

ANGAS PRIME INCOME FUND (“ANGAS PRIME”)

ARSN: 091 887 400

Financial report for the half-year ended 31 December 2020

Directors' report

The directors of Angas Securities Limited (ACN 091 942 728) ("Angas") the Responsible Entity, submit herewith the financial report of Angas Prime ("the Fund" or "the Trust") for the half-year ended 31 December 2020. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

Information about the directors and senior management

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

Name

Mr Andrew Luckhurst-Smith

Mr Matthew John Hower

Mr Clive Thomas Guthrie (resigned 31 December 2020)

Mr Randal Paul Williams

Ms Kellie Stocker (appointed 14 September 2020)

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

- Kellie Stocker – appointed 14 September 2020
- Clive Thomas Guthrie – resigned 31 December 2020

Principal Activities

The Fund is a registered management investment scheme domiciled in Australia. The principal activity of the Fund in the course of the half year was to invest funds in accordance with its investment objectives and guidelines as set out in the current Product Disclosure Statement ("PDS") and in accordance with the provisions of the Constitution.

Notwithstanding that the Constitution authorises investments by the Fund in a wide range of investments, including mortgage investments, equities, equity derivatives, money market securities, fixed interest securities, managed investment schemes, currencies, options and futures contracts, the actual investments are limited to loans secured by registered first mortgages over Australian real property and cash held at Australian banks.

The Fund did not have any employees during the half-year.

Review of Operations

The current PDS provides a product where investor funds are pooled and lent out on loans secured by registered first mortgages. Mortgages will comprise of primarily residential and development land with broad geographic diversification across Australia. Return to investors is at a target rate which is to be reviewed and set quarterly.

Results

The results of the operations of the Fund are disclosed in the Statement of Profit or Loss and other Comprehensive Income of these financial statements. The profit attributable to unitholders for the half-year ended 31 December 2020 was \$628,156 (31 December 2019: \$774,144).

Distributions

During the half-year ended 31 December 2020, the target rate for July to December 2020 was 5.5%. The target rate has been achieved and monthly distributions have been made at the given rate.

Future developments

1. The Board's objective over the next 12 months is to grow the investor book under the PDS in order to invest funds as outlined in the Constitution.
2. As from 1 January 2021, the Fund will be permitted to increase the proportion of its loan investments made in construction loans from 10% of its total portfolio to an average of 20% of its portfolio balance in any quarter, noting that construction loans may never exceed 25% of the portfolio at any time.

Options granted

No options were:

- (i) Granted over unissued units in the Fund during or since the end of the half-year; or
- (ii) Granted to the Responsible Entity.

No unissued units in the Fund were under option as at the date on which this Report is made. No units were issued in the Fund during or since the end of the half-year as a result of the exercise of an option over unissued units in the Fund.

Indemnification of officers and auditors

During the half year, the Responsible Entity paid a premium in respect of a contract insuring the directors of the Responsible Entity (as named above), the secretary of the Responsible Entity, Natalie Gatis, and all executive officers of the Responsible Entity against a liability incurred as such a director, secretary or executive officer, to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

The Responsible Entity has not otherwise, during or since the end of the half year, except to the extent permitted by law, indemnified, or agreed to indemnify an officer or auditor of the Responsible Entity or of any related body corporate against a liability incurred as such an officer or auditor.

Fees paid to and interest held in the Fund by the Responsible Entity

Fees paid to the Responsible Entity during the year include a management fee and performance fee. The management fee is calculated on a daily basis and payable to the Responsible Entity at the end of each month. A performance fee is payable from the income of the Fund at the end of each month after distributions to Investors of the target rate and subject to the maintenance of a pre-determined level of the Dedicated Reserve Account.

No fees were paid by the Fund to the directors of the Responsible Entity during the half-year. The Responsible Entity or its associates did not hold any interests in the Fund during the half-year 31 December 2020.

Interests in the Fund

The movement in units on issue in the Fund during the half-year is disclosed in Note 4 to the financial statements.

The value of the Fund's assets and liabilities is disclosed in the Statement of Financial Position and derived using the basis set out in Note 2 to the financial statements.

Subsequent events

There has not been any matter or circumstance occurring subsequent to the end of the half-year that has significantly affected, or may significantly affect, the operations of the Fund, the results of the Fund, or the state of affairs of the Fund in future financial years

Auditor's independence declaration

The auditor's independence declaration is included on page 3 of the half-year report.

This directors' report is signed in accordance with a resolution of directors made pursuant to s.306(3) of the Corporations Act 2001.

On behalf of the Directors of the Responsible Entity, Angas Securities Limited



Andrew Luckhurst-Smith
Executive Chairman
Adelaide, 26 February 2021

Auditor's Independence Declaration to the Directors of Angas Securities Limited, the Responsible Entity of the Angas Prime Income Fund

In relation to our review of the interim financial report of the Angas Prime Income Fund for the half-year ended 31 December 2020, I declare that, to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b) no contraventions of any applicable code of professional conduct in relation to the review.


PERKS AUDIT PTY LTD


PETER J HILL
Director
Registered Company Auditor

26 February 2021
Adelaide

**INDEPENDENT AUDIT REVIEW REPORT TO THE UNITHOLDERS OF THE
ANGAS PRIME INCOME FUND**

Report on the Interim Financial Report

We have reviewed the accompanying interim financial report of the Angas Prime Income Fund ("the Fund"), which comprises the statement of financial position as at 31 December 2020, statement of comprehensive income, statement of changes in equity, statement of cash flows for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes and the directors' declaration.

Directors' Responsibility for the Interim Financial Report

The directors of Angas Securities Limited ("the Responsible Entity") are responsible for the preparation and fair presentation of the interim financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the interim financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express a conclusion on the interim financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of Interim and Other Financial Reports 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 interim financial report is not in accordance with the *Corporations Act 2001* including; giving a true and fair view of the Fund's financial position as at 31 December 2020 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 auditor of the Fund, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of an interim 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.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our review was not designed to provide assurance on internal controls.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

Conclusion

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

- a) giving a true and fair view of the Fund's financial position as at 31 December 2020 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*.


PERKS AUDIT PTY LTD

180 Greenhill Road
Parkside
South Australia 5063


PETER J HILL
Director
Registered Company Auditor

26 February 2021
Adelaide

Directors' declaration

The directors of the Responsible Entity declare that:

- (a) in the directors' opinion, there are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable;
- (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 Fund.

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

On behalf of the Directors of the Responsible Entity, Angas Securities Limited



Andrew Luckhurst-Smith
Executive Chairman
Adelaide, 26 February 2021

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**Statement of profit or loss and other comprehensive income
for the half-year ended 31 December 2020**

	Half-year ended 31 December 2020 \$	Half-year ended 31 December 2019 \$
Income		
Interest	778,475	1,100,737
Other Income	462	-
Total income	778,937	1,100,737
Expenses		
Auditor's remuneration	-	8,685
Doubtful debt expense	-	90,000
Responsible entity fees	146,686	227,054
Other expenses	4,095	854
Total expenses	150,781	326,593
Profit attributable to unitholders	628,156	774,144
Finance costs attributable to unitholders		
Dedicated reserve account	9,765	83,047
Distributions to unitholders	618,391	691,097
Total Finance costs attributable to unitholders	628,156	774,144
Net profit	-	-
Other comprehensive income	-	-
Total comprehensive income for the period	-	-

Notes to the financial statements have been included in the accompanying pages.

**Statement of financial position
as at 31 December 2020**

	31 December 2020 \$	30 June 2020 \$
Assets		
Cash and cash equivalents	8,567,373	4,491,334
Trade and other receivables	57,318	598
Other Financial Assets	14,788,855	18,481,723
Total assets	23,413,546	22,973,655
Liabilities		
Trade and other payables	133,523	346,269
Other financial liabilities	265,843	78,070
Distributions payable	106,180	100,316
Total liabilities	505,546	524,655
Net assets	22,908,000	22,449,000
Unitholders' equity		
Units issued	22,908,000	22,449,000
Total unitholders' equity	22,908,000	22,449,000

Note

4

Notes to the financial statements have been included in the accompanying pages.

**Statement of changes in equity
for the half-year ended 31 December 2020**

	Equity attributable to unitholders	
	Units on issue Number	Units on issue \$
Balance at 1 July 2019	21,336,000	21,336,000
Total comprehensive income	774,144	774,144
Distributions to unitholders	(691,097)	(691,097)
Dedicated reserve account	(83,047)	(83,047)
Issue of redeemable units	2,027,000	2,027,000
Redemption of redeemable units	(1,427,000)	(1,427,000)
Balance at 31 December 2019	21,936,000	21,936,000
Balance at 1 July 2020	22,449,000	22,449,000
Total comprehensive income	628,156	628,156
Distributions to unitholders	(618,391)	(618,391)
Dedicated reserve account	(9,765)	(9,765)
Issue of redeemable units	2,225,000	2,225,000
Redemption of redeemable units	(1,766,000)	(1,766,000)
Balance at 31 December 2020	22,908,000	22,908,000

Notes to the financial statements have been included in the accompanying pages.

**Statement of cash flows
for the half-year ended 31 December 2020**

	Half-year ended 31 December 2020	Half-year ended 31 December 2019
	\$	\$
Cash flows from operating activities		
Interest received	899,164	1,053,983
Other income received	462	-
Payments to suppliers	(362,929)	(385,186)
Net cash generated by/(used in) operating activities	536,697	668,797
Cash flows from investing activities		
Proceeds from borrowers	11,651,850	8,151,024
Payments to borrowers	(7,958,981)	(7,670,920)
Net cash used in financing activities	3,692,869	480,104
Cash flows from financing activities		
Proceeds from unitholders	2,225,000	2,027,000
Payment for the redemption of units to unitholders	(1,766,000)	(1,427,000)
Distributions paid to unitholders	(612,527)	(697,674)
Net cash generated by/(used in) financing activities	(153,527)	(97,674)
Net increase/(decrease) in cash and cash equivalents	4,076,039	1,051,227
Cash and cash equivalents at the beginning of the half-year	4,491,334	2,067,836
Cash and cash equivalents at the end of the financial year	8,567,373	3,119,063

Notes to the financial statements have been included in the accompanying pages.

1. General information

Angas Prime is a unit trust and registered managed investment scheme domiciled in Australia. The unit trust was constituted on 17 April 1984 and will terminate on 16 April 2064, unless terminated earlier in accordance with the provisions of the Trust's Constitution. A deed of variation was made on 13 November 2013 to amend the constitution to note revised rights and obligations as per a new PDS issued 13 November 2013. The PDS was most recently revised and reissued on 7 October 2020.

The Responsible Entity of the Fund is Angas Securities Limited.

This half-year financial report covers the Fund as an individual entity.

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

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the Fund's 2020 annual financial report for the year ended 30 June 2020, 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 Fund 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 Fund's accounting policies and has no effect on the amounts reported for the current or prior periods. The new and revised Standards and Interpretations has not had a material impact and not resulted in changes to the Fund's presentation of, or disclosure in, its half-year financial statements.

3. Critical accounting judgments and key sources of estimation uncertainty

Critical judgments in applying the Fund's accounting policies

The following are the critical judgements that management has made in the process of applying the Fund's accounting policies and that have the most significant effect on the amounts recognised in the financial statements:

In the process of applying the Fund's accounting policies, management has made a judgement in respect of impairment of assets which has the most significant effect on the amounts recognised in the Financial Statements. The Fund assesses impairment at each reporting date by evaluating conditions specific to the Fund that may lead to the impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

4. Issued units

	31 Dec 2020	30 June 2020
	Units	Units
Opening balance	22,449,000	21,336,000
Applications	2,225,000	4,476,000
Redemptions	(1,766,000)	(3,363,000)
Closing balance	22,908,000	22,449,000

5. Contingent liabilities and contingent assets

At the date of this report, the Directors of the Responsible Entity are unaware of any liabilities or assets, contingent or otherwise, that were not already disclosed elsewhere in this report.

6. Subsequent events

Refer to "Subsequent events" note in Directors' Report.