

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 2012

For announcement to the market

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

Revenue (item 1.1)	up	18.80%	to	\$A 20,838,780
Profit for the period (item 1.9)	down	33.96%	to	469,137
Profit for the period attributable to members of the parent (item 1.11)	down	25.73%	to	579,611
Dividends		Current period		Previous corresponding period
Franking rate applicable:				
Final dividend (preliminary final report only)				
Amount per security		N/A		N/A
Franked amount per security		N/A		N/A
Interim dividend (Half yearly report only)				
Amount per security		136.07 cents		124.93 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	20,838,780	17,541,076
1.2 Expenses, excluding finance costs	(7,676,904)	(5,727,997)
1.3 Finance costs	(12,142,323)	(10,496,521)
1.4 Share of net profits (losses) of associates and joint ventures	-	-
1.5 Profit (loss) before income tax	1,019,553	1,316,558
1.6 Income tax expense	(550,416)	(494,264)
1.7 Profit (loss) from continuing operations	469,137	822,294
1.8 Profit (loss) from discontinued operations	-	-
1.9 Profit (loss) for the period	469,137	822,294
1.10 Profit (loss) attributable to minority interests	(110,474)	(53,369)
1.11 Profit (loss) attributable to members of the parent	579,611	875,663
1.12 Basic earnings per security (cents per share)	63.79	104.16
1.13 Diluted earnings per security (cents per share)	10.22	14.47
1.14 Dividends per security (cents per share)	136.07	124.93

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 (item 1.11 in the half yearly statement)	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)

Assets		Current period - \$A	Previous corresponding period - \$A
3.1	Cash and cash equivalents	26,912,924	18,880,400
3.2	Trade and other receivables	21,587,792	18,668,540
3.3	Other assets	159,640	3,966,848
3.4	Other financial assets	868,000	5,574,061
3.5	Loans	238,485,792	179,231,166
3.6	Current tax assets	202,506	388,049
3.7	Property, plant and equipment (net)	453,360	425,126
3.8	Investment properties	32,691,461	19,038,940
3.9	Property held for resale	6,609,241	6,415,536
3.10	Inventory – property	2,770,000	3,500,000
3.11	Goodwill	592,184	592,184
3.12	Other intangible assets	158,076	36,130
3.13	Total assets	331,490,976	256,716,980
Liabilities			
3.14	Trade and other payables	1,801,639	1,204,853
3.15	Interest bearing liabilities	312,636,136	241,444,375
3.16	Deferred tax liabilities	170,451	336,027
3.17	Provisions	271,654	222,809
3.18	Current tax liabilities	220,819	-
3.19	Other financial liabilities	446,766	353,835
3.20	Total liabilities	315,547,465	243,561,899
3.21	Net assets	15,943,511	13,155,081
Equity			
3.22	Share capital	8,953,451	5,920,921
3.23	Other reserves	-	-
3.24	Retained earnings	6,883,874	6,902,736
3.25	Parent interest	15,837,325	12,823,657
3.26	Minority interest	106,186	331,424
3.27	Total equity	15,943,511	13,155,081

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	469,137	822,294
4.3 Total recognised income and expense for the period		
Attributable to:		
4.4 Members of the parent	579,611	875,663
4.5 Minority interest	(110,474)	(53,369)
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
Cash flows related to operating activities		
5.1 Receipts from customers	3,277,259	3,852,703
5.2 Payments to suppliers and employees	(6,342,523)	(4,261,820)
5.3 Payment of property investment distributions	(2,025)	-
5.4 Interest and other costs of finance received	12,227,433	8,997,158
5.5 Interest and other costs of finance paid	(11,731,301)	(10,524,574)
5.6 Income taxes received	-	888,303
5.7 Income taxes paid	(100,368)	(480,892)
5.8 Net cash used in operating activities	(2,671,525)	(1,529,122)
Cash flows related to investing activities		
5.9 Proceeds from repayment of mortgage loans	26,036,635	25,355,898
5.10 Payment for mortgage loans	(54,319,131)	(45,039,472)
5.11 Payment for property held for resale	-	(575,000)
5.12 Payments for purchases of property, plant and equipment	(30,469)	(20,374)
5.13 Proceeds from financial assets	-	3,700,000
5.14 Payment for financial assets	(1,728,333)	(2,717,730)
5.15 Payment of building and development cost for investment properties	(3,222,857)	(451,730)
5.16 Payment for investment property	(1,307,646)	-
5.17 Net cash used in investing activities	(34,571,801)	(19,748,408)
Cash flows related to financing activities		
5.18 Proceeds from borrowings	3,244,333	-
5.19 Repayment of borrowings	(476,851)	(3,763,745)
5.20 Repayment of units redeemed in trust	(25,000)	-
5.21 Proceeds for issue of equity securities	532,530	94,798
5.22 Proceeds from issues of debt securities	39,020,772	25,149,107
5.23 Repayment of debt securities	(15,335,000)	(14,808,250)
5.24 Proceeds from investors	5,749,000	-
5.25 Proceeds from issue of redeemable preference shares	3,875,000	5,000,000
5.26 Payment for share buy-back - member of the parent entity	-	(1,150,000)
5.27 Payment of debt issue costs	(23,303)	-
5.28 Dividends paid - member of the parent entity	(1,249,315)	(1,000,000)
5.29 Net cash provided by financing activities	35,312,166	9,521,910
Net increase (decrease) in cash and cash equivalents	(1,931,160)	(11,755,620)
5.30 Cash at beginning of period	28,844,084	30,636,020
5.31 Cash at end of period	26,912,924	18,880,400

Notes to the financial statements

Ratios

		Current period	Previous corresponding period
Profit before tax / revenue			
6.1	Consolidated profit (loss) before tax (<i>item 1.5</i>) as a percentage of revenue (<i>item 1.1</i>)	4.89%	7.51%
Profit after tax / equity interests			
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>)	3.66%	6.83%

Dividends

7.1 Date the dividend is payable 27 July 2012

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) 27 July 2012

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
Dividends paid or provided for during the reporting period			
7.6 Current year final			
Franked dividends	1,000,000		100%
7.7 Previous year interim			
Franked dividends		1,000,000	100%
Dividends proposed and not recognised as a liability			
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
Segments			
Revenue:			
9.1	Commercial lending	18,854,936	16,417,896
9.2	Structured Finance	1,165,723	316,645
9.3	Commercial Property Lending	102	34
9.4	Investment Properties	818,019	806,501
9.5	Total (consolidated total equal to <i>item 1.1</i>)	20,838,780	17,541,076
Profit/(Loss)			
9.6	Commercial lending	1,137,606	1,894,295
9.7	Structured finance	764,870	39,876
9.8	Commercial Property Investment	(289,903)	(157,239)
9.9	Investment properties	(593,020)	(460,375)
9.10	Operating profit (equal to <i>item 1.5</i>)	1,019,553	1,316,557
9.11	Income tax expense	(550,416)	(494,264)
9.12	Net profit (consolidated total equal to <i>item 1.9</i>)	469,137	822,293
Other information			
Segment assets			
9.13	Commercial lending	285,408,276	231,339,761
9.14	Structured finance	11,816,156	1,268,063
9.15	Commercial property investments	12,499,462	3,779,754
9.16	Investment properties	21,564,576	19,941,352
	Unallocated assets	202,506	388,049
9.17	Total assets (equal to <i>item 3.13</i>)	331,490,976	256,716,979
Segment liabilities			
9.18	Commercial investments	280,643,706	228,359,859
9.19	Structured finance	10,295,597	47,066
9.20	Commercial property investments	12,351,414	2,683,974
9.21	Investment properties	12,086,297	12,134,973
9.22	Unallocated liabilities	170,451	336,027
9.23	Total liabilities (equal to <i>item 3.20</i>)	315,547,465	243,561,899

NTA Backing*(see note 7)*

10.1

	Current period	Previous corresponding period
Net tangible asset backing per ordinary security	\$21.43	\$18.36

In accordance with the security arrangements of liabilities (ie: Fixed Interest Securities), 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

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 2012 include:

- A fully franked dividend was declared and paid to Preference Shareholders (Redeemable Preference Share – Series 2) of \$252,054.80 on 31 January 2013.

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 2012 tax return = 3558141.68
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 and has no effect on the amounts reported for the current or prior half-year. However, the application of AASB 2011-9 has resulted in changes to the Group's representations of, or disclosure, in its half-year financial statements. See note 1 (Significant accounting policies) of the notes of condensed consolidated financial statements in the attached financial report.

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)*

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:
- | | | | |
|--------------------------|--|-------------------------------------|--|
| <input type="checkbox"/> | The financial statements have been audited. | <input checked="" type="checkbox"/> | The financial statements have been subject to review by a registered auditor (or overseas equivalent). |
| <input type="checkbox"/> | The financial statements are in the process of being audited or subject to review. | <input type="checkbox"/> | The financial statements have <i>not</i> 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 2013.....

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 2012

Financial report for the half-year ended 31 December 2012

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Directors' report

The directors of Angas Securities Limited submit herewith the financial report for the half-year ended 31 December 2012. 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 \$469,137 (6 months December 2011 operating profit of \$822,294). This was a decrease over the previous half year results.

Expenses relating to the recovery of loans continued to increase, as impaired loans continued to be managed.

Net interest revenue decreased for the period due to a number of loans having interest suspended as they are managed out.

During the period the consolidated entities activities still focused on 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.

In the prior year, the consolidated entity established and acquired several entities to carry on lending activities to enhance its core business. Angas Prime Income Fund and Angas Contributory Mortgage Scheme have external investors. The Angas Contributory Mortgage Fund operates to provide another funding source and product offering for the consolidated group. It places investors into specific mortgages. The Angas Contributory Mortgage Fund is a registered managed investment scheme. Angas Prime Income Funds is a Managed Investment Scheme which operates a pooled fund. Angas Financial Services is a housing and commercial loan broker.

Advanced Investment Finance No.2 Pty Ltd is a wholly owned subsidiary and was acquired in the prior period to provide another source of funding in addition to debenture funds. The consolidated entity has funded \$2,000,000 of the Advance Investment Finance No.2 Pty Ltd loan book. The balance of the loans are funded externally and do not utilize investor funds.

At 31 December 2012, the consolidated entity holds investments in real property. Five of the most substantial property investments are held in Angas Commercial Property Trust. This portfolio comprises of three well located commercial properties which are fully let to single tenants with strong lease covenants including fixed rent increases. These are long term investments. The tenants are Officeworks Superstores Pty Ltd, Priestley's Gourmet Goods Pty Ltd and Simon George & Son Pty Ltd. Other company investments comprise a community of four houses at Junction Road, Wahroonga NSW, an interest in a commercial residential development at Goodwood Road, Wayville SA, an interest in Hindmarsh Precinct Development which owns commercial land adjacent to the Adelaide Entertainment Centre at Hindmarsh SA, residential land at Wannanup WA and two apartments at Fernleigh Gardens Estate SA.

Finally there is a structured finance investment in the newly built Mannum Green Shopping Centre in SA. In the prior period, the company also acquired an interest in the Mannum Investment Unit Trust which is a majority investor in the Mannum Unit Trust which is currently in the process of building a shopping centre in the town of Mannum. Stage One of the shopping centre was completed in November 2012 and has a number of secured tenancies. Retail income from these tenancies will generate a solid return on the investment.

Future developments for the consolidated entity includes maintaining 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 fixed interest securities 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.

More broadly, in the debenture funded commercial lending sector, two significant debenture companies entered receivership during the period. Both were unlisted and un-rated issuers so were not directly comparable to the company. However, the regulator publicly announced increased surveillance of the debenture sector and has released proposals for legislative changes to be phased in over four years if enacted. The company welcomes regulatory reform which enhances investor confidence in the sector and will actively engage in the regulator's consultation process. There has been minimal impact amongst the company's debenture investors to these recent market developments.

The company has increased its capital during the period by \$3,032,530.34 which included a private placement of \$2,500,000.00 of long-dated redeemable preference shares (partly franked).

As part of ongoing dialogue between the company and its Trustee, the Trustee for the company appointed an advisory firm to initiate and Independent Business Review of the company's operations on 22 November 2012. The purpose of the review was to ensure the company had sufficient capacity to trade and operate as a going concern and repay all first ranking investments in full as they fell due. The review remains incomplete.

Prospectus No.13 expired during the review period and the regulator requested the company undertake not to accept applications from new investors until the auditor has had an opportunity to consider the material provided to the Trustee in the course of its review for this period. The Basis of Preparation of the financial report at Note 1 considers this information in the context of the going concern assumptions as at the date of this report.

The other significant event during the period was the finalization of negotiations for the structured sale of Fernhill. The legal instruments were executed on 29 November 2012. The counterparty will develop and sell 88 allotments to generate funds to repay the loan facility. Total receipts will exceed the market valuation of Fernhill of \$50 million (further details disclosed in Note 5).

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 2013

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

15 March 2013

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 2012, 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

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

We have reviewed the accompanying half-year financial report of Angas Securities Ltd, which comprises the condensed statement of financial position as at 31 December 2012, and the condensed statement of comprehensive income, the condensed statement of cash flows and the condensed statement of changes in equity for the half-year ended on that 31 December 2012, selected explanatory notes and, the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the end of the half-year or from time to time during the half-year as set out on pages 6 to 23.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year 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 half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, 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 half-year 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 2012 and its performance for the half-year ended on that 31 December 2012; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Angas Securities Ltd, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year 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 Limited, 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 half-year 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 2012 and of its performance for the half-year ended on that 31 December 2012; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Emphasis of matter

Without modifying our conclusion, we draw attention to Note 1 in the financial report, which indicates that an Independent Business Review commissioned by the Trustee of the debenture holders remains incomplete. This incomplete review, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty that may cast significant doubt about the company's and consolidated entity's ability to continue as going concerns and therefore, the company and the consolidated entity may be unable to realise their assets and discharge their liabilities in the normal course of business.



DELOITTE TOUCHE TOHMATSU



Jody Burton
Partner
Chartered Accountants
Adelaide, 15 March 2013

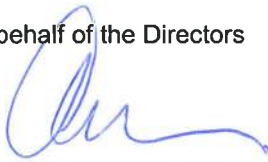
Directors' declaration

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 2013

Condensed consolidated statement of profit or loss and other comprehensive income for the half-year ended 31 December 2012

	Consolidated Half-year ending	
	31 December 2012 \$	31 December 2011 \$
Interest revenue	16,982,826	14,328,331
Interest expense	(12,142,323)	(10,496,521)
Net interest revenue	4,840,503	3,831,810
Non interest revenue	3,855,954	3,212,745
Profit on sale of property	-	-
Marketing expenses	(160,651)	(219,263)
Occupancy expenses	(307,288)	(201,360)
Administration expenses	(4,750,121)	(3,653,189)
Impairment expense	(1,956,324)	(1,278,368)
Lending waivers	(4,493)	(79,331)
Other expenses	(498,027)	(296,486)
Profit before tax	1,019,553	1,316,558
Income tax expense	(550,416)	(494,264)
Profit for the period	469,137	822,294
Other comprehensive income		
Total comprehensive income for the period	469,137	822,294
Attributable to:		
Equity holders of the parent	579,611	875,663
Non-controlling interests	(110,474)	(53,369)
	469,137	822,294
Earnings per share:		
Basic (cents per share)	63.79	104.16
Diluted (cents per share)	10.22	14.47

Notes to the condensed consolidated financial statements are included on pages 11 to 23.

Condensed consolidated statement of financial position as at 31 December 2012

		Consolidated	
		31 December 2012	30 June 2012
		\$	\$
Assets	Note		
Cash and cash equivalents		26,912,924	28,844,084
Trade and other receivables	3	21,587,792	17,852,869
Current tax assets		202,506	188,367
Property held for resale	4	6,609,241	4,320,558
Loans	5	238,485,792	206,248,136
Deferred tax assets		-	76,917
Other financial assets		868,000	868,000
Property, plant and equipment		453,360	535,303
Other assets		159,640	3,879,728
Inventory – real property		2,770,000	2,940,000
Investment property		32,691,461	27,326,869
Other intangible assets		158,076	165,019
Goodwill		592,184	592,184
Total assets		331,490,976	293,834,034
Liabilities			
Trade and other payables		1,801,639	1,887,058
Other financial liabilities		446,766	392,302
Interest bearing liabilities		312,636,136	277,606,955
Deferred tax liabilities		170,451	-
Current tax payable		220,819	-
Provisions		271,654	233,560
Total liabilities		315,547,465	280,119,875
Net assets		15,943,511	13,714,159
Equity			
Issued capital		8,953,451	5,920,921
Retained earnings		6,883,874	7,551,578
Equity attributable to equity holders of the parent		15,837,325	13,472,499
Non-controlling interests		106,186	241,660
Total equity		15,943,511	13,714,159

Notes to the condensed consolidated financial statements are included on pages 11 to 23.

Condensed consolidated statement of change in equity for the half-year ended 31 December 2012

	Issued Capital \$	Retained earnings \$	Non-controlling interest \$	Total \$
Balance at 1 July 2011	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	-	875,663	(53,369)	822,294
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
Balance at 31 December 2011	5,920,921	6,902,736	331,424	13,155,081
Balance at 1 July 2012	5,920,921	7,551,578	241,660	13,714,159
Profit/(loss) for the period	-	579,611	(110,474)	469,137
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	-	579,611	(110,474)	469,137
Payment of dividends	-	(1,249,315)	-	(1,249,315)
Redemption of units in trust	-	-	(25,000)	(25,000)
Issue of capital – ordinary shares	66,728	-	-	66,728
Issue of capital – preference shares	2,500,000	-	-	2,500,000
Installment partly paid shares	465,802	-	-	465,802
Other	-	2,000	-	2,000
Balance at 31 December 2012	8,953,451	6,883,874	106,186	15,943,511

Notes to the condensed consolidated financial statements are included on pages 11 to 23.

Condensed consolidated statement of cash flows for the half-year ended 31 December 2012

	Consolidated	
	Half-year ended 31 December 2012 \$	Half-year ended 31 December 2011 \$
Cash flows from operating activities		
Receipts from customers	3,277,259	3,852,703
Payments to suppliers and employees	(6,342,523)	(4,261,820)
Payment of property investment distributions	(2,025)	-
Interest received	12,227,433	8,997,158
Interest paid	(11,731,301)	(10,524,574)
Income tax received	-	888,303
Income tax paid	(100,368)	(480,892)
Net cash provided by/(used in) operating activities	(2,671,525)	(1,529,122)
Cash flows from investing activities		
Proceeds from repayment of mortgage loans	26,036,635	25,355,898
Payment for mortgage loans	(54,319,131)	(45,039,472)
Payment for property held for resale	-	(575,000)
Payment for property, plant and equipment	(30,469)	(20,374)
Proceeds from financial assets	-	3,700,000
Payment for financial assets	(1,728,333)	(2,717,730)
Payment of building and development cost for investment properties	(3,222,857)	(451,730)
Payment for investment property	(1,307,646)	-
Net cash used in investing activities	(34,571,801)	(19,748,408)
Cash flows from financing activities		
Proceeds from borrowings	3,244,333	-
Repayment of borrowings	(476,851)	(3,763,745)
Repayment of units redeemed in trust	(25,000)	-
Proceeds for issue of equity securities	532,530	94,798
Payment for share buy-back		
- member of parent equity	-	(1,150,000)
Proceeds from investors	5,749,000	-
Proceeds from issues of debt securities	39,020,772	25,149,107
Repayment of debt securities	(15,335,000)	(14,808,250)
Proceeds from issue of redeemable preference shares	3,875,000	5,000,000
Payment of debt issue costs	(23,303)	-
Dividends paid		
- member of the parent entity	(1,249,315)	(1,000,000)
Net cash provided by financing activities	35,312,166	9,521,910
Net increase/(decrease) in cash and cash equivalents	(1,931,160)	(11,755,620)
Cash and cash equivalents at the beginning of the period	28,844,084	30,636,020
Cash and cash equivalents at the end of the period	26,912,924	18,880,400

Notes to the condensed consolidated financial statements are included on pages 11 to 23.

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 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 fair values of the consideration given in exchange of 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 2012 annual financial report for the financial year ended 30 June 2012, 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 half-year.

New and revised Standards and amendments thereof and Interpretations effective for the current half-year that are relevant to the Group include:

- Amendments to AASB 1,5,7,101,112,121,132,133 and 134 as a consequence of AASB 2011-9 'Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income'

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 half-years. However, the application of AASB 2011-9 has resulted in changed to the Group's representation of, or disclosure, in its half-year financial statements.

AASB 2011-9 introduces new terminology for the statement of comprehensive income and income statement. Under the amendments to AASB 101, the statement of comprehensive income is renamed as a statement of profit or loss and other comprehensive income and the income statement is renamed as a statement of profit or loss. The amendments to AASB 101 retain the option to present profit or loss and other comprehensive income in either a single statement in two separate but consecutive statements. However, the amendments to AASB 101 require items of other comprehensive income to be grouped into two categories in the other comprehensive income section:

- (a) items that will not be reclassified subsequently to profit or loss and
- (b) items that may be reclassified subsequently to profit or loss when specific conditions are met.

Income tax on items of other comprehensive income is required to be allocated on the same basis – the amendments do not change the option to present items of other comprehensive income either before tax or net of tax. The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes.

Other than the above mentioned presentation changes, the application of the amendments to AASB 101 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

1. Significant accounting policies (cont'd)

Use of Estimates and Assumptions

Preparation of the consolidated financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the application of accounting policies. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on a regular and ongoing basis. Areas involving a higher degree of judgment or complexity, or areas where assumptions or estimates are significant are discussed in detail below. If different assumptions or estimates were applied, the resulting values would change, impacting the net assets and income of the consolidated entity.

Provisions for Impairment of Financial Assets

Provisions for impairment of financial assets are raised where there is objective evidence of impairment and at an amount adequate to cover assessed credit related losses. Credit losses arise primarily from mortgage loans, but may also occur with other financial assets such as trading loans and options receivable.

Individually assessed provisions are raised where there is objective evidence of impairment, that is where the company does not expect to receive all contractually due cashflows. Provisions are based primarily on estimates of the realizable value of first mortgage security and other available collateral. Judgment is applied in estimating the timing to realize such security or other collateral. Timing may impact the present value of expected cashflows. The Board meets on a monthly basis to approve provisions to be made against such loans. Refer Note 5 for further information.

Provisions for Impairment of Investment Properties

The carrying value of investment properties is also reviewed for evidence of impairment and is written down to the extent that it is no longer supported by future probable benefits. Where the current carrying value is greater than the recoverable amount, an amount is charged to the income statement. Conversely, management considers at each reporting period whether there is any indication that any impairment loss previously recorded no longer exists, in which case the recoverable amount is determined and impairment loss is reversed to the income statement.

Going Concern

The financial report has been prepared on a going concern basis which contemplates continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

During the half year period to 31 December 2012, two significant debenture companies entered receivership. Both were unlisted and unrated issuers considered not directly comparable to Angas Securities Limited. However, in response to these industry developments, and as part of ongoing dialogue between the company and the trustee for the company's debenture holders, the Trustee for the company appointed an advisory firm to initiate an Independent Business Review of the company's operations on 22 November 2012. The purpose of the review was to ensure the company had sufficient capacity to trade and operate as a going concern and repay all first ranking investments in full as they fell due.

Prospectus No.13 also expired during the review period. During the Exposure Period for the lodgment of the draft Prospectus no.14, the Australian Securities and Investments Commission (ASIC) requested the company to undertake not to accept applications from new investors until the Independent Business Review was complete and at least until 18 March 2013.

2. Significant accounting policies (cont'd)

At the date of this report, no final report has been issued regarding the results of the Independent Business Review however the directors have responded to all matters raised by the review. The company continues to provide ASIC with an undertaking not to issue any new fixed interest securities to new investors until an approved registered prospectus is active for that purpose.

While the Independent Business Review process remains incomplete and without communication from the Trustee as to any measures that may be sought to be imposed pursuant to the Trustee's powers under the Trust Deed for First Ranking Debenture Stock ("Trust Deed") or the impact (if any) of the views of ASIC in its consideration of the approval process for a registered prospectus, there accordingly exists significant uncertainty regarding the ability of the company and of the group to continue as going concerns and therefore the company and the group may be unable to realise their assets and discharge their liabilities in the normal course of business.

Despite the matters outlined above, the Directors believe that, it is appropriate to prepare the financial statements on a going concern basis as for the following reasons:-

- (a) the directors believe that the undertaking will be lifted upon registering a supplementary prospectus to the approval of ASIC shortly after the lodgment of the half year financial report
- (b) fixed interest securities are not issued under terms at call, and therefore the profile of contractual redemptions can be managed with existing cash resources and realization of assets if required,
- (c) forecast cashflows remain positive in the foreseeable future
- (d) the company has adequate resources to continue operating for the foreseeable future, including liquid assets above the 5% minimum liquidity requirement under the Trust Deed and increased capital during the period, and
- (e) in the absence of an immediate ability to accept new investor proceeds, sufficient alternative funding sources would be available and assets can be realized as required.
- (f) In the event there are measures imposed by the Trustee pursuant to the Trust Deed resulting from the Independent Business Review, the company will work with the Trustee to implement such measures to the satisfaction of both parties.

Accordingly, the financial report does not include adjustments relating to the recoverability and classification of recorded assets amounts or to the amount and classification of liabilities that might be necessary should the consolidated entity and the company not continue as going concern.

Draft regulatory guidance on future liquidity and capital requirements for debenture issuers has recently been released by ASIC per Consultation Paper 199. The company welcomes regulatory reform that leads to increased investor confidence in the sector and will engage on the consultation process by lodging a submission with ASIC prior to the end of this month. The proposed four year transition process will be adequate for the company to formulate and implement any changes.

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

- Commercial Lending
- Structured Finance
- Commercial Property Lending
- Investment Properties

The Commercial Lending reportable segment involved the supply of first mortgage lending mainly on commercial properties (including investments in mortgages via Angas Contributory Mortgage Fund) in addition to any other associated investments made via the Debenture book.

The Structured Finance segment includes all financing which is funded by third parties. This includes the supply of retail mortgages funded by Finance & Systems Technology Pty Ltd, Pepper Home Loans, and first mortgage lending via a warehouse trust facility held with Bendigo and Adelaide Bank Limited.

Commercial Property Investments include investment in projects for a short term hold, which may include holding an asset for resale, partial or full development of an asset to enhance its sale value and thus delivering an investment profit.

The final 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 2012 \$	31 Dec 2011 \$	31 Dec 2012 \$	31 Dec 2011 \$
Commercial Lending	18,854,936	16,417,896	1,137,606	1,894,295
Structured Finance	1,165,723	316,645	764,870	39,876
Commercial Property Lending	102	34	(289,903)	(157,239)
Investment Properties	818,019	806,501	(593,020)	(460,375)
	20,838,780	17,541,076	1,019,553	1,316,557
Profit before tax			1,019,553	1,316,557
Income tax expense			550,416	494,264
Consolidated segment revenue and profit for the period	20,838,780	17,541,076	469,137	822,293

2. Segment information (cont'd)

The accounting policies of the reportable segments are the same as the consolidated entity'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 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.

Segment assets and liabilities

Segment Assets

	31 Dec 2012 \$	31 Dec 2011 \$
Commercial Lending	285,408,276	231,339,761
Structured Finance	11,816,156	1,268,063
Commercial Property Lending	12,499,462	3,779,754
Investment Properties	21,564,576	19,941,352
Total segment assets	331,288,470	256,328,930
Unallocated assets	202,506	388,049
Total assets	331,490,976	256,716,979

Segment Liabilities

	31 Dec 2012 \$	31 Dec 2011 \$
Commercial Lending	280,643,706	228,359,859
Structured Finance	10,295,597	47,066
Commercial Property Lending	12,351,414	2,683,974
Investment Properties	12,086,297	12,134,973
Total segment liabilities	315,377,014	243,225,872
Unallocated liabilities	170,451	336,027
Total liabilities	315,547,465	243,561,899

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. Trade and other receivables

	Consolidated	
	31 December 2012	30 June 2012
	\$	\$
Trade receivables – Interest	10,471,354	7,405,558
Trade receivables – Fees	2,260,414	1,235,865
Allowance for doubtful debts	-	(650,681)
Security held – Qld Lease	5,647	5,647
Trailing commission receivables	596,391	640,018
Property sale receivables	7,239,462	8,216,288
Other receivables	1,014,524	1,000,174
	21,587,792	17,852,869

4. Property held for resale

At 30 June 2012 the directors' intention was to sell two properties held in Wahroonga, NSW, however, during the current period one of the two properties was leased and as a result was transferred from Property Held for Resale to Investment Properties. As at 31 December 2012 three of the four properties held in Wahroonga, NSW were classified as Investment Properties and one remained in Property Held for Resale (\$1,435,877).

In addition land held at Lot 101 Adam Street Hindmarsh, SA which was classified as Other Assets as at 30 June 2012 was placed on the market for sale in the current period. This resulted in the reclassification of the asset from Other Assets to Property Held for Resale (\$3,716,364).

5. Loans

	Consolidated	
	31 December 2012 \$	30 June 2012 \$
Mortgage Loans	245,712,421	213,841,337
Interest received in advance	(5,905,645)	(5,871,099)
Fees received in advance	(477,719)	(236,835)
Allowances for doubtful debts	(843,265)	(1,485,267)
	238,485,792	206,248,136
<u>Maturity analysis</u>		
Not longer than 3 months	146,662,609	115,684,175
Longer than 3 months and not longer than 12 months	91,823,183	89,563,961
Longer than one year not longer than 5 years	-	1,000,000
	238,485,792	206,248,136
<u>Loan by security</u>		
Secured by chattel mortgage	1,000,000	1,000,000
Secured by first mortgage	236,269,729	202,306,073
Secured by second mortgage (i)	1,216,063	2,942,063
Secured by collateral security	-	-
	238,485,792	206,248,136
<u>Loan by security</u>		
Chattel	1,000,000	1,000,000
Commercial property	97,639,044	95,820,533
Rural property	2,768,642	5,093,308
Residential property	137,078,106	104,334,295
Industrial property	-	-
	238,485,792	206,248,136

(i) All loans secured by second mortgages are funded from retained earnings not debenture funds.

Movement in the allowance for doubtful debts

	Consolidated	
	31 December 2012 \$	30 June 2012 \$
Balance at the beginning of the year	1,485,267	3,641,766
Impairment losses recognised on loans	103,818	1,988,946
Bad debts recovered	-	(233,140)
Bad debt write off	(745,820)	(3,912,305)
Balance at the end of the year	843,265	1,485,267

Loan recoverability

The primary security for any real property loan provided by the company must be a first registered mortgage over freehold and leasehold property. Additional security is often sought as collateral. The company's Loan to Valuation Ratio (LVR) for new loan origination is maintained at a maximum of 70%. In terms of loan recovery and provisioning against loans, the Board 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 and unpaid interest and fees is measured against an existing valuation to identify 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, unpaid interest and fees no provision is made, however if the principal, unpaid interest and fees falls short of the valuation along with any other security held, then a provision equal to the shortfall is adopted by the Board. Once the recommendation is approved by the Board, a provision is made against the loan.

Where applicable, loans are not written off until the recovery process is complete.

5. Loans (cont'd)

Top Ten loans to related borrowers as at 31 December 2012

TOTAL LOANS	NO. OF LOANS	COMMENTARY
\$25,416,775.38	3	Primary asset is a prestigious rural/residential property, along with collateral security over harbour side apartments in Sydney
\$21,784,879.84	17	Perth based builder and property developer with a range of distinct residential, commercial and retail properties providing security
\$18,074,586.38	6	Security comprises several retirement villages in Adelaide
\$16,282,475.00	5	Security comprises several residential townhouse and apartment developments in greater western Sydney
\$13,572,738.00	2	Funding provided for development of retail site in Adelaide suburbs with a lease in place to a large retail company
\$12,778,145.94	2	Completed apartment complex on the outskirts of Adelaide CBD
\$11,630,000.00	2	Security is a residential estate located 25km north of the Sydney CBD.
\$8,453,063.26	2	Marina berths and commercial properties in Adelaide, supported by collateral securities
\$7,413,027.95	3	Property Developer with significant property portfolio in WA
\$7,056,830.24	2	Prime beachfront residential/commercial and retail development in Perth
\$142,462,521.99		

Top Ten loans to related borrowers as at 30 June 2012

TOTAL LOANS	NO. OF LOANS	COMMENTARY
\$25,144,000.00	3	Primary asset is a prestigious rural/residential property, along with collateral security over harbour side apartments in Sydney
\$18,075,018.15	16	Perth based builder and property developer with a range of distinct residential, commercial and retail properties providing security
\$18,074,586.38	6	Security comprises several retirement villages in Adelaide
\$14,173,775.00	2	Prime commercial development sites in South Bank Melbourne.
\$13,572,738.00	2	Funding provided for development of retail site in Adelaide suburbs with a lease in place to a large retail company
\$13,424,410.94	2	Completed apartment complex on the fringe of Adelaide CBD
\$8,476,387.00	2	Marina berths and commercial properties in Adelaide, supported by collateral securities
\$7,055,000.00	2	Security comprises several residential townhouse and apartment developments in greater western Sydney
\$5,886,761.94	2	Security is luxury residential assets in prime Perth suburbs
\$5,691,180.24	2	Prime beachfront residential/commercial and retail development in Perth
\$129,573,857.65		

5. Loans (cont'd)

Top Ten largest loans as at 31 December 2012

CUSTOMER	LOAN AMOUNT	CATEGORY	ASSET STATE	ASSET VALUE*	VALUATION DATE	INTEREST ARREARS
A**	\$13,205,000.00	Commercial	QLD	\$ 15,000,000.00	27/09/2011	\$1,452,550.01
B	\$ 8,926,337.44	Residential	SA	\$ 10,960,000.00	20/09/2012	-
C	\$ 7,376,249.68	Residential	QLD	\$ 12,092,500.00	1/09/2012	-
Total: Not in Order	\$29,507,587.12					
D****	\$28,336,775.38	Residential	NSW	\$ 48,750,000.00	22/05/2012	-
E	\$11,600,000.00	Commercial	VIC	\$ 30,322,240.00	26/09/2012	-
F	\$10,000,000.00	Residential	NSW	\$ 17,750,000.00	28/11/2012	-
G	\$ 8,612,268.00	Commercial	SA	\$ 12,630,000.00	30/06/2011	-
H***	\$ 10,411,908.00	Residential	WA	\$ 17,225,032.00	21/02/2012	-
I	\$ 6,305,000.00	Residential	NSW	\$ 15,975,000.00	13/12/2012	-
J****	\$ 6,293,000.00	Residential	NSW	\$ 9,400,000.00	5/10/2011	-
Total	\$81,558,951.38					

*Shows only Prime security. For some loans, collateral securities are also held

**Asset Value shows Prime security only. A collateral security is under contract which should return an additional \$6,000,000 on settlement.

***\$4,000,000 of this loan principal is provided on a pari passu basis with a third party lender

****\$800,000 of this loan principal is provided on a pari passu basis with a third party lender

*****\$3,000,000 of this loan principal is provided on a pari passu basis with a third party lender

Top Ten largest loans as at 30 June 2012

CUSTOMER	LOAN AMOUNT	CATEGORY	ASSET STATE	ASSET VALUE*	VALUATION DATE	INTEREST ARREARS
A**	\$13,205,000.00	Commercial	QLD	\$ 19,000,000.00	27/09/2011	\$2,376,899.99
B	\$ 8,926,337.44	Residential	SA	\$ 14,350,000.00	1/02/2011	\$1,183,883.51
C	\$ 6,040,000.00	Commercial	SA	\$ 11,800,000.00	7/10/2008	\$1,156,290.67
Total: Not in Order	\$28,171,337.44					
D****	\$29,800,000.00	Residential	NSW	\$ 50,000,000.00	22/05/2012	-
E	\$10,370,463.00	Commercial	VIC	\$ 28,191,600.00	28/04/2010	-
F	\$ 8,612,268.00	Commercial	SA	\$ 12,630,000.00	30/06/2011	-
G	\$ 7,591,951.09	Residential	QLD	\$ 13,625,000.00	2/11/2011	-
H	\$ 6,436,387.00	Commercial	SA	\$ 10,463,000.00	9/11/2011	-
I	\$ 6,275,000.00	Commercial	NSW	\$ 9,500,000.00	7/04/2011	-
J***	\$ 5,750,000.00	Residential	NSW	\$ 8,300,000.00	5/10/2011	-
Total	\$74,836,069.69					

*Shows only Prime security. For some loans, collateral securities are also held

**Asset Value shows Prime security only. A collateral security is under contract which should return an additional \$6,000,000 on settlement.

***\$800,000 of this loan principal is provided on a pari passu basis with a third party lender

****\$3,000,000 of this loan principal is provided on a pari passu basis with a third party lender

5. Loans (cont'd)

Expired Loans

	Consolidated	
	31 December 2012 \$	30 June 2012 \$
Expired loans – Debenture funded	73,415,039	37,369,176
Expired loans – Non-debenture funded	5,227,063	9,932,480
Total	78,642,102	47,301,656

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

Ageing of expired loan but not impaired – *Debenture Funded*

	Consolidated	
	31 December 2012 \$	30 June 2012 \$
30 - 60 days	331,711	-
60 - 90 days	-	-
90 - 120 days	-	-
120+ days	68,178,518	20,166,273
Total	68,510,229	20,166,273

The above ageing analysis includes the principal outstanding for all debenture funded expired loans. Security is in the form of registered first mortgages on land and buildings, chattels and collateral security.

Ageing of expired loan but not impaired – *Non-debenture Funded*

	Consolidated	
	31 December 2012 \$	30 June 2012 \$
0 - 30 days	238,333	-
30 - 60 days	-	764,000
60 - 90 days	-	904,730
90 - 120 days	-	1,413,750
120+ days	4,028,730	6,850,000
Total	4,267,063	9,932,480

The above ageing analysis includes the principal outstanding for all non-debenture expired loans. Security is in the form of registered first and second mortgages on land and buildings, chattels and collateral security.

5. Loans (cont'd)

Ageing of impaired expired loans – *Debenture Funded*

	Consolidated	
	31 December 2012 \$	30 June 2012 \$
30 – 60 days	-	-
120+ days	4,904,810	16,455,638
Total	4,904,810	16,455,638

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.

Ageing of impaired expired loans – *Non-debenture Funded*

	Consolidated	
	31 December 2012 \$	30 June 2012 \$
30 – 60 days	-	-
120+ days	960,000	-
Total	960,000	-

The above ageing analysis includes the principal outstanding less provisions for all impaired expired loans. Security is in the form of registered first and second mortgages on land and buildings, chattels and collateral security.

Fernhill

As at 31 December 2012, Angas has a mortgage loan receivable of \$28.36 million secured by first mortgage over an historic property called 'Fernhill' comprising some 702 hectares of land on the western outskirts of Sydney. At the date Angas acquired the mortgage loan, Mortgage Funds Management (MFM) Pty Ltd and Barker Mortgages Pty Ltd (each director related entities) were third mortgagees. On 30 November 2012, Angas and MFM entered into a development agreement with a purchaser and developer to develop the Eastern and Western precinct. On 30 November 2012, the purchaser and developer prepaid \$10 million to Angas and MFM pursuant to a call option for the main homestead, however the purchaser and developer does not have title and cannot exercise the call option to acquire title until a feasible development application for the Eastern and Western precinct is lodged with Council. Should such title transfer, the first mortgage will remain with Angas. The first mortgage will not be discharged until Angas has been repaid its mortgage loan in full.

It should also be noted that \$3 million of the \$10 million received from the purchaser and developer was paid to MFM on the condition that the \$3 million was reinvested in Angas as capital on 30 November 2012. Angas also released a further \$400,000 to each of MFM and Barker to reduce their respective mortgages over Fernhill. All future receipts from Fernhill realisations will be applied in full to pay the principal loan amount due to Angas pursuant to Deeds of Priority between the Fernhill mortgagees.

6. Issues, repurchases and repayments of equity securities

During the half-year reporting period, the company issued 3,155 shares for \$66,728 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 27 July 2012 by Barri Nominees Pty Ltd ATF Dragon Capital Trust of \$32,530 triggered by a Dividend payment, and on 30 November 2012 of \$433,272.

As a result of these transactions, the closing ordinary equity balance at the half-year totaled \$1,453,451 which was made up of 738,046 shares.

On 30 November 2012 two and a half (2.5) million redeemable preference shares were issued at \$1.00 per share by a private placement. The redeemable preference shares rank before ordinary shareholders, however equally with other redeemable preference shares.

7. Contingent liabilities and contingent assets

There are no contingent liabilities or contingent assets.

8. Dividends

	Half-year ended 31 December 2012		Half-year ended 31 December 2011	
	Cents per share	Total \$	Cents per share	Total \$
<u>Recognised amounts</u>				
Fully paid ordinary shares				
Final dividend franked to 30%	136.07	1,000,000	124.93	1,000,000
Off-market share buy-back	-	-	1,570.91	1,077,647
		<u>1,000,000</u>		<u>2,077,647</u>

9. Subsequent events

Events which have occurred since 31 December 2012 include:

- A fully franked dividend was declared and paid to Preference Shareholders (Redeemable Preference Share – Series 2) of \$252,055 on 31 January 2013.

10. Related Party Transactions

The following entities related to Directors of Angas hold subsequent mortgages behind current Angas Loans:-

- KWS Capital Pty Ltd holds a mortgage behind one Angas loan with principal and interest arrears outstanding which total greater than \$1,500,000
- Mortgage Funds Management Pty Ltd holds a mortgage behind one Angas loan with principal and interest arrears outstanding which total greater than \$28,239,640. Included in this balance is a partial assignment of trust to PKMC Investments Pty Ltd.
- Cardiff Capital Pty Ltd holds mortgages behind four Angas loans with principal and interest arrears outstanding which total greater than \$6,850,000. Included in this balance is a partial assignment of trust of one of the mortgages to Marion Forbes Pty Ltd.
- Barker Performance Trust No.1 holds mortgages behind five Angas loans with principal and interest arrears outstanding which total \$677,297.
- Barker Performance Trust No.2 holds mortgages behind three Angas loans with principal and interest arrears outstanding which total \$1,291,159.

Any director of Angas is required to report any actual or potential conflict of interest in the first instance to the Compliance Officer. The Compliance Officer records all matters in the Conflict of Interest Register. The Directors must also report any actual or potential conflict at a Board meeting if the director has an interest in a particular matter under discussion. All loan documentation and draw-downs where Angas and a director are transacting with a common borrower must be signed by an independent director.

11. 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.