



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

Angas Securities Limited - Impairment of Assets & Liabilities Consequent upon Run Off of Debentures

The Company's Financial Statements for the Period ended 30 June 2016 ("FS16") were prepared in accordance with the Corporations Act 2001, Australian Accounting Standards ("AASB"), International Financial Reporting Standards and other legal requirements. FS16 were authorised for issue by the board of the Company on 12 October 2016. The significant accounting policies used for preparation by the Company are summarised in notes to FS16. Historical cost has been used to value assets and liabilities other than in certain instances where revalued amounts or fair values at the end of the reporting period are required by AASB.

The traditional debenture funded business is now in Run Off pursuant to certain Extraordinary Resolutions of debenture investors as approved in each case by the Federal Court of Australia on 14 August 2015 ("the first order") and 19 August 2016 ("the second order"). The first order was made during the reporting period but the second order was not. The directors of the Company have had to make significant estimates, judgments and assumptions in relation to the method, quantum and timing of cash flows in respect of realisation of assets including the repayment of loans and the sale of properties in order to generate cash to meet debenture redemptions pursuant to the Run Off.

AASB139 imposes obligations on the directors of the Company to impair or derecognise the assets and liabilities in the Statement of Financial Position (formerly described as the Company's Balance Sheet) should certain events occur or circumstances arise. The finite term of the Run Off is one such circumstance requiring the directors to discount the value of the cash flows to be derived from the realisation of assets. This discount reduces the value of certain assets to recognise values which are less than the net amount that the directors expect that the Company will actually receive for those assets. Impairment of assets recognised in FS16 totalled \$11,139,150.

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As the second order fell outside the reporting period, FS16 makes no account for its effect on the Company's liabilities. Accordingly FS16 reported a deficiency of liabilities over assets as at balance date. Once the second order was made, treatment of the liabilities of the Company AASB139 compelled the directors to revalue them to reflect the impact of the second order. The Company provided notification to the market on 21 November 2016 that this exercise was completed following receipt of external expert valuation advice. Impairment of liabilities recognised as at 19 August 2016 totalled \$18,810,559.

AASB139 requires the Company to review the impairment of assets and liabilities as at Half Year. Impairments can comprise losses actually incurred and provisions to reflect changes in the value of assets and liabilities. Of the asset impairments in FS16, only \$1,792,845 represented actual losses and the balance were provisions. Of the liability impairments recognised as at 19 August 2016, nil represented actual losses. There have been no actual losses in debenture investments. The impairments reflect the treatment of debentures as required by AASB139 arising from the effect of the second order on these liabilities.



Natalie Gatis
Company Secretary
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