FORM: Half yearly report

Name of *issuer*

Angas Securities Limited

ACN or ARBN	Half yearly (tick)	Preliminary final (tick)	Half year ended ('Current period')
091 942 728	√		31 December 2013

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

				$A
Revenue *(item 1.1)*	down	15.39%	to	17,632,065
Loss for the period *(item 1.9)*	down	816.19%	to	(3,359,896)
Loss for the period attributable to members of the parent *(item 1.11)*	down	671.02%	to	(3,309,686)

Dividends Franking rate applicable:	Current period	Previous corresponding period
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*	N/A	136.07 cents
Franked amount per *security*	N/A	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	17,632,065	20,838,780
1.2	Expenses, excluding finance costs	(10,175,927)	(7,676,904)
1.3	Finance costs	(12,322,245)	(12,142,323)
1.4	Share of net profits (losses) of associates and joint ventures	-	-
1.5	**Profit (loss) before income tax**	(4,866,107)	1,019,553
1.6	Income tax expense	1,506,211	(550,416)
1.7	Profit (loss) from continuing operations	(3,359,896)	469,137
1.8	Profit (loss) from discontinued operations		-
1.9	**Profit (loss) for the period**	(3,359,896)	469,137
1.10	Profit (loss) attributable to minority interests	(50,210)	(110,474)
1.11	**Profit (loss) attributable to members of the parent**	(3,309,686)	579,611
1.12	Basic earnings per *security* *(cents per share)*	(455.24)	63.79
1.13	Diluted earnings per *security* *(cents per share)*	(455.24)	63.79
1.14	Dividends per *security* *(cents per share)*	N/A	136.07

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	23,012,647	26,912,924
3.2	Trade and other receivables	18,703,326	21,587,792
3.3	Other assets	336,070	159,640
3.4	Other financial assets	218,000	868,000
3.5	Loans	221,232,611	238,485,792
3.6	Deferred tax assets	1,686,274	-
3.7	Current tax assets	524,533	202,506
3.8	Property, plant and equipment (net)	274,020	453,360
3.9	Investment properties	32,832,655	32,691,461
3.10	Property held for resale	5,895,134	6,609,241
3.11	Inventory – property	2,742,300	2,770,000
3.12	Goodwill	592,184	592,184
3.13	Other intangible assets	111,365	158,076
3.14	**Total assets**	**308,161,119**	**331,490,976**
	Liabilities		
3.15	Trade and other payables	2,860,525	1,801,639
3.16	Interest bearing liabilities	291,894,375	312,636,136
3.17	Deferred tax liabilities	-	170,451
3.18	Provisions	294,627	271,654
3.19	Current tax liabilities	197,712	220,819
3.20	Other financial liabilities	815,941	446,766
3.21	**Total liabilities**	**296,063,180**	**315,547,465**
3.22	**Net assets**	**12,097,939**	**15,943,511**
	Equity		
3.23	Share capital	9,028,067	8,953,451
3.24	Other reserves	-	-
3.25	Retained earnings	3,119,830	6,883,874
3.26	**Parent interest**	**12,147,897**	**15,837,325**
3.27	**Minority interest**	**(49,958)**	**106,186**
3.28	**Total equity**	**12,097,939**	**15,943,511**

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**	(3,359,896)	469,137
4.3	**Total recognised income and expense for the period**		
	Attributable to:		
4.4	Members of the parent	(3,309,686)	579,611
4.5	Minority interest	(50,210)	(110,474)
	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	3,344,090	3,277,259
5.2	Payments to suppliers and employees	(9,553,070)	(6,342,523)
5.3	Payment of property investment distributions	-	(2,025)
5.4	Interest and other costs of finance received	15,142,230	12,227,433
5.5	Interest and other costs of finance paid	(10,777,801)	(11,731,301)
5.6	Income taxes received	-	-
5.7	Income taxes paid	(974,774)	(100,368)
5.8	**Net cash used in operating activities**	**(2,819,325)**	**(2,671,525)**
	Cash flows related to investing activities		
5.9	Proceeds from repayment of mortgage loans	65,481,375	26,036,635
5.10	Payment for mortgage loans	(52,634,420)	(54,319,131)
5.11	Payment for property held for resale	-	-
5.12	Payments for purchases of property, plant and equipment	(4,822)	(30,469)
5.13	Proceeds from financial assets	-	-
5.14	Payment for financial assets		(1,728,333)
5.15	Payment of building and development cost for investment properties	-	(3,222,857)
5.16	Payment for investment property	-	(1,307,646)
5.17	**Net cash used in investing activities**	**12,842,133**	**(34,571,801)**
	Cash flows related to financing activities		
5.18	Proceeds from borrowings	53,523	3,244,333
5.19	Repayment of borrowings	(69,087)	(476,851)
5.20	Repayment of units redeemed in trust	-	(25,000)
5.21	Proceeds for issue of equity securities	74,616	532,530
5.22	Proceeds from issues of debt securities	17,586,011	39,020,772
5.23	Repayment of debt securities	(25,747,977)	(15,335,000)
5.24	Proceeds from investors - MIS	5,658,000	5,749,000
5.25	Repayment to investors – MIS	(7,011,000)	-
5.26	Proceeds from issue of redeemable preference shares	-	3,875,000
5.27	Payment for share buy-back		
	- member of the parent entity	-	-
5.28	Payment of debt issue costs	-	(23,303)
5.29	Dividends paid		
	- redeemable preference shareholders	(247,945)	(249,315)
	-member of the parent entity	-	(1,000,000)
5.30	**Net cash provided by financing activities**	**(9,703,859)**	**35,312,166**
	Net increase (decrease) in cash and cash equivalents	**318,949**	**(1,931,160)**
5.31	Cash at beginning of period	22,693,698	28,844,084
5.32	**Cash at beginning of period**	**23,012,647**	**26,912,924**

Notes to the financial statements

Ratios		Current period	Previous corresponding period
	Profit before tax / revenue		
6.1	Consolidated profit (loss) before tax *(item 1.5)* as a percentage of revenue *(item 1.1)*	**-27.60%**	**4.89%**
	Profit after tax / equity interests		
6.2	Consolidated profit (loss) after tax attributable to members *(item 1.11)* as a percentage of equity (similarly attributable) at the end of the period *(item 3.26)*	**-27.66%**	**3.66%**

Dividends

7.1	Date the dividend is payable	N/A
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)	N/A
7.3	If it is a final dividend, has it been declared? *(Preliminary final report only)*	N/A

7.4 The *dividend or distribution plan*s shown below are in operation.

N/A

The last date(s) for receipt of election notices to the *dividend or distribution plan*s	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	-		-
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	15,790,981	18,854,936
9.2	Structured Finance	695,795	1,165,723
9.3	Commercial Property Lending	315,468	102
9.4	Investment Properties	829,821	818,019
9.5	**Total** (consolidated total equal to *item 1.1*)	**17,632,065**	**20,838,780**
	Profit/(Loss)		
9.6	Commercial lending	(5,475,201)	1,137,606
9.7	Structured finance	421,118	764,870
9.8	Commercial Property Investment	(158,506)	(289,903)
9.9	Investment properties	346,482	(593,020)
9.10	**Operating profit** (equal to *item 1.5*)	**(4,866,107)**	**1,019,553**
9.11	Income tax expense	1,506,211	(550,416)
9.12	**Net profit** (consolidated total equal to *item 1.9*)	**(3,359,896)**	**469,137**
	Other information		
	Segment assets		
9.13	Commercial lending	267,747,341	285,408,276
9.14	Structured finance	5,039,965	11,816,156
9.15	Commercial property investments	12,483,095	12,499,462
9.16	Investment properties	20,679,911	21,564,576
	Unallocated assets	2,210,807	202,506
9.17	**Total assets** (equal to *item 3.13*)	**308,161,119**	**331,490,976**
	Segment liabilities		
9.18	Commercial investments	267,509,116	280,643,706
9.19	Structured finance	3,414,774	10,295,597
9.20	Commercial property investments	12,800,003	12,351,414
9.21	Investment properties	12,141,576	12,086,297
9.22	Unallocated liabilities	197,712	170,451
9.23	**Total liabilities** (equal to *item 3.20*)	**296,063,181**	**315,547,465**

NTA Backing

(see note 7)

10.1	Current period	Previous corresponding period
Net tangible asset backing per ordinary *security*	$13.15	$21.43

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 2013 include:

- A fully franked dividend was declared and paid to Preference Shareholders (Redeemable Preference Share – Series 2) of $226,849.32 on 31 January 2014.

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 2013 tax return = 3,655,164
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 paragraph16(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.

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 assts since the last annual report *(as per paragraph 16(j) of AASB 134: Interim Financial Reporting)*

Angas Securities Limited is defending legal proceedings bought in the District Court of New South Wales by Lloyd's Small Business Consortium No. 9056, being the underwriter for a Lloyd's Mortgage Indemnity and Impairment Insurance Policy acquired by Angas. A defence has been filed and a letter sent to the plaintiff requesting security for costs and inviting plaintiff to transfer proceedings to a court that can provide equitable relief. Advice from the Company's counsel is that the matter is misconceived.

Angas Securities Limited is defending legal proceedings brought in the District Court of South Australia by Chris Redshaw Constructions Pty Ltd, a building contractor. The Company has been incorrectly named as a party in this matter. The Company did not engage the plaintiff and has no liability for the claim. An application has been made to have the matter struck-out.

There are no 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: .... Date: ....14 March 2014.....................
(*Director*)

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

ABN 50 091 942 728

Half year report for the half-year ended 31 December 2013

Financial report for the half-year ended 31 December 2013

Directors' report

The directors of Angas Securities Limited submit herewith the financial report for the half-year ended 31 December 2013. 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 Paul Stephen McCarthy
Mr Clive Thomas Guthrie
Mr Kimley John Lyons

The above directors .held office during and since the end of the half-year except for:
Mr Clive Thomas Guthrie –appointed 1 July 2013
Mr Kimley John Lyons - resigned 31 July 2013)

Review of operations

The operating loss after income tax and before dividends for the period amounted to $3,359,896 (6 months December 2012 operating profit of $469,137). This was a decrease over the previous half year results. Expenses relating to the recovery of loans have continued to be incurred. The quantum and value of expired loans has diminished but the recovery costs have contributed to the operating loss.

An abnormal impost comprises expenses related to professional fees incurred by the company and the Trustee under its indemnity as a result of working with the Trustee appointed under the Deed for the Issue of First Ranking Debenture Stock in respect of an independent business review commenced in November 2012. The Trustee has yet to complete this exercise and the company continues to be exposed to ongoing costs. In addition, the company also incurred increased accounting and valuation fees for the six months ending 31 December 2013. As a further result of the Independent Business Review and its incompletion, the company also incurred increased accounting and valuation fees for the six months ending 31 December 2013.

Impaired loans continued to be managed. Further impairment expenses of $4,436,598 have been incurred for the six months ending 31 December 2013 assessed in accordance with Australian Accounting Standards.

Interest revenue decreased by $3,340,319 for the period due to a number of factors. The company held excess liquidity during the period, often several times more than that required by the Trust Deed. This moved to a more normalized level by balance date but remains a factor negative to interest generation. Other influences impacting on revenue are the treatment of loans having interest suspended as they are managed out as well as there being a drop in the mortgage book size by $17m for the six month period. The Board anticipated these income pressures which have been mitigated by funding cost reductions effective on 1 & 3 year investment rates. The company is yet to see the full benefit of three separate rate reductions as they progressively take effect.

During the period, the activities of the consolidated entities 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), the management of a retail lending home loan portfolio ("AFS") which is funded externally, management of Angas Contributory Mortgage Fund ("ACMF") which is a commercial property finance portfolio which is funded externally and the recent launch of a new mortgage trust as described below.

In January 2014 the current debenture prospectus expired and a new prospectus was not issued. Existing investors will be able to rollover or add to their debentures but the fund is closed to new retail investors. The company has issued a Product Disclosure Statement for Angas Prime Income Fund ("APIF") which will be the sole public offering for new retail investments. APIF is a mortgage trust. The company is licensed by ASIC to be Responsible Entity for APIF. Revenue will be derived by the company from managing APIF including a performance fee structure. The company bears no credit risk for non performance of loans in APIF's portfolio.

Future developments for the consolidated entity include maintaining core operating functions as a lender and funds manager whilst continuing to build revenue from the established debenture business and as manager of AFS, ACMF and APIF which is the recently launched mortgage trust. Growth of the asset base is expected to be derived from the 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. ACMF has consolidated very well in its second full year of operation and is a solid contributor to revenue.

As stated at the outset of this Review of Operations, the Trustee engaged an independent advisor to initiate an independent business review of the Company 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 debenture investments in full as they fell due. The independent advisor's report was issued in its final form to the Trustee on 3 April 2013. The report was prepared solely for the use of the Trustee and is not to be disclosed to or relied upon by any other party without the prior written consent of its author. Since the independent advisor's report was received, the Company and the Trustee have agreed certain enhanced reporting protocols and other measures required by the Trustee in order to complete the Independent Business review process. The Basis of Preparation of the financial report at Note 1 consider this information in the context of the going concern assumptions as at the date of this report.

One of the protocols required the Company to obtain new independent licensed valuations, in accordance with an instruction letter agreed with the Trustee, in respect of certain loans (the "Agreed Valuations"). These valuations were duly received and presented to the Trustee more than six months prior to the date of this Report. The Trustee wishes the Agreed Valuations to be reviewed by another valuer and an accountant. No agreement has been reached between the Trustee and the Company about the basis of such review.
The Company has successfully syndicated a further $14 million contribution in respect of its loan secured by the Fernhill property, pending finalization of the structured sale of this property, pursuant to legal agreements executed in November 2012. Meanwhile, the Company has, in conjunction with the purchaser, had Bio Credits issued over the first of three land tracts at Fernhill. The first tranche of Bio Credits have market value of $17 million with the aggregate of all three tranches being in the order of $30 million should they be approved & issued by the NSW Office of Environment and Heritage. This has substantially improved the value of the underlying Fernhill asset but has delayed settlement. All syndicated lenders will have their principal discharged when the Fernhill structured sale is settled.

Auditor's independence declaration

The auditor's independence declaration is included on page 3 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, 14 March 2014

Deloitte.

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3The Board of Directors
Angas Securities Limited
Level 14, 26 Flinders Street
ADELAIDE SA 5000

14 March 2014

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 2013, 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

DELOITTE TOUCHE TOHMATSU

S T Harvey
Partner
Chartered Accountants

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

We have reviewed the accompanying half-year financial report of Angas Securities Limited, which comprises the condensed statement of financial position as at 31 December 2013, and condensed statement of profit or loss and other comprehensive income, the condensed statement of cash flows and the condensed statement of changes in equity for the half-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 half-year or from time to time during the half-year as set out on pages 6 to 24.

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 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 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 2013 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Angas Securities Limited, 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.

Deloitte.

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 Limited 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 2013 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Emphasis of matter

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

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

S T Harvey
Partner
Chartered Accountants
Adelaide, 14 March 2014

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, 14 March 2014

Condensed consolidated statement of profit or loss and other comprehensive income for the half-year ended 31 December 2013

	Consolidated Half-year ending	
	31 December 2013 $	31 December 2012 $
Interest revenue	13,642,507	16,982,826
Interest expense	(12,322,245)	(12,142,323)
Net interest revenue	1,320,262	4,840,503
Non interest revenue	3,989,558	3,855,954
Marketing expenses	(246,812)	(160,651)
Occupancy expenses	(304,101)	(307,288)
Administration expenses	(4,938,189)	(4,750,121)
Impairment expense	(4,436,597)	(1,956,324)
Lending waivers	-	(4,493)
Other expenses	(250,228)	(498,027)
Profit/(loss) before tax	(4,866,107)	1,019,553
Income tax benefit/(expense)	1,506,211	(550,416)
Profit/(loss) for the period	(3,359,896)	469,137
Other comprehensive income	-	-
Total comprehensive income/(expense) for the period	(3,359,896)	469,137
(Loss)/Profit Attributable to:		
Equity holders of the parent	(3,309,686)	579,611
Non-controlling interests	(50,210)	(110,474)
	(3,359,896)	469,137

Notes to the condensed consolidated financial statements are included on pages 11 to 24.

Condensed consolidated statement of financial position as at 31 December 2013

	Note	Consolidated 31 December 2013 $	Consolidated 30 June 2013 $
Assets			
Cash and cash equivalents		23,012,647	22,693,698
Trade and other receivables	3	18,703,326	23,224,929
Current tax assets		524,533	-
Property held for resale	4	5,895,134	5,915,251
Loans	5	221,232,611	238,241,658
Deferred tax assets		1,686,274	405,050
Other financial assets		218,000	218,000
Property, plant and equipment		274,020	360,449
Other assets		336,070	214,462
Inventory – property		2,742,300	2,742,300
Investment property		32,832,655	32,849,998
Other intangible assets		111,365	134,912
Goodwill		592,184	592,184
Total assets		308,161,119	327,592,891
Liabilities			
Trade and other payables		2,860,525	2,777,101
Other financial liabilities		815,941	1,349,943
Interest bearing liabilities		291,894,375	306,680,213
Current tax payable		197,712	872,939
Provisions		294,627	281,531
Total liabilities		296,063,180	311,961,727
Net assets		12,097,939	15,631,164
Equity			
Issued capital		9,028,067	8,953,451
Retained earnings		3,119,830	6,677,461
Equity attributable to equity holders of the parent		12,147,897	15,630,912
Non-controlling interests		(49,958)	252
Total equity		12,097,939	15,631,164

Notes to the condensed consolidated financial statements are included on pages 11 to 24.

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 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 – ordinary shares	-	(1,000,000)	-	(1,000,000)
Payment of dividends – preference shares	-	(249,315)	-	(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
Balance at 1 July 2013	8,953,451	6,677,461	252	15,631,164
Profit/(loss) for the period	-	(3,309,686)	(50,210)	(3,359,896)
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	-	(3,309,686)	(50,210)	(3,359,896)
Payment of dividends – ordinary shares	-	-	-	-
Payment of dividends – preference shares	-	(247,945)	-	(247,945)
Redemption of units in trust	-	-	-	-
Issue of capital – ordinary shares	-	-	-	-
Issue of capital – preference shares	-	-	-	-
Installment partly paid shares	74,616	-	-	74,616
Other	-	-	-	-
Balance at 31 December 2013	9,028,067	3,119,830	(49,958)	12,097,939

Notes to the condensed consolidated financial statements are included on pages 11 to 24.

Condensed consolidated statement of cash flows for the half-year ended 31 December 2013

	Consolidated	
	Half-year ended 31 December 2013 $	Half-year ended 31 December 2012 $
Cash flows from operating activities		
Receipts from customers	3,344,090	3,277,259
Payments to suppliers and employees	(9,553,070)	(6,342,523)
Payment of property investment distributions	-	(2,025)
Interest received	15,142,230	12,227,433
Interest paid	(10,777,801)	(11,731,301)
Income tax paid	(974,774)	(100,368)
Net cash (used in) operating activities	(2,819,325)	(2,671,525)
Cash flows from investing activities		
Proceeds from repayment of mortgage loans	65,481,375	26,036,635
Payment for mortgage loans	(52,634,420)	(54,319,131)
Payment for property, plant and equipment	(4,822)	(30,469)
Payment for financial assets	-	(1,728,333)
Payment of building and development cost for investment properties	-	(3,222,857)
Payment for investment property	-	(1,307,646)
Net cash used in investing activities	12,842,133	(34,571,801)
Cash flows from financing activities		
Proceeds from borrowings	53,523	3,244,333
Repayment of borrowings	(69,087)	(476,851)
Repayment of units redeemed in trust	-	(25,000)
Proceeds for issue of equity securities	74,616	532,530
Proceeds from investors – managed investment scheme	5,658,000	5,749,000
Repayment to investors – managed investment scheme	(7,011,000)	-
Proceeds from issues of debt securities	17,586,011	39,020,772
Repayment of debt securities	(25,747,977)	(15,335,000)
Proceeds from issue of redeemable preference shares	-	3,875,000
Payment of debt issue costs	-	(23,303)
Dividends paid		
- redeemable preference shareholders	(247,945)	(249,315)
- member of the parent entity	-	(1,000,000)
Net cash provided by financing activities	(9,703,859)	35,312,166
Net increase/(decrease) in cash and cash equivalents	318,949	(1,931,160)
Cash and cash equivalents at the beginning of the period	22,693,698	28,844,084
Cash and cash equivalents at the end of the period	23,012,647	26,912,924

Notes to the condensed consolidated financial statements are included on pages 11 to 24.

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 2013 annual financial report for the financial year ended 30 June 2013, 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:

- AASB10 Consolidated Financial Statements' and AASB2011-7 'Amendments to Australian Accounting Standards arising from the consolidated and Joint Arrangements standards'
- AASB12 'Disclosure of Interest in Other Entities' and AASB2011-7 'Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards"
- AASB13 'Fair Value Measurement" and AASB2011-8 'Amendments to Australian Accounting Standards arising from AASB13'
- AASB119 'Employee Benefits'(2011) and AASB2011-10 'Amendments to Australian Accounting Standards arising from AASB119 (2011)"

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.

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, current property market conditions 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 assessing the value of the security and 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 with an agenda including consideration and approval of 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.

The Trustee engaged an independent advisor on 22 November 2012 to initiate an independent business review of the Company (Independent Business Review). 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 debenture investments in full as they fell due. The independent advisor's report was issued in its final form to the Trustee on 3 April 2013. The report was prepared solely for the use of the Trustee and is not to be disclosed or relied upon by any other party without prior written consent of its author. Since the independent advisor's report was received, the Company and the Trustee have agreed certain enhanced reporting protocols and other measures required by the Trustee in order to complete the Independent Business Review process.
The only outstanding step to be undertaken in order to complete the Independent Business Review process. is the Trustee's review of the previously agreed valuations of loan security. The agreed valuations of loan security were obtained by the Company and were supplied to the Trustee six months ago. The Trustee and the Company are seeking to reach an accord as to whom should assist the Trustee analyse the agreed valuations and the basis for doing so.

1. Significant accounting policies (cont'd)

Whilst recognizing that there is only one outstanding issue, the Independent Business Review being undertaken by the Trustee remains incomplete and without a final determination by the Trustee as to any further measures that may be imposed pursuant to the Trustee's powers under the Trust Deed for First Ranking Debenture Stock ("Trust Deed"), there accordingly exists significant uncertainty regarding the ability of the company and the group to continue as going concerns and that 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 for the following reasons:-

(a) 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,

(b) forecast cashflows remain positive in the foreseeable future

(c) in accordance with section 912A(1)(d) of the Corporations Act, the company has adequate resources to continue operating for the foreseeable future. It has liquid assets above the 5% minimum liquidity requirement under the Trust Deed, and

(d) the Company has previously utilised the sale of loans to investors or other financiers as a tool to managing its liquidity. The Directors are confident that the Company will continue to have this ability in the future.

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

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 Fixed interest securities 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).

<u>Segment revenues and results</u>

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 2013 $	31 Dec 2012 $	31 Dec 2013 $	31 Dec 2012 $
Commercial Lending	15,790,981	18,854,936	(5,475,201)	1,137,606
Structured Finance	695,795	1,165,723	421,118	764,870
Commercial Property Lending	315,468	102	(158,506)	(289,903)
Investment Properties	829,821	818,019	346,482	(593,020)
	17,632,065	20,838,780	(4,866,107)	1,019,553
Profit before tax			(4,866,107)	1,019,553
Income tax expense			(1,506,211)	550,416
Consolidated segment revenue and profit for the period	17,632,065	20,838,780	(3,359,896)	469,137

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.

Segment assets and liabilities

Segment Assets

	31 Dec 2013 $	31 Dec 2012 $
Commercial Lending	267,747,341	285,408,276
Structured Finance	5,039,965	11,816,156
Commercial Property Lending	12,483,095	12,499,462
Investment Properties	20,679,911	21,564,576
Total segment assets	305,950,312	331,288,470
Unallocated assets	2,210,807	202,506
Total assets	308,161,119	331,490,976

Segment Liabilities

	31 Dec 2013 $	31 Dec 2012 $
Commercial Lending	267,509,116	280,643,706
Structured Finance	3,414,774	10,295,597
Commercial Property Lending	12,800,003	12,351,414
Investment Properties	12,141,576	12,086,297
Total segment liabilities	295,865,469	315,377,014
Unallocated liabilities	197,712	170,451
Total liabilities	296,063,181	315,547,465

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 Lending segment.
Goodwill is allocated to reportable segments.

3. Trade and other receivables

	Consolidated	
	31 December 2013 $	30 June 2013 $
Trade receivables – Interest	11,692,693	13,221,806
Trade receivables – Fees	3,978,595	3,146,369
Security held – Qld Lease	5,647	5,647
Trailing commission receivables	481,960	531,529
Property sale receivables	2,178,002	5,917,579
Other receivables	366,429	401,999
	18,703,326	23,224,929

4. Property held for resale

	Consolidated	
	31 December 2013 $	30 June 2013 $
Balance at the beginning of the financial year	5,915,251	4,320,558
Impairment	(20,117)	(120,629)
Transfer to investment property	-	(1,981,254)
Transfer from other assets (i)	-	3,696,576
Balance at the end of year	5,895,134	5,915,251

(i) The land is leased from the Crown for 99 years. The lease will expire on 12 February 2106. In 2013 this property was placed on the market for sale and therefore was transferred from other assets.

Consolidation

31 December 2013	Book Value	Valuation	Valuation Da
53 Junction Rd Wahroonga NSW	$1,410,751	$1,425,000	26/02/2013
26 Murdoch Circuit Acacia Ridge QLD	$ 891,000	$ 900,000	30/06/2013
Lot 101 Adam St Hindmarsh SA	$3,593,384	$3,650,000	04/02/2013
TOTAL	**$5,895,135**	**$5,975,000**	

30 June 2013	Book Value	Valuation	Valuation Date
53 Junction Rd Wahroonga NSW	$1,410,751	$1,425,000	26/02/2013
26 Murdoch Circuit Acacia Ridge QLD	$ 891,000	$ 900,000	30/06/2013
Lot 101 Adam St Hindmarsh SA	$3,613,500	$3,650,000	04/02/2013
TOTAL	**$5,915,251**	**$5,975,000**	

5. Loans

	Consolidated	
	31 December 2013 $	30 June 2013 $
Mortgage Loans	226,650,754	243,189,075
Interest received in advance	(2,750,462)	(2,868,852)
Fees received in advance	(450,697)	(235,974)
Allowances for doubtful debts	(2,216,984)	(1,842,591)
	221,232,611	238,241,658
Maturity analysis		
Not longer than 3 months	142,195,924	161,433,567
Longer than 3 months and not longer than 12 months	68,348,000	65,062,173
Longer than one year not longer than 5 years	10,688,687	11,745,918
	221,232,611	238,241,658
Loan by security		
Secured by chattel mortgage	1,132,375	1,000,000
Secured by first mortgage	218,927,885	236,025,595
Secured by second mortgage (i)	1,172,351	1,216,063
Secured by collateral security	-	-
	221,232,611	238,241,658
Loan by security		
Chattel	1,132,375	1,000,000
Commercial property	85,368,687	76,263,209
Rural property	1,907,869	2,504,773
Residential property	122,656,320	148,630,475
Industrial property	10,167,360	9,843,201
	221,232,611	238,241,658

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

Movement in the allowance for doubtful debts

	Consolidated	
	31 December 2013 $	30 June 2013 $
Balance at the beginning of the year	1,842,591	1,485,267
Impairment losses recognised on loans	492,393	1,103,144
Bad debts recovered	-	-
Bad debt write off	(118,000)	(745,820)
Balance at the end of the year	2,216,984	1,842,591

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 indicators of impairment. Where there is objective evidence of impairment, the Board assess the recoverability of a loan by preparing a discounted cashflow. The cashflow requires critical judgements to be made on the timing of the cash inflows and outflows in addition to the actual amounts recovered. The Board uses various information sources to help assess the value of the inflows and outflows and hence loan recoverability, such as sales evidence obtained from market date, along with independent valuations and then exerts critical judgement on the timing of such inflows and outflows in determining the recoverability of the loan. If the principal and unpaid interest and fees falls short of the discounted cashflow total, 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.

5. Loans (cont'd)

Top Ten loans to related borrowers as at 31 December 2013

TOTAL LOANS	NO. OF LOANS	COMMENTARY
$24,092,236.82	8	Perth based builder and property developer with a range of distinct residential, commercial and retail properties providing security
$18,946,050.41	6	Security comprises several retirement villages in Adelaide
$17,764,683.64	3	Completed residential apartment complex on the fringe of the Adelaide CBD
$16,622,479.00	3	Primary asset is a prestigious rural/residential property close to Sydney and additional collateral security over harbour side apartments in Sydney.
$15,726,397.18	4	Perth based property developer with security comprising prime commercial, residential and retail sites across WA
$15,140,516.00	2	Adelaide based property developers and retailers with prime security comprising residential subdivision land and commercial/light industrial land holdings. Significant collateral security is also held
$13,706,987.18	6	Major WA based land developer with well located residential and commercial assets across WA (predominately residential subdivision)
$11,630,000.00	2	Security comprises a luxury residential/equine property on the northern beach outskirts of Sydney
$11,184,212.80	2	Prime beachfront, predominately residential development with some retail south of Perth CBD
$789,750.00	2	Security comprises residential properties in QLD and NT
$145,603,313.03		

Top Ten loans to related borrowers as at 30 June 2013

TOTAL LOANS	NO. OF LOANS	COMMENTARY
$ 26,938,140.28	16	Perth based builder and property developer with a range of distinct residential, commercial and retail properties providing security
$ 26,666,775.38	3	Primary asset is a prestigious rural/residential property, along with collateral security over harbourside apartments in Sydney
$ 18,074,586.38	6	Security comprises several retirement villages in Adelaide
$ 13,900,398.00	2	Funding provided for development of several retail/commercial sites in Adelaide suburbs with a lease in place to a large retail company
$ 12,835,804.29	4	Perth based property developer with security comprising prime commercial, residential and retail sites across WA
$ 11,630,000.00	2	Security comprises a luxury residential/equine property on the northern outskirts of Sydney
$ 11,078,145.94	2	Completed apartment complex on the outskirts of Adelaide CBD
$ 10,204,356.94	4	Major WA based land developer with well located residential and commercial assets across WA (predominantly residential subdivision)
$ 9,868,844.36	2	Prime beachfront residential/commercial and retail development in Perth
$ 4,420,000.00	2	Security comprises several residential townhouses and apartment developments in greater western Sydney
$ 145,617,051.57		

5. Loans (cont'd)

Top Ten largest loans as at 31 December 2013

CUSTOMER	LOAN AMOUNT	CATEGORY	ASSET STATE	ASSET VALUE*	VALUATION DATE	INTEREST ARREARS
F	$ 9,630,613.49	Commercial	QLD	$ 15,000,000.00	27/09/2011	$2,741,361.08
I	$ 7,226,337.44	Residential	SA	$ 8,950,000.00	30/08/2013	-
J	$ 6,686,537.70	Residential	SA	$ 10,875,000.00	13/09/2013	-
Total: Not in Order	**$ 23,543,488.63**			**$ 34,825,000.00**		**$2,743,361.08**
A**	$ 14,992,479.00	Residential	NSW	$ 35,310,623.31	24/06/2013	-
B**	$ 11,600,000.00	Commercial	VIC	$26,390,250.00	01/07/2013	-
C	$ 11,004,212.80	Residential	WA	$16,354,821.00	22/02/2013	-
D	$ 10,000,000.00	Residential	NSW	$17,750,000.00	28/11/2012	-
E	$ 10,000,000.00	Residential	WA	$19,165,000.00	17/06/2013	-
G	$ 8,939,928.00	Commercial	SA	$21,892,150.00	03/04/2013	-
H	$ 7,966,698.57	Residential	WA	$36,300,000.00	23/10/2013	-
Total	**$ 74,503,318.37**			**$173,162,844.31**		

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

** Total loan face value excluding co-investment principal from joint lenders on a pari passu basis which have met derecognition criteria per ASB139

Top Ten largest loans as at 30 June 2013

CUSTOMER	LOAN AMOUNT	CATEGORY	ASSET STATE	ASSET VALUE*	VALUATION DATE	INTEREST ARREARS
B**	$ 13,205,000.00	Commercial	QLD	$ 15,000,000.00	27/09/2011	$4,771,541.64
H	$ 7,226,337.44	Residential	SA	$ 8,950,000.00	20/09/2012	-
I	$ 6,474,643.66	Residential	QLD	$ 8,430,489.00	1/09/2012	-
J***	$ 5,900,037.30	Commercial	SA	$ 10,463,000.00	15/07/2013	$363,458.99
Total: Not in Order	**$ 32,806,018.40**					
A***	$ 25,036,775.38	Residential	NSW	$ 64,665,373.53	24/06/2013	-
C***	$ 11,600,000.00	Commercial	VIC	$ 30,322,240.00	26/09/2012	-
D	$ 10,000,000.00	Residential	NSW	$ 17,750,000.00	28/11/2012	-
E	$ 8,939,928.00	Commercial	SA	$ 12,330,000.00	22/05/2013	-
F***	$ 8,096,408.00	Residential	WA	$ 14,104,010.00	22/02/2013	-
G	$ 7,117,740.28	Residential	WA	$ 19,165,000.00	13/05/2013	-
Total	**$ 70,790,851.66**					

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

**Prime Security only. A collateral security is under contract of sale which should return an additional $6,000,000 on settlement.

***Total loan face value excluding co-investment principal from joint lenders on a pari passu basis which have met derecognition criteria per ASB139.

5. Loans (cont'd)

Fernhill
As at 31 December 2013, Angas has a mortgage loan receivable of $16.6 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 precincts. On 30 November 2012, the Company (acting under its second mortgage only) entered into various agreements with a counterparty (Purchaser and Developer) under which the Homestead would be sold and much of the Eastern and Western precinct would be developed. On 30 November 2012, the Purchaser and Developer prepaid the purchase price for the Homestead for $10 million. The first mortgage will not be discharged until the Fernhill Loan has been repaid in full.

The Development Application for the subdivision of the Eastern and Western precincts of Fernhill were lodged on 28 June 2013. After consultation with Council a revised Master Plan DA was lodged on 28 December 2013, and is currently being assessed. In August 2013 the first tranche of Biobanking Credit Assessments were lodged with NSW Office of Environment and Heritage to establish Fernhill Biobanking Credits for sale, and was approved and gazzetted by OEH on 21 January 2014. A second tranche was lodged October 2013, and awaiting sign off by OEH. The third and final tranche is still to be processed.

Syndication of the Fernhill Loan
Since acquiring the Fernhill loan in March 2012, the company has sold $17 million of the Fernhill loan (comprising approximately 56% of the loan) to unrelated entities. Specifically, $3 million of the Fernhill loan was sold to a finance company on 29 June 2012 and $14 million of the Fernhill loan was sold to a private investor on 8 July 2013. The sale of $17 million of the Fernhill loan have met derecognition criteria under AASB139.

Accordingly, the Company exposure to the Fernhill loan has been significantly reduced since the Fernhill loan was assigned to the Company in June 2012. The Company and the two co-investors participate on a pari passu basis as first mortgages pursuant to a Syndicated Lenders Deed and Deed of Assignment of Security and a Co-Investment and Security Trust Deed respectively. The two co-investors and the Company will be repaid from the proceeds of the Fernhill receipts realised from the Purchaser and Developer referred to above. The Company is currently negotiating with the Purchaser and Developer a variation to the November 2012 agreement which will clear the syndicated loan in full.

5. Loans (cont'd)

Expired Loans

	Consolidated	
	31 December 2013 $	**30 June 2013 $**
Expired loans – Fixed interest securities funded	68,255,864	60,355,642
Expired loans – Non-fixed interest securities funded	5,363,134	3,485,130
Total	73,618,998	63,840,772

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

Ageing of expired loan but not impaired – ***Fixed interest securities funded***

	Consolidated	
	31 December 2013 $	**30 June 2013 $**
30 - 60 days	16,446,730	-
120+ days	31,978,452	48,055,568
Total	48,425,182	48,055,568

The above ageing analysis includes the principal outstanding for all fixed interest securities 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-fixed interest securities funded***

	Consolidated	
	31 December 2013 $	**30 June 2013 $**
30 - 60 days	2,557,783	144,400
60 - 90 days	1,034,333	-
90 - 120 days	-	-
120+ days	1,371,018	2,940,730
Total	4,963,134	3,085,130

The above ageing analysis includes the principal outstanding for all non-fixed interest securities 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 – ***Fixed interest securities funded***

	Consolidated	
	31 December 2013 $	**30 June 2013 $**
30 – 60 days	-	-
120+ days	19,830,682	12,300,074
Total	19,830,682	12,300,074

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-fixed interest securities funded***

	Consolidated	
	31 December 2013 $	**30 June 2013 $**
30 – 60 days	-	-
120+ days	400,000	400,000
Total	400,000	400,000

The above ageing analysis includes the principal outstanding less provisions for all impaired expired loans.

6. Issues, repurchases and repayments of equity securities

During the half-year reporting period, a final pay down of partly paid shares was made on 31 August 2013 by Barri Nominees Pty Ltd ATF Dragon Capital Trust of $74,616.

As a result of this transaction, the closing ordinary equity balance at the half-year totaled $1,528,067 which was made up of 738,046 shares.

7. Contingent liabilities and contingent assets

Angas Securities Limited is defending legal proceedings bought in the District Court of New South Wales by Lloyd's Small Business Consortium No. 9056, being the underwriter for a Lloyd's Mortgage Indemnity and Impairment Insurance Policy acquired by Angas. A defence has been filed and a letter sent to the plaintiff requesting security for costs and inviting plaintiff to transfer proceedings to a court that can provide equitable relief. Advice from the Company's counsel is that the matter is misconceived.

Angas Securities Limited is defending legal proceedings brought in the District Court of South Australia by Chris Redshaw Constructions Pty Ltd, a building contractor. The Company has been incorrectly named as a party in this matter. The Company did not engage the plaintiff and has no liability for the claim. An application has been made to have the matter struck-out.

There are no contingent liabilities or contingent assets.

8. Dividends

	Half-year ended 31 December 2013		Half-year ended 31 December 2012	
	Cents per share	Total $	Cents per share	Total $
<u>Recognised amounts</u>				
Fully paid ordinary shares				
Final dividend fully franked at a 30% tax rate	-	-	136.07	1,000,000
Fully paid preference shares (series 2)				
Interim dividend fully franked at a 30% tax rate	4.96	247,945	4.99	249,315

9. Subsequent events

Events which have occurred since 31 December 2013 include:

- A fully franked dividend was declared and paid to Preference Shareholders (Redeemable Preference Share – Series 2) of $252,055 on 31 January 2014.

10. Related Party Transactions

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

Entity	No. of Loans	Total Value of Loans
KWS Capital Pty Ltd	2	3,688,160
Cardiff Capital Pty Ltd	5	17,246,785
Mortgage Funds Management Pty Ltd	1	33,118,364
Barker Performance Trust 1	4	780,383
Barker Performance Trust 2	6	3,540,376
		58,374,068

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.

Angas does not advance loans to Related Body Corporates.

11. Disclosure of additional information

Angas Securities Limited (the company) is a public company incorporated in Australia and operating in Adelaide. Fixed interest securities 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	Principal Place of Business
Level 14, 26 Flinders Street ADELAIDE SA 5000 TEL: (08) 8414 3363	Level 14, 26 Flinders Street ADELAIDE SA 5000 TEL: (08) 8410 4343

The entity's principal activity is financial services.