



ANGAS SECURITIES LIMITED ABN 50 091 942 728
AUSTRALIAN FINANCIAL SERVICES LICENCE NO. 232 479

25 November 2015

Angas Securities Limited debenture run-off proposal

Angas Securities Limited (**Angas**) is currently undertaking a program to exit its debenture business through an orderly realisation of its assets and repayment of amounts owed to holders of Angas debentures (**Run-off Proposal**). The Run-off Proposal was approved by debenture holders and is anticipated to have all debenture investments repaid in full by the end of 2016. Throughout the Run-Off Proposal (and following it being finalized) Angas will continue to operate its core business as a fund manager. By approving the Run-off Proposal, debenture holders resolved for Angas' business to remain under the control of the Angas board and management.

With the approval of the Loans Realisation Committee¹, Angas has paid the first installment due to debenture investors of 20 cents in the dollar by means of two stages. 16 cents was paid on 30 October 2015 and 4 cents was paid on 20 November 2015. The next installment of 20 cents is due to be paid on 29 February 2016.

Financial Position

On 1 October 2015, Angas lodged with ASIC a copy of its annual report for the financial year ended 30 June 2015. That annual report included an unqualified audit opinion from Deloitte Touche Tohmatsu (**Deloitte**) that the financial report of Angas:

- (a) is in accordance with the *Corporations Act 2001*;
- (b) gives a true and fair view of the financial position of Angas as at 30 June 2015 and of its performance for the year ended on that date;
- (c) complies with Australian Accounting Standards and the *Corporations Regulations 2001* and with International Financial Reporting Standards.

Deloitte observed that Angas and its consolidated entities incurred a loss of \$15,030,738 and had negative operating cash flows of \$5,423,626 for the year ended 30 June 2015 and as of that date had a net asset deficiency of \$5,495,825. Deloitte noted that these conditions indicated the existence of a material uncertainty that may cast significant doubt about ability of Angas to continue as a going concern and therefore may be unable to realise its assets and discharge its liabilities in the normal course of business.

¹ The Loans Realisation Committee is a committee appointed by the Federal Court to oversee the debenture funded asset realisation programme under the control of Angas. The committee is comprised of Angas independent director Clive Guthrie, John Powell (an independent person appointed by the Federal Court) and Christopher Green of Trust Company.

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The net deficiency of assets constituted a breach of a condition of Angas' Australian Financial Services Licence (AFSL). This breach was reported by both Angas and Deloitte to ASIC. The breach was remedied by Angas on 29 October 2015 and from that date, Angas has had positive net assets.

Angas' required level of 'Net Tangible Assets' as the holder of an AFSL

As a holder of an AFSL, Angas is subject to certain financial requirements, including a requirement that it hold a minimum level of net tangible assets (NTA). A consequence of the Run-Off Proposal is that Angas has experienced fluctuations from time-to-time in its NTA position, in part because of revaluation of its assets agreed with its auditors which were implemented in the 30 June 2015 accounts. The NTA position of Angas will continue to change during the implementation of the Run-Off Proposal. As the Run-Off Proposal impacts on its NTA position (in line with forecasts), Angas may temporarily breach the minimum NTA requirement that applies to Angas as the holder of an AFSL. Angas was in breach of the NTA requirement as at 30 June 2015. This breach was reported to ASIC and has since been remedied.

Angas is in a state of transition as it moves towards solely becoming a Funds Manager. During that transitional period, the revenue streams, gross asset and net asset position of Angas will continue to change. Following implementation of the Run-Off Proposal, Angas expects its gross revenues and NTA position to be stable and reflective of Angas' core business as a fund manager.

A handwritten signature in black ink, consisting of a stylized 'A' followed by a horizontal line and a small flourish at the end.

Ariel Slavin
Company Secretary
ANGAS SECURITIES LTD