to the total tax attributable to the amount shown in *item 1.5*. Tax includes income tax and capital gains tax (if any) but excludes taxes treated as expenses from ordinary activities (eg. fringe benefits tax).

4. **Income tax** If the amount provided for income tax in this statement differs (or would differ but for compensatory items) by more than 15% from the amount of income tax *prima facie* payable on the profit before tax, the issuer must explain in a note the major items responsible for the difference and their amounts. The rate of tax applicable to the franking amount per dividend should be inserted in the heading for the column "Franking rate applicable" for items in *section 9*.

5. **Consolidated statement of financial position**

**Format** The format of the consolidated statement of financial position should be followed as closely as possible. However, additional items may be added if greater clarity of exposition will be achieved, provided the disclosure still meets the requirements of *AASB 134: Interim Financial Reporting*, and *AASB 101: Presentation of Financial Statements*. Banking institutions, trusts and financial institutions may substitute a clear liquidity ranking for the Current/Non-Current classification.

**Basis of revaluation** If there has been a material revaluation of non-current assets (including investments) since the last annual report, the *issuer* must describe the basis of revaluation adopted. The description must meet the requirements of *AASB 116: Property, Plant and Equipment*. If the *issuer* has adopted a procedure of regular revaluation, the basis for which has been disclosed and has not changed, no additional disclosure is required.

6. **Consolidated statement of cash flows** For definitions of "cash" and other terms used in this statement see *AASB 107: Cash Flow Statements*. *Issuers* should follow the form as closely as possible, but variations are permitted if the *directors* (in the case of a trust, the management company) believe that this presentation is inappropriate. However, the presentation adopted must meet the requirements of *AASB 107*.
7. **Net tangible asset backing** Net tangible assets are determined by deducting from total tangible assets all claims on those assets ranking ahead of the ordinary *securities* (i.e. all liabilities, preference shares, outside equity interests, etc). Mining *issuers* are *not* required to state a net tangible asset backing per ordinary *security*.
8. **Gain and loss of control over entities** The gain or loss must be disclosed if it has a material effect on the consolidated financial statements. Details must include the contribution for each gain or loss that increased or decreased the *issuer's* consolidated operating profit (loss) after tax by more than 5% compared to the previous corresponding period.

9. **Equity accounting** If an *issuer* adopts equity accounting, no comparative equity accounting figures are required in the first period following its adoption.
10. **Rounding of figures** This statement anticipates that the information required is given to the nearest \$1,000. However, an *issuer* may report exact figures, if the \$A'000 headings are amended. If an *issuer* qualifies under ASIC Class Order 98/0100 dated 15 July 2004, it may report to the nearest million dollars, or to the nearest \$100,000, if the \$A'000 headings are amended.
11. **Comparative figures** Comparative figures are to be presented in accordance with AASB 101: *Presentation of Financial Statements* or AASB 134: *Interim Financial Reporting* as appropriate and are the unadjusted figures from the last annual or half year report as appropriate. However, if the previously reported figures are adjusted to achieve greater comparability, in accordance with an accounting standard or other reason, a note explaining the adjustment must be included with this statement. If no adjustment is made despite a lack of comparability, a note explaining the position should be attached.
12. **Additional information** An *issuer* may disclose additional information about any matter, and must do so if the information is material to an understanding of the financial statements. The information may be an expansion of the material contained in this statement, or contained in a note attached to the statement. The requirement under the listing rules for an *issuer* to complete this statement does not prevent the *issuer* issuing statements more frequently. Additional material lodged with the ASIC under the *Corporations Act* must also be given to the *Exchange*. For example, a *directors'* report and declaration, if lodged with the ASIC, must be given to the *Exchange*.
13. **Accounting Standards** the *Exchange* will accept, for example, the use of International Accounting Standards for *foreign issuers*. If the standards used do not address a topic, the Australian standard on that topic (if one exists) must be complied with.
14. **Borrowing corporations** This statement may be able to be used by an *issuer* required to comply with the *Corporations Act* as part of its half yearly financial statements if prepared in accordance with Australian Accounting Standards.
15. **Details of expenses** AASB 101: *Presentation of Financial Statements* requires disclosure of expenses according to either their nature or function. For foreign entities, there are similar requirements in other accounting standards accepted by the *Exchange*. *Issuers* must disclose details of expenses using the layout (by nature or function) employed in their accounts.

The information in *items 7.1 - 7.2* may be provided in an attachment to Appendix 3

**Relevant items** AASB 101: *Presentation of Financial Statements* requires the separate disclosure of specific revenues and expenses which are of a size, nature or incidence that disclosure is *relevant*, as defined in AASB 101, in explaining the financial performance of the *issuer*. There is an equivalent requirement in AASB 134: *Interim Financial Reporting*. For foreign entities, there are similar requirements in other accounting standards accepted by the *Exchange*.

16. **Dollars** If reporting is not in A\$, all references to \$A must be changed to the reporting currency. If reporting is not in thousands of dollars, all references to "000" must be changed to the reporting value.
17. **Discontinuing operations**

Entities must either provide a description of any significant activities or events relating to discontinuing operations equivalent to that required by *paragraph 7.5 (g) of AASB 134: Interim Financial Reporting*, or, the details of discontinuing operations they are required to disclose in their accounts in accordance with AASB 5: *Non-current Assets for Sale and Discontinued Operations*

In any case, the information may be provided as an attachment to this Appendix 3

# **ANGAS SECURITIES LIMITED**

A.C.N. 091 942 728

Half year report for the half-year ended 31 December 2011



# Financial report for the half-year ended 31 December 2011

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## Directors' report

The directors of Angas Securities Limited submit herewith the financial report for the half-year ended 31 December 2011. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

The names of the directors of the company during or since the end of the half-year are:

### Name

Mr Andrew Luckhurst-Smith

Mr Matthew John Hower

Mr Kimley John Lyons

Mr Paul Stephen McCarthy

### Review of operations

The operating profit after income tax and before dividends for the period amounted to \$822,294 (6 months December 2010 operating profit of \$1,017,505). For the six months ending 31 December 2011 interest revenue was strong and expenses were generally maintained in comparison to the comparative period. However during the current period Angas Securities Limited did not record any profit on sale of properties as in prior periods. Profit on sale of property is a not a core income source.

### Auditor's independence declaration

The auditor's independence declaration is included on page 2 of the half-year report.

Signed in accordance with a resolution of directors made pursuant to s.306(3) of the Corporations Act 2001.

On behalf of the Directors



**Andrew Luckhurst-Smith**

Director

Adelaide, 15 March 2012

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

15 March 2012

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 review of the financial statements of Angas Securities Limited for the half-year ended 31 December 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 review; and
- (ii) any applicable code of professional conduct in relation to the review.

Yours sincerely



DELOITTE TOUCHE TOHMATSU



J M Burton  
Partner  
Chartered Accountants

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Member of Deloitte Touche Tohmatsu Limited

## Independent Auditor's Review Report to the members of Angas Securities Ltd

We have reviewed the accompanying financial report of Angas Securities Ltd, which comprises the statement of financial position as at 31 December 2011, and the statement of comprehensive income, the statement of cash flows and the statement of changes in equity for the year ended on that date, selected explanatory notes and, the directors' declaration of the consolidated entity, comprising the company and the entities it controlled at the end of the year or from time to time during the year as set out on pages 5 to 14.

### *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 gives a true and fair view and is free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

Our responsibility is to express a conclusion on the financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2415 *Review of a Financial Report – Company Limited by Guarantee*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2011 and its performance for the year ended on that date; and complying with Australian Accounting Standards and *Corporations Regulations 2001*. ASRE 2415 requires that we comply with the ethical requirements relevant to the review of the financial report.

A review of a financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### *Auditor's Independence Declaration*


In conducting our review, 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 Ltd, would be in the same terms if given to the directors as at the time of this auditor's review report.

## *Conclusion*

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the financial report of Angas Securities Ltd is not in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2011 and of its performance for the year ended on that date; and
- (b) complying with Australian Accounting Standards and *Corporations Regulations 2001*.

*Deloitte Touche Tohmatsu*  
DELOITTE TOUCHE TOHMATSU



J M Burton  
Partner  
Chartered Accountants  
Adelaide, 15 March 2012

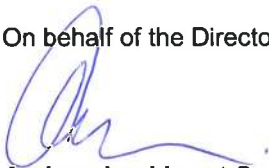
## **Directors' declaration**

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; and
- (b) in the directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the consolidated entity.

Signed in accordance with a resolution of the directors made pursuant to s.303(5) of the Corporations Act 2001.

On behalf of the Directors



**Andrew Luckhurst-Smith**  
Director

Adelaide, 15 March 2012

## Condensed consolidated statement of comprehensive income for the half-year ended 31 December 2011

	Consolidated Half-year ending	
	31 December 2011 \$	31 December 2010 \$
Interest revenue	14,328,331	10,082,478
Interest expense	(10,496,521)	(8,133,387)
<b>Net interest revenue</b>	<b>3,831,810</b>	<b>1,949,091</b>
Non interest revenue	3,212,745	3,217,993
Profit on sale of property	-	1,069,331
Marketing expenses	(219,263)	(236,559)
Occupancy expenses	(201,360)	(198,081)
Administration expenses	(3,653,189)	(3,560,231)
Impairment expense	(1,278,368)	(174,000)
Lending waivers	(79,331)	(154,598)
Other expenses	(296,486)	(372,102)
<b>Profit before tax</b>	<b>1,316,558</b>	<b>1,540,844</b>
Income tax expense	(494,264)	(523,339)
<b>Profit for the period</b>	<b>822,294</b>	<b>1,017,505</b>
Other comprehensive income		
<b>Total comprehensive income for the period</b>	<b>822,294</b>	<b>1,017,505</b>
Attributable to:		
Equity holders of the parent	875,663	1,024,959
Non-controlling interests	(53,369)	(7,454)
	<b>822,294</b>	<b>1,017,505</b>
<b>Earnings per share:</b>		
Basic (cents per share)	104.16	127.45
Diluted (cents per share)	14.47	127.45

Notes to the condensed consolidated financial statements are included on pages 10 to 14.

## Condensed consolidated statement of financial position as at 31 December 2011

	Consolidated	
	31 December 2011 \$	30 June 2011 \$
<b>Assets</b>		
Cash and cash equivalents	18,880,400	30,268,020
Trade and other receivables	18,668,540	16,175,522
Current tax assets	388,049	745,424
Loans	179,231,166	161,360,788
Deferred tax assets	-	301,116
Other financial assets	5,574,061	7,806,333
Property, plant and equipment	425,126	498,478
Other assets	3,966,848	3,873,590
Investment property	19,038,940	24,445,088
Property held for resale	6,415,536	-
Inventory – Property	3,500,000	-
Other intangible assets	36,130	45,023
Goodwill	592,184	592,184
<b>Total assets</b>	<b>256,716,980</b>	<b>246,111,566</b>
<b>Liabilities</b>		
Trade and other payables	1,204,853	1,112,266
Interest bearing liabilities	241,444,375	235,056,254
Deferred tax liabilities	336,027	-
Provisions	222,809	205,799
Other financial liabilities	353,835	349,258
<b>Total liabilities</b>	<b>243,550,899</b>	<b>236,723,577</b>
<b>Net assets</b>	<b>13,155,081</b>	<b>9,387,989</b>
<b>Equity</b>		
Issued capital	5,920,921	898,476
Retained earnings	6,902,736	8,104,720
Equity attributable to equity holders of the parent	12,823,657	9,003,196
Non-controlling interests	331,424	384,793
<b>Total equity</b>	<b>13,155,081</b>	<b>9,387,989</b>

Notes to the condensed consolidated financial statements are included on pages 10 to 14.



## Condensed consolidated statement of change in equity for the half-year ended 31 December 2011

	Issued Capital \$	Retained earnings \$	Non-controlling interest \$	Total \$
<b>Balance at 1 July 2010</b>	799,898	7,227,163	137,186	8,164,247
Profit/(loss) for the period	-	1,024,959	(7,454)	1,017,505
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	-	1,024,959	(7,454)	1,017,505
Payment of dividends	-	(1,000,000)	-	(1,000,000)
Issue of capital	68,589	-	-	68,589
Installment partly paid shares	29,989	-	-	29,989
Controlling interest arising on the acquisition of Hindmarsh Precinct Developments	-	-	290,725	290,725
<b>Balance at 31 December 2010</b>	898,476	7,252,122	420,457	8,571,055
<b>Balance at 1 July 2011</b>	898,476	8,104,720	384,793	9,387,989
Profit/(loss) for the period	-	875,663	(53,369)	822,294
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	898,476	8,980,383	331,424	10,210,283
Payment of dividends	-	(1,000,000)	-	(1,000,000)
Off-market share buy-back	(72,353)	(1,077,647)	-	(1,150,000)
Issue of capital – ordinary shares	64,931	-	-	64,931
Issue of capital – preference shares	5,000,000	-	-	5,000,000
Installment partly paid shares	29,867	-	-	29,867
<b>Balance at 31 December 2011</b>	5,920,921	6,902,736	331,424	13,155,081

Notes to the condensed consolidated financial statements are included on pages 10 to 14.

## Condensed consolidated statement of cash flow for the half-year ended 31 December 2011

	Consolidated	
	Half-year ended 31 December 2011 \$	Half-year ended 31 December 2010 \$
<b>Cash flows from operating activities</b>		
Receipts from customers	3,852,703	3,287,661
Payments to suppliers and employees	(4,261,820)	(3,802,685)
Interest received	8,997,158	8,885,340
Interest paid	(10,524,574)	(7,759,346)
Income tax received	888,303	-
Income tax paid	(480,892)	(917,052)
Net cash provided by/(used in) operating activities	(1,529,122)	(306,082)
<b>Cash flows from investing activities</b>		
Proceeds from repayment of mortgage loans	25,355,898	15,717,454
Payment for mortgage loans	(45,039,472)	(32,512,921)
Payment for property held for resale	(575,000)	-
Payment for investments	-	(1,207,898)
Proceeds from sale of property investments	-	1,786,922
Payment for property, plant and equipment	(20,374)	(155,426)
Proceeds from financial assets	3,700,000	-
Payment for financial assets	(2,717,730)	-
Proceeds from property, plant and equipment	-	30,684
Payment of building and development cost for investment properties	(451,730)	-
Payment for investment property	-	(1,699,575)
Net cash used in investing activities	(19,748,408)	(18,040,760)
<b>Cash flows from financing activities</b>		
Repayment of borrowings	(3,763,745)	(99,143)
Proceeds for issue of equity securities	94,798	98,578
Payment for share buy-back		
- member of parent equity	(1,150,000)	-
Proceeds from issues of debt securities	25,149,107	33,811,569
Repayment of debt securities	(14,808,250)	(7,871,000)
Proceeds from issue of redeemable preference shares	5,000,000	-
Dividends paid		
- member of the parent entity	(1,000,000)	(1,000,000)
Net cash provided by financing activities	9,521,910	24,940,004
<b>Net increase/(decrease) in cash and cash equivalents</b>	(11,755,620)	6,593,162
<b>Cash and cash equivalents at the beginning of the period</b>	30,636,020	11,981,999
<b>Cash and cash equivalents at the end of the period</b>	18,880,400	18,575,161

Notes to the condensed consolidated financial statements are included on pages 10 to 14.

## **Notes to the condensed consolidated financial statements**

### **1. Significant accounting policies**

#### **Statement of compliance**

The half-year financial report is a general purpose financial report prepared in accordance with the Corporations Act 2001 and AASB 134 'Interim Financial Reporting'. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'. The half-year financial report does not include notes of the type normally included in an annual financial report and shall be read in conjunction with the most recent annual financial report.

#### **Basis of preparation**

The condensed consolidated financial statements have been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the company's 2011 annual financial report for the financial year ended 30 June 2011, except for the impact of the Standards and Interpretations described below. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to their operations and effective for the current reporting period.

The adoption of all the new and revised Standards and Interpretations has not resulted in any changes to the Group's accounting policies and has no effect on the amounts reported for the current or prior periods. The new and revised Standards and Interpretations has not had a material impact and not resulted in changes to the Group's presentation of, or disclosure in, its half-yearly financial statements.

## 2. Segment Information

AASB 8 requires operating segments to be identified on the basis of internal reports and components of the Group 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 Group's Board of Directors for the purposes of assessing the performance of the Group specifically focuses on the Groups' core financial products. The Group's 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)	
	Half-year ended		Half-year ended	
	31 Dec 2011 \$	31 Dec 2010 \$	31 Dec 2011 \$	31 Dec 2010 \$
Commercial Investments	16,821,672	12,238,236	1,894,297	1,665,252
Retail Lending	316,646	315,915	39,876	43,216
Property Investments	806,534	774,533	(617,615)	(167,624)
	17,944,852	13,328,684	1,316,558	1,540,844
Profit before tax			1,316,558	1,540,844
Income tax expense			(494,264)	(523,339)
Consolidated segment revenue and profit for the period	17,944,852	13,328,684	822,294	1,017,505

## 2. Segment information (cont'd)

The accounting policies of the reportable segments are the same as the group's accounting policies described in Note 1. 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 revenues have not been eliminated in the above table, revenue and profit have been disclosed in the same manner the chief operating decision maker would receive it. Intersegment revenues include \$4,136 (2010: \$28,213) interest paid by Commercial Investments to Property Investments on Debentures issued by Commercial Investments; and an one off intersegment transaction relating to Commercial Investments buy-out of an Equity Investment position in Property Investments for \$399,640.00 (2011: Nil)

### Segment assets and liabilities

#### Segment Assets

	31 Dec 2011 \$	31 Dec 2010 \$
Commercial Investments	231,666,087	192,335,680
Retail Lending	1,268,063	1,232,101
Property Investments	23,782,831	26,501,474
Total segment assets	256,716,981	220,069,255
Unallocated assets	-	-
Total assets	256,716,981	220,069,255

#### Segment Liabilities

	31 Dec 2011 \$	31 Dec 2010 \$
Commercial Investments	228,695,887	193,453,178
Retail Lending	47,066	69,092
Property Investments	14,818,947	17,975,932
Total segment liabilities	243,561,900	211,498,202
Unallocated liabilities	-	-
Total liabilities	243,561,900	211,498,202

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.

### 3. Issues, repurchases and repayments of equity securities

During the half-year reporting period, the company issued 3,070 shares for \$64,931 in accordance with the Board's authority to issue up to 1.5% of the current shareholding each year. The offer was made to Executive Director Paul McCarthy. Paul McCarthy elected to have the shares issued in the name of Barri Nominees Pty Ltd ATF Dragon Capital Trust.

A further pay down of partly paid shares was made on 1 July 2011 by Barri Nominees Pty Ltd ATF Dragon Capital Trust of \$29,867 triggered by a Dividend payment.

An off-market share buy-back was processed on 30 November 2011 for \$1,150,000 which included a return of equity totaling \$72,353 which consisted of 68,600 shares.

As a result of these transactions, the closing ordinary equity balance at the half-year totaled \$920,821 which was made up of 734,891 shares.

On 3 October 2011 five (5) million redeemable preference shares were issued at \$1.00 per share by a private placement. The redeemable preference shares rank before ordinary shareholders.

### 4. 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 recognized 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 \$1,413,750 have been made and Angas Securities Limited considers the likelihood of default to be remote and as such has not recognised a provision. (see also Note 6)

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.

### 5. Dividends

	Half-year ended 31 December 2011		Half-year ended 31 December 2010	
	Cents per share	Total \$	Cents per share	Total \$
<b><u>Recognised amounts</u></b>				
<b>Fully paid ordinary shares</b>				
Final dividend franked to 30%	124.93	1,000,000	125.44	1,000,000
Off-market share buy-back	1,570.91	1,077,647	-	-
		<u>2,077,647</u>		<u>1,000,000</u>

## **6. Subsequent events**

Events which have occurred since 31 December 2011 include:

- Angas Securities Limited acquired all of the issued capital in Advance Investment Finance No.2 Pty Ltd (ACN 003 881 267) on 18 January 2012. Advance Investment Finance No.2 Pty Ltd core business is financial services.
- A fully franked dividend was declared and paid to Preference Shareholders (Redeemable Preference Share – Series 2) of \$165,753.42 on 31 January 2012.
- Angas Securities Limited acquired an 80% interest in Mannumm Investment Group Pty Ltd on 17 February 2012. Mannumm Investment Group Pty Ltd is a single retail/commercial property development.
- Angas Securities Limited sold a parcel of vacant land in New Zealand for NZ\$280,000.00 on 27 February 2012

## **7. Disclosure of additional 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:

**Principal Registered Office**

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

**Principal Place of Business**

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

The entity's principal activity is financial services.