



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

8 October 2018

ANGAS SECURITIES LIMITED – MARKET UPDATE

Application to ASIC for relief – Half Year Review – 31 December 2017

I have previously reported that Angas Securities Limited (Angas) applied on 28 February 2018 to ASIC for relief under section 340 of the *Corporations Act 2001* to dispense with the requirements relating to the review of half year financial report for the period to 31 December 2017 (Half Year Report). Angas sought relief from the requirement for its directors to have the Half Year Report externally reviewed by its auditor to avoid the significant costs to debenture holders as well as the significant distraction to Angas management associated with the auditor review process.

ASIC refused the application on 16 April 2018 on the basis that it has not been persuaded that compliance would impose an unreasonable financial burden on Angas. The Angas directors considered that Angas should seek a review of this administrative decision made by ASIC. On 10 May 2018, Angas filed its notice of an application for review of a decision under section 29 of the *Administrative Appeals Tribunal Act 1975*. The first Administrative Appeals Tribunal conference was held on 25 July 2018. At the conference, directions were made that a further conciliation conference be held on Thursday, 18 October 2018 and a hearing date set down for Monday, 21 January 2019.

Financial Statements for financial year ending 30 June 2018

The Angas first ranking debenture fund in Run-Off expires on 30 June 2019. Pursuant to Orders made by the Honourable Justice Beach of the Federal Court of Australia, a Loans Realisation Committee (LRC) was established to oversee the Run-Off. The LRC receive and consider monthly reports from Angas on the progress of the Run-Off. The LRC requested Angas to provide a high level report at the September 2018 meeting. The subject of the report concerns the intentions of the Angas Board in the event that there will be insufficient time to liquidate the residual assets by 30 June 2019.

The Angas Board has engaged in extensive stakeholder engagement and has given careful consideration to applicable legal, regulatory, accounting and taxation issues. The Board directed me to brief LRC on 28 September 2018 as to the alternatives that were under consideration. As a result of the brief, the LRC has requested further information in a formal written proposal outlining the various options being considered by management to be provided to LRC members by mid October 2018.

The Auditor has been briefed on these developments. The alternative options under consideration by the Board in consultation with LRC will likely have a material impact on the preparation of the Financial Statements for year ending 30 June 2018. The Board has formed the view that the Company will be unable to lodge audited Financial Statements setting out a fair view of its financial position until the matters arising from this process have been resolved. A report to this effect has been provided to ASIC accordingly.

Yours faithfully
Angas Securities Limited

A handwritten signature in black ink, appearing to read 'Andrew Luckhurst-Smith', written over a white background.

Andrew Luckhurst-Smith
Executive Chairman

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