

# 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 2014

## For announcement to the market

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

|  |      |                |    |                               |
|--|------|----------------|----|-------------------------------|
|  |      |                |    | \$A                           |
| Revenue ( <i>item 1.1</i> )  | down | 10.00%         | to | 15,868,421                    |
| Loss for the period ( <i>item 1.9</i> )  | down | 26.52%         | to | (4,250,941)                   |
| Loss for the period attributable to members of the parent ( <i>item 1.11</i> )                                 | down | 27.86%         | to | (4,232,068)                   |
| <b>Dividends</b>   |      | Current period |    | Previous corresponding period |
| Franking rate applicable:  |      |                |    |                               |
| <b>Final dividend</b> ( <i>preliminary final report only</i> )   |      |                |    |                               |
| Amount per <i>security</i>   |      | N/A            |    | N/A                           |
| Franked amount per <i>security</i>   |      | N/A            |    | N/A                           |
| <b>Interim dividend</b> ( <i>Half yearly report only</i> )   |      |                |    |                               |
| Amount per <i>security</i>   |      | N/A            |    | N/A                           |
| Franked amount per <i>security</i>   |      | N/A            |    | N/A                           |
| 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   | 15,868,421           | 17,632,065                          |
| 1.2 Expenses, excluding finance costs                              | (9,006,522)          | (10,175,927)                        |
| 1.3 Finance costs  | (10,040,707)         | (12,322,245)                        |
| 1.4 Share of net profits (losses) of associates and joint ventures | -                    | -                                   |
| 1.5 <b>Profit (loss) before income tax</b>                         | (3,178,808)          | (4,866,107)                         |
| 1.6 Income tax expense   | (1,072,133)          | 1,506,211                           |
| 1.7 Profit (loss) from continuing operations                       | (4,250,941)          | (3,359,896)                         |
| 1.8 Profit (loss) from discontinued operations                     | -                    | -                                   |
| 1.9 <b>Profit (loss) for the period</b>                            | (4,250,941)          | (3,359,896)                         |
| 1.10 Profit (loss) attributable to minority interests              | (18,873)             | (50,210)                            |
| 1.11 <b>Profit (loss) attributable to members of the parent</b>    | (4,232,068)          | (3,309,686)                         |
| 1.12 Basic earnings per security <i>(cents per share)</i>          | (575.98)             | (455.24)                            |
| 1.13 Diluted earnings per security <i>(cents per share)</i>        | (575.98)             | (455.24)                            |
| 1.14 Dividends per security <i>(cents per share)</i>               | N/A                  | N/A                                 |

**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<br><i>(item 1.11 in the half yearly statement)</i> | N/A                  | N/A                                 |
| 2.2 Consolidated profit (loss) after tax attributable to members for the 2nd half year   | N/A                  | N/A                                 |

## Consolidated balance sheet

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

| <b>Assets</b>      |                                     | Current period - \$A | Previous corresponding period - \$A |
|--------------------|-------------------------------------|----------------------|-------------------------------------|
| 3.1                | Cash and cash equivalents           | 2,5381,307           | 23,012,647                          |
| 3.2                | Trade and other receivables         | 15,062,125           | 18,703,326                          |
| 3.3                | Other assets                        | 159,228              | 336,070                             |
| 3.4                | Other financial assets              | 417,999              | 218,000                             |
| 3.5                | Loans                               | 185,337,079          | 221,232,611                         |
| 3.6                | Deferred tax assets                 | 2,148,747            | 1,686,274                           |
| 3.7                | Current tax assets                  | 85,698               | 524,533                             |
| 3.8                | Property, plant and equipment (net) | 152,087              | 274,020                             |
| 3.9                | Investment properties               | 32,508,953           | 32,832,655                          |
| 3.10               | Property held for resale            | 4,925,513            | 5,895,134                           |
| 3.11               | Inventory – property                | 2,514,600            | 2,742,300                           |
| 3.12               | Goodwill                            | 592,184              | 592,184                             |
| 3.13               | Other intangible assets             | 64,652               | 111,365                             |
| 3.14               | <b>Total assets</b>                 | <b>269,350,172</b>   | <b>308,161,119</b>                  |
| <b>Liabilities</b> |                                     |                      |                                     |
| 3.15               | Trade and other payables            | 1,535,843            | 2,860,525                           |
| 3.16               | Interest bearing liabilities        | 261,725,281          | 291,894,375                         |
| 3.17               | Deferred tax liabilities            | -                    | -                                   |
| 3.18               | Provisions                          | 343,439              | 294,627                             |
| 3.19               | Current tax liabilities             | -                    | 197,712                             |
| 3.20               | Other financial liabilities         | 461,638              | 815,941                             |
| 3.21               | <b>Total liabilities</b>            | <b>264,066,201</b>   | <b>296,063,180</b>                  |
| 3.22               | <b>Net assets</b>                   | <b>5,283,971</b>     | <b>12,097,939</b>                   |
| <b>Equity</b>      |                                     |                      |                                     |
| 3.23               | Share capital                       | 9,028,067            | 9,028,067                           |
| 3.24               | Other reserves                      | -                    | -                                   |
| 3.25               | Retained earnings                   | (3,883,196)          | 3,119,830                           |
| 3.26               | <b>Parent interest</b>              | <b>5,144,871</b>     | <b>12,147,897</b>                   |
| 3.27               | <b>Minority interest</b>            | <b>139,100</b>       | <b>(49,958)</b>                     |
| 3.28               | <b>Total equity</b>                 | <b>5,283,971</b>     | <b>12,097,939</b>                   |

## Consolidated statement of changes in equity

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

|  | Current period – A\$ | Previous corresponding period – A\$ |
|--|----------------------|-------------------------------------|
| Revenues recognised directly in equity:  | -                    | -                                   |
| Expenses recognised directly in equity:  | -                    | -                                   |
| 4.1 Net income recognised directly in equity   | -                    | -                                   |
| 4.2 Profit for the period  | (4,250,941)          | (3,359,896)                         |
| 4.3 Total recognised income and expense for the period   |                      |                                     |
| Attributable to:   |                      |                                     |
| 4.4 Members of the parent  | (4,232,068)          | (3,309,686)                         |
| 4.5 Minority interest  | (18,873)             | (50,210)                            |
| Effect of changes in accounting policy (as per AASB 108: Accounting Policies, Changes in Accounting Estimates and Errors): |                      |                                     |
| 4.6 Members of the parent entity   | -                    | -                                   |
| 4.7 Minority interest  | -                    | -                                   |

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

|      |  | Current period - \$A | Previous corresponding period - \$A |
|------|--|----------------------|-------------------------------------|
|      | <b>Cash flows related to operating activities</b>                  |                      |                                     |
| 5.1  | Receipts from customers  | 5,303,520            | 3,344,090                           |
| 5.2  | Payments to suppliers and employees                                | (8,359,772)          | (9,553,070)                         |
| 5.3  | Payment of property investment distributions                       | -                    | -                                   |
| 5.4  | Interest and other costs of finance received                       | 10,346,046           | 15,142,230                          |
| 5.5  | Interest and other costs of finance paid                           | (11,041,875)         | (10,777,801)                        |
| 5.6  | Income taxes received  | -                    | -                                   |
| 5.7  | Income taxes paid  | (65,822)             | (974,774)                           |
| 5.8  | <b>Net cash used in operating activities</b>                       | <b>(3,817,903)</b>   | <b>(2,819,325)</b>                  |
|      | <b>Cash flows related to investing activities</b>                  |                      |                                     |
| 5.9  | Proceeds from repayment of mortgage loans                          | 55,966,562           | 65,481,375                          |
| 5.10 | Payment for mortgage loans   | (39,463,387)         | (52,634,420)                        |
| 5.11 | Payment for property held for resale                               | 1,410,750            | -                                   |
| 5.12 | Payments for purchases of property, plant and equipment            | (28,969)             | (4,822)                             |
| 5.13 | Proceeds from financial assets                                     | -                    | -                                   |
| 5.14 | Payment for financial assets                                       | -                    | -                                   |
| 5.15 | Payment of building and development cost for investment properties | (53,745)             | -                                   |
| 5.16 | Payment for investment property                                    | -                    | -                                   |
| 5.17 | <b>Net cash used in investing activities</b>                       | <b>17,831,211</b>    | <b>12,842,133</b>                   |
|      | <b>Cash flows related to financing activities</b>                  |                      |                                     |
| 5.18 | Proceeds from borrowings   | (790,000)            | 53,523                              |
| 5.19 | Repayment of borrowings  | (39,980)             | (69,087)                            |
| 5.20 | Repayment of units redeemed in trust                               | -                    | -                                   |
| 5.21 | Proceeds for issue of equity securities                            | -                    | 74,616                              |
| 5.22 | Proceeds from issues of debt securities                            | 6,525,080            | 17,586,011                          |
| 5.23 | Repayment of debt securities                                       | (16,624,124)         | (25,747,977)                        |
| 5.24 | Proceeds from investors - MIS                                      | -                    | 5,658,000                           |
| 5.25 | Repayment to investors - MIS                                       | -                    | (7,011,000)                         |
| 5.26 | Payment for investment in subsidiary                               | (200,000)            | -                                   |
| 5.27 | Proceeds from issue of redeemable preference shares                | -                    | -                                   |
| 5.28 | Payment for share buy-back   | -                    | -                                   |
|      | - member of the parent entity                                      | -                    | -                                   |
| 5.29 | Payment of debt issue costs  | -                    | -                                   |
| 5.30 | Dividends paid   | -                    | -                                   |
|      | - redeemable preference shareholders                               | (247,945)            | (247,945)                           |
|      | - member of the parent entity                                      | -                    | -                                   |
| 5.31 | <b>Net cash provided by financing activities</b>                   | <b>(11,376,969)</b>  | <b>(9,703,859)</b>                  |
|      | <b>Net increase (decrease) in cash and cash equivalents</b>        | <b>2,636,339</b>     | <b>318,949</b>                      |
| 5.32 | Cash at beginning of period  | 22,744,969           | 22,693,698                          |
| 5.33 | <b>Cash at beginning of period</b>                                 | <b>25,381,308</b>    | <b>23,012,647</b>                   |

## Notes to the financial statements

### Ratios

|  |  | Current period | Previous corresponding period |
|--|--|----------------|-------------------------------|
| <b>Profit before tax / revenue</b>         |  |                |                               |
| 6.1  | Consolidated profit (loss) before tax ( <i>item 1.5</i> ) as a percentage of revenue ( <i>item 1.1</i> )   | <b>-20.04%</b> | <b>-27.60%</b>                |
| <b>Profit after tax / equity interests</b> |  |                |                               |
| 6.2  | Consolidated profit (loss) after tax attributable to members ( <i>item 1.11</i> ) as a percentage of equity (similarly attributable) at the end of the period ( <i>item 3.26</i> ) | <b>-82.26%</b> | <b>-27.66%</b>                |

## 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?

N/A

*(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 -<br>\$A | Previous<br>corresponding<br>period - \$A | Franking<br>rate<br>applicable |
|-----|---|-------------------------|---|--------------------------------|
|     | <b>Dividends paid or provided for<br/>during the reporting period</b> |                         |   |                                |
| 7.6 | Current year final  |                         |   |                                |
|     | Franked dividends   | -                       | -   | -                              |
| 7.7 | Previous year interim   |                         |   |                                |
|     | Franked dividends   | -                       | -   | -                              |
| 7.8 | Preference Shares - interim   |                         |   |                                |
|     | Franked dividends   | 247,945                 | 247,945                                   | 100%                           |
|     | <b>Dividends proposed and not<br/>recognised as a liability</b>       |                         |   |                                |
| 7.9 | 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 -<br>\$A | Previous<br>corresponding<br>period - \$A |
|------|--|-------------------------|---|
|      | <b>Segments</b>  |                         |   |
|      | Revenue:   |                         |   |
| 9.1  | Commercial lending                                       | 13,297,091              | 15,790,981                                |
| 9.2  | Structured Finance                                       | 1,381,792               | 695,795                                   |
| 9.3  | Commercial Property Lending                              | 330,505                 | 315,468                                   |
| 9.4  | Investment Properties                                    | 859,033                 | 829,821                                   |
| 9.5  | <b>Total</b> (consolidated total equal to item 1.1)      | <b>15,868,421</b>       | <b>17,632,065</b>                         |
|      | Profit/(Loss)  |                         |   |
| 9.6  | Commercial lending                                       | (4,467,987)             | (5,475,201)                               |
| 9.7  | Structured finance                                       | 1,117,678               | 421,118                                   |
| 9.8  | Commercial Property Investment                           | (70,394)                | (158,506)                                 |
| 9.9  | Investment properties                                    | 241,895                 | 346,482                                   |
| 9.10 | <b>Operating profit</b> (equal to item 1.5)              | <b>(3,178,808)</b>      | <b>(4,866,107)</b>                        |
| 9.11 | Income tax expense                                       | (1,072,133)             | 1,506,211                                 |
| 9.12 | <b>Net profit</b> (consolidated total equal to item 1.9) | <b>(4,250,941)</b>      | <b>(3,359,896)</b>                        |
|      | <b>Other information</b>                                 |                         |   |
|      | Segment assets   |                         |   |
| 9.13 | Commercial lending                                       | 230,968,823             | 267,747,341                               |
| 9.14 | Structured finance                                       | 2,397,985               | 5,039,965                                 |
| 9.15 | Commercial property investments                          | 12,532,819              | 12,483,095                                |
| 9.16 | Investment properties                                    | 21,216,100              | 20,679,911                                |
|      | Unallocated assets                                       | 2,234,445               | 2,210,807                                 |
| 9.17 | <b>Total assets</b> (equal to item 3.14)                 | <b>269,350,172</b>      | <b>308,161,119</b>                        |
|      | Segment liabilities                                      |                         |   |
| 9.18 | Commercial investments                                   | 237,533,891             | 267,509,115                               |
| 9.19 | Structured finance                                       | 1,298,658               | 3,414,774                                 |
| 9.20 | Commercial property investments                          | 13,124,816              | 12,800,003                                |
| 9.21 | Investment properties                                    | 12,108,836              | 12,141,576                                |
| 9.22 | Unallocated liabilities                                  | -                       | 197,712                                   |
| 9.23 | <b>Total liabilities</b> (equal to item 3.21)            | <b>264,066,201</b>      | <b>296,063,180</b>                        |

## NTA Backing

(see note 7)

| 10.1   | Current period | Previous corresponding period |
|--|----------------|-------------------------------|
| Net tangible asset backing per ordinary security | \$3.36         | \$13.15                       |

***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)

- There are no events to report subsequent to 31 December 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 31 December 2014 = 3,634,465

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.

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)*

The Company is defending and has filed a cross claim in relation to proceedings initiated 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 Insurance Policy which the Company acquired. Due to the nature of the equitable relief sought by the Company in its cross claim the proceedings were remitted to the Supreme Court. Directions have been made as the filing of pleadings and the presentation of evidence by affidavit. Advice from counsel is that the claim against the Company is misconceived.

It was reported previously that Angas Securities Limited was defending legal proceedings brought in the District Court of South Australia by Chris Redshaw Constructions Pty Ltd, a building contractor. In July 2014 a deed of settlement was completed. The Company is not liable for any costs or expenses.

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

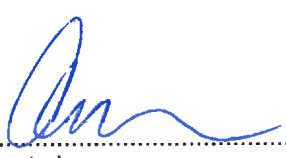
## Compliance statement

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:
- |   |  |
|---|--|
| <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: .....16 March 2015.....

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 2014



# Financial report for the half-year ended 31 December 2014

|  | <b>Page</b> |
|--|-------------|
| Directors' report  | <b>1</b>    |
| Auditor's independence declaration   | <b>3</b>    |
| Independent auditor's report   | <b>4</b>    |
| Directors' declaration   | <b>6</b>    |
| Condensed consolidated statement of profit or loss and<br>other comprehensive income | <b>7</b>    |
| Condensed consolidated statement of financial position                               | <b>8</b>    |
| Condensed consolidated statement of change in equity                                 | <b>9</b>    |
| Condensed consolidated statement of cash flow  | <b>10</b>   |
| Notes to the condensed consolidated financial statements                             | <b>11</b>   |

## Directors' report

The directors of Angas Securities Limited submit herewith the financial report for the half-year ended 31 December 2014. 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

The above directors held office during and since the end of the half-year except for:

Mr Paul Stephen McCarthy - retired 22 August 2014

### **Review of operations**

The operating loss after income tax and before dividends for the period amounted to \$4,250,941 (6 months December 2013 operating loss of \$3,359,896). This was an decrease over the previous half year results.

Impaired loans continued to be managed. Further impairment expenses of \$3,174,870 (6 months December 2013: \$4,436,598) have been incurred for the six months ending 31 December 2014 assessed in accordance with Australian Accounting Standards. The quantum of impairments has improved; however, expenses relating to the recovery of loans have continued to be incurred.

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 advised the Company on 11<sup>th</sup> March 2015 that it had completed this exercise. However, the Trustee will continue to closely monitor performance in line with the Trust Deed and certain agreed protocols so the company may be exposed to ongoing costs. As a further result of the Independent Business Review and its incompleteness, the company also incurred increased accounting and valuation fees for the period ending 31 December 2014.

Interest revenue decreased for the year. Revenue was impacted by the treatment of loans having interest suspended as they are managed out to discharge, as well as a reduction in the mortgage book size of \$15.8m for the six month period.

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), management of Angas Contributory Mortgage Fund ("ACMF") which is a commercial property finance portfolio that is funded externally, and the management of Angas Prime Income Fund ("APIF") which is a mortgage trust. The company is licensed by ASIC to be Responsible Entity for ACMF and APIF. Revenue is derived by the company from managing these two mortgage trusts including a performance fee structure. The company bears no credit risk for non performance of loans in either ACMF's or 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 the recently launched APIF. 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.

**Angas Securities Limited**

## Directors' report

The directors are currently assessing alternatives to the existing strategy of operating a mortgage debenture structure. The alternative structures under consideration may result in a better outcome for retail investors and other stakeholders as a result of lower operating costs including professional and other fees as well as enhanced business efficiency. 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.

**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, 16 March 2015

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

16 March 2015

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 2014, 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



S T Harvey  
Partner  
Chartered Accountants

## 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 consolidated statement of financial position as at 31 December 2014, and condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of cash flows and the condensed consolidated 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 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 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 2014 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.

## *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 2014 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 consolidated entity incurred a loss of \$4,250,941 and has negative operating cash flows of \$3,817,903 for the half year ended 31 December 2014 and as of that date the consolidated entity has net assets of \$5,283,971. These conditions, along with other matters set forth in Note 1, indicate the existence of a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business.



DELOITTE TOUCHE TOHMATSU



S T Harvey  
Partner  
Chartered Accountants  
Adelaide, 16 March 2015

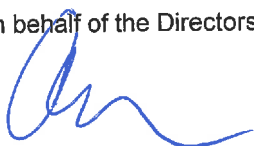
## Directors' declaration

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, 16 March 2015

## Condensed consolidated statement of profit or loss and other comprehensive income for the half-year ended 31 December 2014

|  | Consolidated<br>Half-year ending |                     |
|--|----------------------------------|---------------------|
|  | 31 December<br>2014              | 31 December<br>2013 |
|  | \$                               | \$                  |
| Interest revenue   | 10,260,735                       | 13,642,507          |
| Interest expense   | (10,040,707)                     | (12,322,245)        |
| <b>Net interest revenue</b>                                | <b>220,028</b>                   | <b>1,320,262</b>    |
| Non interest revenue                                       | 5,607,686                        | 3,989,558           |
| Marketing expenses   | (264,610)                        | (246,812)           |
| Occupancy expenses   | (370,728)                        | (304,101)           |
| Administration expenses                                    | (4,835,354)                      | (4,938,189)         |
| Impairment expense   | (3,174,870)                      | (4,436,597)         |
| Lending waivers  | -                                | -                   |
| Other expenses   | (360,960)                        | (250,228)           |
| <b>Profit/(loss) before tax</b>                            | <b>(3,178,808)</b>               | <b>(4,866,107)</b>  |
| Income tax benefit/(expense)                               | (1,072,133)                      | 1,506,211           |
| <b>Profit/(loss) for the period</b>                        | <b>(4,250,941)</b>               | <b>(3,359,896)</b>  |
| Other comprehensive income                                 | -                                | -                   |
| <b>Total comprehensive income/(expense) for the period</b> | <b>(4,250,941)</b>               | <b>(3,359,896)</b>  |
| Profit/(Loss) Attributable to:                             |                                  |                     |
| Equity holders of the parent                               | (4,232,068)                      | (3,309,686)         |
| Non-controlling interests                                  | (18,873)                         | (50,210)            |
|  | <b>(4,250,941)</b>               | <b>(3,359,896)</b>  |

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



## Condensed consolidated statement of financial position as at 31 December 2014

|   |      | Consolidated              |                       |
|---|------|---------------------------|-----------------------|
|   | Note | 31 December<br>2014<br>\$ | 30 June<br>2014<br>\$ |
| <b>Assets</b>                                       |      |                           |                       |
| Cash and cash equivalents                           |      | 25,381,307                | 22,744,969            |
| Trade and other receivables                         | 3    | 15,062,125                | 17,293,781            |
| Current tax assets                                  |      | 85,698                    | 66,247                |
| Property held for resale                            | 4    | 4,925,513                 | 4,917,552             |
| Loans   | 5    | 185,337,079               | 201,556,956           |
| Deferred tax assets                                 |      | 2,148,747                 | 3,227,269             |
| Other financial assets                              |      | 417,999                   | 218,000               |
| Property, plant and equipment                       |      | 152,087                   | 201,395               |
| Other assets  |      | 159,228                   | 206,278               |
| Inventory – property                                |      | 2,514,600                 | 2,742,300             |
| Investment property                                 |      | 32,508,953                | 33,908,050            |
| Other intangible assets                             |      | 64,652                    | 88,200                |
| Goodwill  |      | 592,184                   | 592,184               |
| <b>Total assets</b>                                 |      | <b>269,350,172</b>        | <b>287,763,181</b>    |
| <b>Liabilities</b>                                  |      |                           |                       |
| Trade and other payables                            |      | 1,535,843                 | 4,204,744             |
| Other financial liabilities                         |      | 461,638                   | 384,188               |
| Interest bearing liabilities                        |      | 261,725,281               | 273,001,364           |
| Current tax payable                                 |      | -                         | 52,761                |
| Provisions  |      | 343,439                   | 337,267               |
| <b>Total liabilities</b>                            |      | <b>264,066,201</b>        | <b>277,980,324</b>    |
| <b>Net assets</b>                                   |      | <b>5,283,971</b>          | <b>9,782,857</b>      |
| <b>Equity</b>                                       |      |                           |                       |
| Issued capital                                      |      | 9,028,067                 | 9,028,067             |
| Retained earnings/(accumulated losses)              |      | (3,883,196)               | 872,711               |
| Equity attributable to equity holders of the parent |      | 5,144,871                 | 9,900,778             |
| Non-controlling interests                           |      | 139,100                   | (117,921)             |
| <b>Total equity</b>                                 |      | <b>5,283,971</b>          | <b>9,782,857</b>      |

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 2014

|   | Issued Capital<br>\$ | Retained<br>earnings<br>\$ | Non-<br>controlling<br>interest<br>\$ | Total<br>\$ |
|---|----------------------|----------------------------|---------------------------------------|-------------|
| <b>Balance at 1 July 2013</b>               | 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                                       | -                    | -                          | -                                     | -           |
| <b>Balance at 31 December 2013</b>          | 9,028,067            | 3,119,830                  | (49,958)                              | 12,097,939  |
| <b>Balance at 1 July 2014</b>               | 9,028,067            | 872,711                    | (117,921)                             | 9,782,857   |
| Profit/(loss) for the period                | -                    | (4,232,068)                | (18,873)                              | (4,250,941) |
| Other comprehensive income for the period   | -                    | -                          | -                                     | -           |
| Total comprehensive income for the period   | -                    | (4,232,068)                | (18,873)                              | (4,250,941) |
| Payment of dividends – ordinary shares      | -                    | -                          | -                                     | -           |
| Payment of dividends – preference shares    | -                    | (247,945)                  | -                                     | (247,945)   |
| Redemption of units in trust                | -                    | -                          | -                                     | -           |
| Transfer of units within wholly owned group | -                    | (275,894)                  | 275,894                               | -           |
| Issue of capital – ordinary shares          | -                    | -                          | -                                     | -           |
| Issue of capital – preference shares        | -                    | -                          | -                                     | -           |
| Installment partly paid shares              | -                    | -                          | -                                     | -           |
| Other                                       | -                    | -                          | -                                     | -           |
| <b>Balance at 31 December 2014</b>          | 9,028,067            | (3,883,196)                | 139,100                               | 5,283,971   |

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 2014

|  | Consolidated                                 |  |
|--|--|--|
|  | Half-year ended<br>31 December<br>2014<br>\$ | Half-year ended<br>31 December<br>2013<br>\$ |
| <b>Cash flows from operating activities</b>                        |  |  |
| Receipts from customers  | 5,303,520                                    | 3,344,090                                    |
| Payments to suppliers and employees                                | (8,359,772)                                  | (9,553,070)                                  |
| Interest received  | 10,346,046                                   | 15,142,230                                   |
| Interest paid  | (11,041,875)                                 | (10,777,801)                                 |
| Income tax paid  | (65,822)                                     | (974,774)                                    |
| Net cash used in operating activities                              | (3,817,903)                                  | (2,819,325)                                  |
| <b>Cash flows from investing activities</b>                        |  |  |
| Proceeds from repayment of mortgage loans                          | 55,966,562                                   | 65,481,375                                   |
| Payment for mortgage loans   | (39,463,387)                                 | (52,634,420)                                 |
| Proceeds from property held for sale                               | 1,410,750                                    | -  |
| Payment for property, plant and equipment                          | (28,969)                                     | (4,822)                                      |
| Payment of building and development cost for investment properties | (53,745)                                     | -  |
| Net cash provided by investing activities                          | 17,831,211                                   | 12,842,133                                   |
| <b>Cash flows from financing activities</b>                        |  |  |
| Proceeds from borrowings   | (790,000)                                    | 53,523                                       |
| Repayment of borrowings  | (39,980)                                     | (69,087)                                     |
| Proceeds for issue of equity securities                            | -  | 74,616                                       |
| Payment for investment in subsidiary                               | (200,000)                                    | -  |
| Proceeds from investors – managed investment scheme                | -  | 5,658,000                                    |
| Repayment to investors – managed investment scheme                 | -  | (7,011,000)                                  |
| Proceeds from issues of debt securities                            | 6,525,080                                    | 17,586,011                                   |
| Repayment of debt securities                                       | (16,624,124)                                 | (25,747,977)                                 |
| Dividends paid   |  |  |
| - redeemable preference shareholders                               | (247,945)                                    | (247,945)                                    |
| - member of the parent entity                                      | -  | -  |
| Net cash used in financing activities                              | (11,376,969)                                 | (9,703,859)                                  |
| <b>Net increase in cash and cash equivalents</b>                   | <b>2,636,339</b>                             | <b>318,949</b>                               |
| <b>Cash and cash equivalents at the beginning of the period</b>    | <b>22,744,969</b>                            | <b>22,693,698</b>                            |
| <b>Cash and cash equivalents at the end of the period</b>          | <b>25,381,308</b>                            | <b>23,012,647</b>                            |

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 2014 annual financial report for the financial year ended 30 June 2014, 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:

- AASB 1031 'Materiality' (2013)
- AASB 2012-3 'Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities'
- AASB 2013-3 'Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets'
- AASB 2013-4 'Amendments to Australian Accounting Standards – Novation of Derivatives and Continuation of Hedge Accounting'
- AASB 2013-5 'Amendments to Australian Accounting Standards – Investment Entities'
- AASB 2013-9 'Amendments to Australian Accounting Standards' – Part B: 'Materiality'
- AASB 2014-1 'Amendments to Australian Accounting Standards'
  - Part A: 'Annual Improvements 2010-2012 and 2011-2013 Cycles'
  - Part B: 'Defined Benefit Plans: Employee Contributions (Amendments to AASB 119)'
  - Part C: 'Materiality'
- Interpretation 21 'Levies'

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.

## 1. Significant accounting policies (cont'd)

### Going Concern

The financial statements are prepared on the going concern basis which assumes continuity of normal business activities and the realisation of assets and the settlement of liabilities and commitments in the normal course of business.

For the reasons outlined below, there is material uncertainty whether the consolidated entity will continue as a going concern:

1. The result for the half year ending 31 December 2014 is a loss after tax of \$4.25M (June 2014: full year loss after tax of \$5.42M)
2. There has been a further deterioration in the net asset position of the consolidated entity to \$5.28M (June 2014: \$9.78M) and net tangible asset position of the consolidated entity to \$2.48M (June 2014:\$5.88m).
3. The operating cash outflows have increased in the current half year to \$3.82m (Full year June 2014: outflows of \$1.52M). Net cash inflows from financing and investing activities were \$6.45M (Full year June 2014: \$1.57M)
4. The continued existence of a core group of non-performing loans totalling \$69.16M, of which \$52.5m are currently not earning interest revenue. The directors clearly acknowledge that there is an inherent risk in realising these mortgage securities and other collateral as the timing and amount of the realisation of the secured property may not proceed as planned, and therefore may impact the ability to manage debenture maturities consistent with previous reinvestment rates.
5. Continued deterioration in financial performance may result in breaches, including the net tangible assets test, of the Trust Deed for the First Ranking Debenture Stock dated 19 July 2000 [as amended]

However the directors believe that it is still appropriate to prepare the financial statements on a going concern basis, this is based on the following mitigating factors:-

1. The continuation of the directors' strategy to accelerate the reduction in non-performing loans by achieving the planned realisation of these loans. The impact of recovering each \$1m of non-performing loans will improve profitability by increasing net interest margin by between \$0.065m and \$0.14m per annum as a result of the repayment of debentures in the normal course of business or the timely lending of the proceeds;;
2. Fixed interest debenture securities are not issued at call, this allows the Consolidated entity to be able manage the funding of redemptions from existing cash resources, operating cashflow and the net funds resulting from new loans advanced and the repayment of loans, which is consistent with the operations of the business historically and particularly during the course of the previous 12 months.
3. The consolidated entity has previously utilised the sale of loans to investors or other financiers as a tool for managing liquidity. The Directors are confident that the consolidated entity will continue to have this ability in this future.
4. The directors are also currently assessing the existing strategy of operating as a mortgage debenture fund and are considering alternative business structures which may result in a better outcome for the debenture holders and other stakeholders, as a result of lower operating costs including professional and other fees. This proposal may also result in a more appropriate structure which will deliver further significant savings through operational efficiencies.
5. On 11 March 2015, the Trustee for First Ranking Debenture Stock advised the Company that the IBR is now complete. The Trustee will continue to closely monitor performance in line with the Trust Deed and certain agreed protocols;

Notwithstanding this, if the consolidated entity is unable to achieve successful outcomes in relation to the mitigating matters referred to above, there is material uncertainty whether the consolidated entity will continue as a going concern and, therefore, whether it will realise its assets and discharge its liabilities in the normal course of business.

The financial report does not include adjustments relating to the recoverability and classification of recorded asset amounts or the amount and classification of liabilities that might be necessary should the consolidated entity not continue as a 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 Board of Directors of the Company 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 Investments
- Investment Properties

The Commercial Lending reportable segment involves 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 and/or 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 Investments Properties, 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

|  | Segment Revenue   |                   | Segment Profit/(Loss) |                   |
|--|-------------------|-------------------|-----------------------|-------------------|
|  | Half-year ended   |                   | Half-year ended       |                   |
|  | 31 Dec 2014<br>\$ | 31 Dec 2013<br>\$ | 31 Dec 2014<br>\$     | 31 Dec 2013<br>\$ |
| Commercial Lending                                   | 13,297,091        | 15,790,981        | (4,467,987)           | (5,475,201)       |
| Structured Finance                                   | 1,381,792         | 695,795           | 1,117,678             | 421,118           |
| Commercial Property Lending                          | 330,505           | 315,468           | (70,394)              | (158,506)         |
| Investment Properties                                | 859,033           | 829,821           | 241,895               | 346,482           |
|  | 15,868,421        | 17,632,065        | (3,178,808)           | (4,866,107)       |
| Loss before tax                                      |                   |                   | (3,178,808)           | (4,866,107)       |
| Income tax expense/(benefit)                         |                   |                   | 1,072,133             | (1,506,211)       |
| Consolidated segment revenue and loss for the period | 15,868,421        | 17,632,065        | (4,250,941)           | (3,359,896)       |

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales in the current year (2013: nil).

The accounting policies of the reportable segments are the same as the consolidated entity's accounting policies. Segment profit/(loss) represents the profit/(loss) earned by each segment without allocation of income tax expenses/benefit. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

## 2. Segment information (cont'd)

### Segment assets and liabilities

#### Segment Assets

|                             | 31 Dec 2014<br>\$ | 31 Dec 2013<br>\$ |
|-----------------------------|-------------------|-------------------|
| Commercial Lending          | 230,968,823       | 267,747,341       |
| Structured Finance          | 2,397,985         | 5,039,965         |
| Commercial Property Lending | 12,532,819        | 12,483,095        |
| Investment Properties       | 21,216,100        | 20,679,911        |
| Total segment assets        | 267,115,727       | 305,950,312       |
| Unallocated assets          | 2,234,445         | 2,210,807         |
| Total assets                | 269,350,172       | 308,161,119       |

#### Segment Liabilities

|                             | 31 Dec 2014<br>\$ | 31 Dec 2013<br>\$ |
|-----------------------------|-------------------|-------------------|
| Commercial Lending          | 237,533,891       | 267,509,116       |
| Structured Finance          | 1,298,658         | 3,414,774         |
| Commercial Property Lending | 13,124,816        | 12,800,003        |
| Investment Properties       | 12,108,836        | 12,141,576        |
| Total segment liabilities   | 264,066,201       | 295,865,469       |
| Unallocated liabilities     | -                 | 197,712           |
| Total liabilities           | 264,066,201       | 296,063,181       |

For the purpose of monitoring segment performance and allocating resources between segments all assets and liabilities are allocated to reportable segments other than current and deferred tax assets and liabilities.

#### Other segment information

##### Depreciation and amortisation

|                                     | 31 Dec 2014<br>\$ | 31 Dec 2013<br>\$ |
|-------------------------------------|-------------------|-------------------|
| Commercial Lending                  | 101,072           | 114,358           |
| Structured Finance                  | 427               | 441               |
| Commercial Property Investments     | -                 | -                 |
| Investment Properties               | 17,667            | 17,342            |
| Total depreciation and amortisation | 119,167           | 132,141           |



### 3. Trade and other receivables

|   | Consolidated              |                       |
|---|---------------------------|-----------------------|
|   | 31 December<br>2014<br>\$ | 30 June<br>2014<br>\$ |
| Trade receivables – Interest                            | 12,495,063                | 12,164,610            |
| Trade receivables – Fees                                | 4,510,614                 | 4,463,505             |
| Trade receivables – allowance for doubtful debts        | (2,846,128)               | (1,558,378)           |
| Trailing commission receivables                         | 449,320                   | 510,755               |
| Property sale receivables                               | 9,013,078                 | 9,013,078             |
| Property sale receivable – allowance for doubtful debts | (9,013,078)               | (7,723,730)           |
| Other receivables                                       | 453,256                   | 423,941               |
|   | <b>15,062,125</b>         | <b>17,293,781</b>     |

### 4. Property held for resale

|   | Consolidated              |                       |
|---|---------------------------|-----------------------|
|   | 31 December<br>2014<br>\$ | 30 June<br>2014<br>\$ |
| Balance at the beginning of the half year | 4,917,552                 | 5,915,251             |
| Property sold                             | (1,304,052)               | -                     |
| Impairment                                | (123,487)                 | (106,699)             |
| Transfer to investment property           | 1,435,500                 | (891,000)             |
| Balance at the end of half year           | <b>4,925,513</b>          | <b>4,917,552</b>      |

#### Consolidation

| 31 December 2014                 | Book Value       | Valuation        | Valuation Date |
|----------------------------------|------------------|------------------|----------------|
| 55 Junction Rd Wahroonga NSW (i) | 1,312,013        | 1,450,000        | 26/02/2013     |
| Lot 101 Adam St Hindmarsh SA     | 3,613,500        | 3,650,000        | 04/02/2013     |
| <b>TOTAL</b>                     | <b>4,925,513</b> | <b>5,100,000</b> |                |

- (i) Property sold and settled on 12 February 2015 for \$1,415,000 (inclusive of GST). Any applicable GST payable is calculated using the margin scheme.

| 30 June 2014                      | Book Value       | Valuation        | Valuation Date |
|-----------------------------------|------------------|------------------|----------------|
| 53 Junction Rd Wahroonga NSW (ii) | 1,304,052        | 1,425,000        | 26/02/2013     |
| Lot 101 Adam St Hindmarsh SA      | 3,613,500        | 3,650,000        | 04/02/2013     |
| <b>TOTAL</b>                      | <b>4,917,552</b> | <b>5,075,000</b> |                |

- (ii) Property sold and settled on 16 July 2014 for \$1,400,000 (inclusive of GST) ). Any applicable GST payable is calculated using the margin scheme.

## 5. Loans

|  | Consolidated        |                 |
|--|---------------------|-----------------|
|  | 31 December<br>2014 | 30 June<br>2014 |
|  | \$                  | \$              |
| Mortgage Loans                                     | 190,995,106         | 207,471,800     |
| Interest received in advance                       | (2,051,524)         | (2,707,627)     |
| Fees received in advance                           | (35,188)            | (354,799)       |
| Allowances for doubtful debts                      | (3,571,315)         | (2,852,418)     |
|  | 185,337,079         | 201,556,956     |
| <u>Maturity analysis</u>                           |                     |                 |
| Not longer than 3 months                           | 125,837,078         | 120,997,310     |
| Longer than 3 months and not longer than 12 months | 59,500,001          | 80,559,646      |
| Longer than one year not longer than 5 years       | -                   | -               |
|  | 185,337,079         | 201,556,956     |
| <u>Loan by security</u>                            |                     |                 |
| Secured by chattel mortgage                        | 1,029,631           | 1,133,425       |
| Secured by first mortgage                          | 183,135,097         | 199,251,180     |
| Secured by second mortgage                         | 1,172,351           | 1,172,351       |
| Secured by collateral security                     | -                   | -               |
|  | 185,337,079         | 201,556,956     |
| <u>Loan by security</u>                            |                     |                 |
| Chattel  | 1,029,631           | 1,133,425       |
| Commercial property                                | 50,231,412          | 57,915,207      |
| Rural property                                     | -                   | 1,833,032       |
| Residential property                               | 133,606,009         | 140,675,292     |
| Industrial property                                | 470,027             | -               |
|  | 185,337,079         | 201,556,956     |

### Movement in the allowance for doubtful debts

|                                       | Consolidated        |                 |
|---------------------------------------|---------------------|-----------------|
|                                       | 31 December<br>2014 | 30 June<br>2014 |
|                                       | \$                  | \$              |
| Balance at the beginning of the year  | 2,852,418           | 1,842,591       |
| Impairment losses recognised on loans | 718,897             | 1,219,147       |
| Bad debts recovered                   | -                   | (91,320)        |
| Bad debt write off                    | -                   | (118,000)       |
| Balance at the end of the year        | 3,571,315           | 2,852,418       |

### 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 Credit Committee meets weekly to discuss defaulting loans and loan recoverability while 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 previous sales evidence obtained from market data to assess the value of the inflows and outflows and 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 Eight loans to related borrowers as at 31 December 2014

| TOTAL LOANS          | NO. OF LOANS | COMMENTARY   |
|----------------------|--------------|--|
| \$ 26,930,000        | 4            | Primary asset is a prestigious rural/residential property close to Sydney and additional collateral  |
| \$ 25,550,429        | 7            | Perth based builder and property developer with a range of distinct residential commercial and retail properties providing security  |
| \$ 11,749,348        | 7            | Major WA based land developer with well located residential and commercial assets across WA (predominantly residential subdivision)  |
| \$ 18,314,891        | 6            | Security comprises several retirement villages in Adelaide   |
| \$ 17,883,490        | 5            | Perth based property developer with security comprising prime commercial, residential and retail sites across WA   |
| \$ 14,084,982        | 3            | Completed apartment complex on the outskirts of Adelaide CBD   |
| \$ 12,251,251        | 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 |
| \$ 12,080,000        | 3            | Security comprises a luxury residential/equine property on the northern beach outskirts of Sydney and a prestigious rural/residential property close to Sydney.  |
| <b>\$138,844,391</b> |              |  |

### Top Eight loans to related borrowers as at 30 June 2014

| TOTAL LOANS           | NO. OF LOANS | COMMENTARY  |
|-----------------------|--------------|---|
| \$ 24,509,237         | 7            | Perth based builder and property developer with a range of distinct residential, commercial and retail properties providing security  |
| \$ 24,005,572         | 3            | Primary asset is a prestigious rural/residential property close to Sydney and additional collateral security over harbour side apartments in Sydney   |
| \$ 23,678,787         | 9            | Major WA based land developer with well located residential and commercial assets across WA (predominantly residential subdivision)   |
| \$ 18,805,591         | 6            | Security comprises several retirement villages in Adelaide  |
| \$ 17,487,156         | 5            | Perth based property developer with security comprising prime commercial, residential and retail sites across WA  |
| \$ 14,097,752         | 3            | Completed apartment complex on the outskirts of Adelaide CBD  |
| \$ 13,680,000         | 2            | Adelaide based property developer and retailers with prime security comprising residential subdivision land and commercial/light industrial land holdings. Significant collateral security is also held |
| \$ 11,630,000         | 2            | Security comprises a luxury residential/equine property on the northern beach outskirts of Sydney   |
| <b>\$ 147,894,095</b> |              |   |

## 5. Loans (cont'd)

### Top Ten largest loans as at 31 December 2014

| CUSTOMER                   | LOAN AMOUNT          | CATEGORY    | ASSET STATE | ASSET VALUE*  | VALUATION DATE | INTEREST ARREARS |
|----------------------------|----------------------|-------------|-------------|---------------|----------------|------------------|
| E                          | \$ 9,905,000         | Commercial  | QLD         | \$ 15,000,000 | 27/09/2011     | \$ 3,087,298     |
| G                          | \$ 8,976,265         | Residential | WA          | \$ 13,410,004 | 22/02/2013     | \$ 391,026       |
| I                          | \$ 6,641,238         | Residential | SA          | \$ 6,655,000  | 24/08/2014     | -                |
| J                          | \$ 6,040,000         | Residential | SA          | \$ 8,780,000  | 20/12/2012     | \$ 1,590,041     |
| <b>Total: Not in Order</b> | <b>\$ 31,562,503</b> |             |             |               |                |                  |
| A                          | \$ 13,000,000        | Residential | NSW         | \$ 22,716,204 | 17/06/2014     | -                |
| B                          | \$ 12,300,000        | Residential | NSW         | \$ 17,918,636 | 17/06/2014     | -                |
| C                          | \$ 10,000,000        | Residential | NSW         | \$ 19,165,000 | 01/03/2014     | -                |
| D                          | \$ 10,000,000        | Residential | WA          | \$ 17,500,000 | 23/12/2013     | \$ 1,083,333     |
| F                          | \$ 9,737,906         | Residential | WA          | \$ 36,300,000 | 23/10/2013     | \$ 83,397        |
| H                          | \$ 7,830,000         | Commercial  | SA          | \$ 18,227,150 | 22/05/2013     | -                |
| <b>Total</b>               | <b>\$ 62,867,906</b> |             |             |               |                |                  |

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

### Top Ten largest loans as at 30 June 2014

| CUSTOMER                   | LOAN AMOUNT          | CATEGORY    | ASSET STATE | ASSET VALUE*  | VALUATION DATE | INTEREST ARREARS |
|----------------------------|----------------------|-------------|-------------|---------------|----------------|------------------|
| D                          | \$ 9,905,000         | Commercial  | QLD         | \$ 15,000,000 | 27/09/2011     | \$ 3,116,975     |
| I                          | \$ 6,641,238         | Residential | SA          | \$ 8,020,000  | 30/08/2013     | -                |
| J                          | \$ 6,040,000         | Residential | SA          | \$ 8,780,000  | 20/12/2012     | \$ 1,606,291     |
| <b>Total: Not in Order</b> | <b>\$ 22,586,238</b> |             |             |               |                |                  |
| A                          | \$22,375,572         | Residential | NSW         | \$ 55,034,095 | 17/06/2014     | -                |
| B                          | \$10,000,000         | Residential | NSW         | \$ 17,500,000 | 23/12/2013     | \$ 583,333       |
| C                          | \$10,000,000         | Residential | WA          | \$ 19,165,000 | 01/03/2014     | -                |
| E                          | \$ 9,250,000         | Residential | WA          | \$ 36,300,000 | 23/10/2013     | -                |
| F                          | \$ 8,976,265         | Residential | WA          | \$ 13,410,004 | 22/02/2013     | \$ 109,813       |
| G                          | \$ 7,875,000         | Residential | WA          | \$ 11,250,000 | 29/04/2014     | -                |
| H                          | \$ 7,830,000         | Commercial  | SA          | \$ 21,827,150 | 22/05/2013     | -                |
| <b>Total</b>               | <b>\$ 76,306,837</b> |             |             |               |                |                  |

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

**5. Loans (cont'd)**Expired Loans

|  | Consolidated              |                       |
|--|---------------------------|-----------------------|
|  | 31 December<br>2014<br>\$ | 30 June<br>2014<br>\$ |
| Expired loans – Fixed interest securities funded     | 64,933,489                | 49,857,016            |
| Expired loans – Non-fixed interest securities funded | 4,226,671                 | 1,850,338             |
| Total  | 69,160,159                | 51,707,354            |

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<br>2014<br>\$ | 30 June<br>2014<br>\$ |
| 0 - 1 year  | 19,245,361                | 2,093,000             |
| 1 - 2 years | -                         | 22,843,138            |
| 2 - 5 years | 33,118,129                | 17,546,238            |
| 5+ years    | 1,000,000                 | -                     |
| Total       | 53,363,490                | 42,482,376            |

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<br>2014<br>\$ | 30 June<br>2014<br>\$ |
| 0 - 1 year  | 2,398,333                 | -                     |
| 1 - 2 years | -                         | -                     |
| 2 - 5 years | 1,337,018                 | 1,359,018             |
| 5+ years    | -                         | -                     |
| Total       | 3,735,351                 | 1,359,018             |

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<br>2014<br>\$ | 30 June<br>2014<br>\$ |
| 0 - 1 year  | -                         | -                     |
| 1 - 2 years | 5,105,000                 | 5,105,000             |
| 2 - 5 years | 5,904,139                 | 2,269,640             |
| 5+ years    | 560,860                   | -                     |
| Total       | 11,569,999                | 7,374,640             |

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<br>2014<br>\$ | 30 June<br>2014<br>\$ |
| 1 - 2 years | -                         | -                     |
| 2 - 5 years | 491,320                   | 491,320               |
| Total       | 491,320                   | 491,320               |

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 there was no movements in equity securities. For the half year ending 31 December 2013, 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.

## 7. Contingent liabilities and contingent assets

The Company is defending and has filed a cross claim in relation to proceedings initiated 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 Insurance Policy which the Company acquired. Due to the nature of the equitable relief sought by the Company in its cross claim the proceedings were remitted to the Supreme Court. Directions have been made as to the filing of pleadings and the presentation of evidence by affidavit. Advice from counsel is that the claim against the Company is misconceived.

It was reported previously that Angas Securities Limited was defending legal proceedings brought in the District Court of South Australia by Chris Redshaw Constructions Pty Ltd, a building contractor. In July 2014 a deed of settlement was completed. The Company is not liable for any costs or expenses.

There are no contingent liabilities or contingent assets.

## 8. Dividends

|  | Half-year ended<br>31 December 2014 |             | Half-year ended<br>31 December 2013 |             |
|--|-------------------------------------|-------------|-------------------------------------|-------------|
|  | Cents per<br>share                  | Total<br>\$ | Cents per<br>share                  | Total<br>\$ |
| <b><u>Recognised amounts</u></b>                 |                                     |             |                                     |             |
| <b>Fully paid ordinary shares</b>                |                                     |             |                                     |             |
| Final dividend fully franked at a 30% tax rate   | -                                   | -           | -                                   | -           |
| <b>Fully paid preference shares (series 2)</b>   |                                     |             |                                     |             |
| Interim dividend fully franked at a 30% tax rate | 4.96                                | 247,945     | 4.96                                | 247,945     |

## 9. Events after the reporting period

There are no events to report subsequent to 31 December 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               | 1            | 760,113              |
| Cardiff Capital Pty Ltd           | 3            | 2,262,629            |
| Mortgage Funds Management Pty Ltd | 1            | 36,252,104           |
| Barker Performance Trust 1        | 4            | 608,783              |
| Barker Performance Trust 2        | 7            | 5,125,898            |
|                                   |              | <b>45,009,526</b>    |

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 upto and including the date of 31 January 2014 by Angas Securities Limited were listed on the National Stock Exchange (NSX). No fixed interest securities were listed on the NSX after 31 January 2014.

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.