

Armidale Investment Corporation Limited
ABN 58 100 854 788

Appendix 4D Statement
Half Year Report

**Results for announcement to the Market
Half year ended 31 December 2014**

All comparisons to the half year ended 31 December 2013

	6 months ended 31 December 2014	6 months ended 31 December 2013	% change prior year
	\$	\$	
Revenue	813,337	473,406	71.81
Other income	793,167	1,669,823	(52.50)
Net profit before tax	804,970	1,508,926	(46.65)
Net profit after tax	614,355	1,508,926	(59.29)
Net assets	37,724,792	30,515,345	23.63
Net tangible assets per share	0.1432	0.1491	(3.96)
Dividend paid on ordinary shares	Nil	Nil	Nil

Commentary and explanations of the results

Summary

- Revenue for the period has increased due to the increase in interest income associated with the debt advanced to Hal Data Services Pty Limited (Hal) to originate operating leases.
- Other income has decreased compared to the previous half-year due to the Hal Loan Note repayment of \$890k in December 2013.
- Expenses for the half year ended 31 December 2014 have increased to the comparative period due to the employment of the two executives for the full six month period ending 31 December 2014.
- Net assets have increased compared to the previous half-year by \$7.2m due to the profit generated plus the raising of \$4.4m in capital, which occurred in the year ended 30 June 2014.

Commentary

Commentary on the results for the period is contained in the directors report accompanying the Interim Half Year Financial Report dated 23 February 2015.

Notes

1. The current period is the half-year ended 31 December 2014. For Appendix 4D, the comparative period is the half year-ended 31 December 2013.
2. This report is based on accounts which have been subject of a review.
3. All the documents comprise the information required by listing rule 4.2.A.
4. The information should be read in conjunction with the most recent annual report.

Armidale Investment Corporation Limited

Interim Financial Statements

For the half-year ended

31 December 2014

Contents

	Page
Director's report	2
Auditor's independence declaration	4
Statement of profit or loss and other comprehensive income	5
Statement of financial position	6
Statement of changes in equity	7
Statement of cash flows	8
Notes to the interim financial statements	9
Director's declaration	20
Independent auditor's review report	21

Directors' Report

The Directors of Armidale Investment Corporation Limited (AIK) present their Report together with the financial statements of the Company, for the half-year ended 31 December 2014.

Director details

The following persons were directors of AIK during or since the end of the financial half-year:

Bruce Hatchman – appointed Chairman 2 June 2014
Mark Smith
Steve White
Andrew Grant

Review of operations and financial results

The operating result of AIK for the half-year is a profit of \$614,355 (2013: \$1,508,926).

The current half-year profit includes a revaluation of the investment in Riverwise Pty Limited (Riverwise) of \$468,897. This was due to:

- The shares issued by Riverwise to AIK under the profit share arrangement for the year ended 30 June 2014. Shares were issued at \$7.19 and revalued to the current valuation of \$8.24 resulting in a revaluation increment in the profit and loss of \$18,202.
- The acquisition of additional Riverwise shares at \$4.00, which were then revalued to \$8.24, resulting in a profit and loss impact of \$450,695.

The above transactions increased AIK's holding in Riverwise to 31.77% (30 June 2014: 29.02%).

Hal Data Services Pty Limited and controlled entities (Hal) continues to increase its origination of operating leases as well as collect upon the existing lease book. In the half-year ended 31 December 2014, Hal originated \$13.3m of leases at original equipment cost (2013: \$4.3m). The cash flows arising from these activities are reinvested into new leases and/or repaid to AIK as repayments under the Loan Note Facility. Hal finances new leases out of a combination of free cash flows within Hal, borrowings from AIK, raising debenture funding through a Hal subsidiary or via lease finance facilities established with various institutions.

Riverwise continues to operate the existing businesses being buying group operations in Australia plus telecommunication sales channel services in Australia, the UK and New Zealand. Expansion of the existing businesses into new and aligned areas is being pursued to counteract the declining margins in retail and telecommunications.

Directors' Report (continued)

During the half-year, AIK made an equity investment of \$200,000 (representing a 1.6% holding) in The Reading Room Inc. (BDB Soti), a US registered company. The Reading Room is targeting the generation of revenue from advertising and sponsorship, e-commerce via publishers and data licensing and is focused on the North American Market.

Earnings per share for the period to 31 December 2014 was 0.24 cents (2013: 0.75 cents)

Armidale Investment Corporation Limited (AIK) continues to apply AASB 2013-5 Amendments to Australian Accounting Standards – Investment Entities, as the Directors have determined that AIK continues to meet the definition of an Investment Entity as set out in AASB 2013-5. The standard requires that all investments be carried at fair value and are not consolidated, regardless of whether they are subsidiaries of AIK. The effect of this is that both the current and comparative results are reported for AIK, the Company only.

A copy of the auditor's independence declaration as required under s307C of the *Corporations Act 2001* is included on page 4 of this financial report and forms part of this Directors report.

Signed in accordance with a resolution of the directors



Andrew Grant
Director
23 February 2015



Level 17, 383 Kent Street
Sydney NSW 2000

Correspondence to:
Locked Bag Q800
QVB Post Office
Sydney NSW 1230

T +61 2 8297 2400
F +61 2 9299 4445
E info.nsw@au.gt.com
W www.grantthornton.com.au

Auditor's Independence Declaration To The Directors of Armidale Investment Corporation Limited

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the review of Armidale Investment Corporation Limited for the half-year ended 31 December 2014, 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.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

P J Woodley
Partner - Audit & Assurance

Sydney, 23 February 2015

Grant Thornton Audit Pty Ltd ACN 130 913 594
a subsidiary or related entity of Grant Thornton Australia Ltd ABN 41 127 556 389

'Grant Thornton' refers to the brand under which the Grant Thornton member firms provide assurance, tax and advisory services to their clients and/or refers to one or more member firms, as the context requires. Grant Thornton Australia Ltd is a member firm of Grant Thornton International Ltd (GTIL). GTIL and the member firms are not a worldwide partnership. GTIL and each member firm is a separate legal entity. Services are delivered by the member firms. GTIL does not provide services to clients. GTIL and its member firms are not agents of, and do not obligate one another and are not liable for one another's acts or omissions. In the Australian context only, the use of the term 'Grant Thornton' may refer to Grant Thornton Australia Limited ABN 41 127 556 389 and its Australian subsidiaries and related entities. GTIL is not an Australian related entity to Grant Thornton Australia Limited.

Liability limited by a scheme approved under Professional Standards Legislation. Liability is limited in those States where a current scheme applies.

Statement of profit or loss and other comprehensive income

For the half-year ended 31 December 2014

	Notes	31 December 2014	31 December 2013
		\$	\$
Revenue - interest income		813,337	473,406
Unrealised gain on investments		442,370	601,818
Other income		324,270	178,437
Repayments – Hal Loan Note		-	889,568
Employee benefits expense		(494,360)	(380,169)
Depreciation and amortisation		(97,215)	(97,216)
Other expenses		(183,432)	(156,918)
Profit before tax		<u>804,970</u>	<u>1,508,926</u>
Tax expense	17	<u>(190,615)</u>	<u>-</u>
Profit for the period		<u>614,355</u>	<u>1,508,926</u>
Other comprehensive income		<u>-</u>	<u>-</u>
Other comprehensive income for the period, net of tax		<u>-</u>	<u>-</u>
Total comprehensive income for the period		<u>-</u>	<u>-</u>
Profit for the period attributable to owners of the entity		<u>614,355</u>	<u>1,508,926</u>
Total comprehensive income for the period attributable to owners of the entity		<u>614,355</u>	<u>1,508,926</u>
Earnings per share			
Basic earnings per share	9	<u>0.24 cents</u>	<u>0.75 cents</u>
Diluted earnings per share		<u>0.24 cents</u>	<u>0.75 cents</u>

The accompanying notes form part of these financial statements.

Statement of financial position

As at 31 December 2014

	Notes	31 December 2014	30 June 2014
		\$	\$
Assets			
Current			
Cash and cash equivalents		107,940	770,284
Other short-term financial assets	16	4,682,555	3,593,484
Other current assets		271,108	42,642
Total current assets		5,061,603	4,406,410
Non-current			
Other long-term financial assets	16	32,859,061	33,025,469
Intangible assets	15	481,323	578,537
Total non-current assets		33,340,384	33,604,006
Total assets		38,401,987	38,010,416
Liabilities			
Current			
Trade and other payables		173,449	344,321
Deferred revenue		174,632	349,263
Current tax liabilities	17	171,730	304,573
Provisions		84,532	63,498
Financial liabilities		63,885	63,886
Total current liabilities		668,228	11,125,541
Non-current			
Provisions		8,967	6,523
Total non-current liabilities		8,967	6,523
Total liabilities		677,195	1,132,064
Net assets		37,724,792	36,878,352
Equity			
Share capital	10	98,721,566	98,489,481
Reserves	12	15,374,526	14,760,171
Accumulated losses		(76,371,300)	(76,371,300)
Total equity		37,724,792	36,878,352

The accompanying notes form part of these financial statements.

Statement of changes in equity

For the half-year ended 31 December 2014

	Share capital	Current profit reserve	Accumulated losses	Total equity
	\$	\$	\$	\$
Balance at 1 July 2013	94,272,514	10,355,205	(75,621,300)	29,006,419
Transactions with owners	-	-	-	-
Profit for the period	-	-	1,508,926	1,508,926
Transfer between reserves	-	1,508,926	(1,508,926)	-
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	-	1,508,926	-	1,508,926
Balance at 31 December 2013	94,272,514	11,864,131	(75,621,300)	30,515,345
Balance at 1 July 2014	98,489,481	14,760,171	(76,371,300)	36,878,352
Transactions with owners	239,119	-	-	239,119
Share issue cost	(7,034)	-	-	(7,034)
Profit for the period	-	-	614,355	614,355
Transfer between reserves	-	614,355	(614,355)	-
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	232,085	614,355	-	846,440
Balance at 31 December 2014	98,721,566	15,374,526	(76,371,300)	37,724,792

The accompanying notes form part of these financial statements.

Statement of cash flows

For the half-year ended 31 December 2014

	31 December 2014	31 December 2013
	\$	\$
Operating activities		
Payments to suppliers and employees	(1,154,066)	(226,082)
Interest received	585,826	473,451
Net cash (used in)/provided by operating activities	<u>(568,240)</u>	<u>247,369</u>
Investing activities		
Payments for investments	(412,592)	(1,999,998)
Proceeds from Loan Note repayments	-	889,568
Loans advanced to investment companies	(3,536,500)	(3,225,000)
Proceeds from loans repaid	3,854,988	2,926,666
Net cash used in investing activities	<u>(94,104)</u>	<u>(1,408,764)</u>
Net change in cash and cash equivalents	(662,344)	(1,161,395)
Cash and cash equivalents, beginning of period	<u>770,284</u>	<u>1,764,801</u>
Cash and cash equivalents, end of period	<u><u>107,940</u></u>	<u><u>603,406</u></u>

The accompanying notes form part of these financial statements.

Notes to the interim financial statements

1 Nature of operations

The principal activities of Armidale Investment Corporation Limited (the Company) include investment in debt and equity instruments predominantly in Australia.

2 General information and basis of preparation

The interim financial statements of the Company are for the six months ended 31 December 2014 and are presented in Australian dollars (\$), which is the functional currency of the Company. These general purpose interim financial statements have been prepared in accordance with the requirements of the *Corporations Act 2001* and AASB 134 *Interim Financial Reporting*. They do not include all of the information required in annual financial statements in accordance with Australian Accounting Standards, and should be read in conjunction with the financial statements of the Company for the year ended 30 June 2014 and any public announcements made by the Company during the half-year in accordance with continuous disclosure requirements arising under the Australian Securities Exchange Listing Rules and the *Corporations Act 2001*.

The interim financial statements have been approved and authorised for issue by the Board of directors on 23 February 2015.

3 Significant accounting policies

The significant accounting policies that have been used in the preparation of these interim financial statements are summarised below.

The interim financial statements have been prepared using the measurement bases specified by Australian Accounting Standards for each type of asset, liability, income and expense. The measurement bases are more fully described in the accounting policies below.

The interim financial statements have been prepared in accordance with the accounting policies adopted in the Company's last annual financial statements for the year ended 30 June 2014, except in relation to the matters discussed below. The relevant amendments and their effects on the current period or prior periods are described below.

Change in accounting policies

New and amended accounting standards that apply for the first time to the 31 December 2014 interim period include *AASB 2012-3 Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities* and *AASB 2013-3 Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets*. While these standards introduced new disclosure requirements, they did not affect the Company's accounting policies or any of the amounts recognised in the financial statements.

Notes to the interim financial statements

4 Estimates

When preparing the interim financial statements, management undertakes a number of judgements, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results may differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results.

The judgements, estimates and assumptions applied in the interim financial statements, including the key sources of estimation uncertainty were the same as those applied in the Company's last annual financial statements for the year ended 30 June 2014.

5 Significant events and transactions

Overall, the Company's investments are performing in line with expectations.

During the six months ended 31 December 2014, the Company made a further investment in Riverwise Pty Limited (Riverwise) of \$549,823 taking the Company's holding to 31.77% (30 June 2014: 29.02%). In October 2014, the Company was issued 17,335 shares from the conversion of the 30 June 2014 profit share at \$7.19 per share. In December 2014, the Company purchased 106,296 shares at \$4.00 per share. The Company then revalued these shares to \$8.24 in accordance with their fair value. This resulted in a revaluation through the profit and loss of \$468,897.

Hal Data Services Pty Limited (Hal), the Company's other primary investment continues to originate equipment leases with \$13.3m originated in the 6 months to 31 December 2014 (2013: \$4.3m). Hal continues to raise funding for these leases in accordance with its business plan. The cash generated from the existing lease book has been either repaid to the Company in accordance with the Loan Note or reinvested in new leases.

Subsequent to 31 December 2014, AIK received cash from Hal for principle and interest repayments totalling \$804,430 in January 2015.

Notes to the interim financial statements

6 Interests in unconsolidated subsidiaries

The following entities are controlled by the Company but not consolidated as required under *AASB 2013-5 Amendments to Australian Accounting Standards – Investment Entities*:

Hal Data Services Pty Limited (and its controlled entities) (Hal)

Ownership interest held: 98.09% (30 June 2014: 86.82%)

Principal place of business: Level 2, 72 Archer Street, Chatswood, NSW 2057.

The repayments made to the Company by Hal in respect of the Loan Note Investment are governed by the terms of the Loan Note Agreement entered into in 31 January 2011. The further loans advanced to Hal by the Company are secured by a general security arrangement over Hal held by the Company. The Company continues to advance loan funds to Hal for the purpose of originating equipment leases. In the half-year ended 31 December 2014 the Company advanced \$3,775,550 to Hal for the purpose of originating operating leases. There are set repayment terms for these loans which range in remaining terms from 36 months to 72 months. The interest rate charged is 15% p.a. Hal repaid \$1,038,040 to AIK on these loans in the 6 months ended 31 December 2014. On 9th October 2014 and 9th November 2014, AIK acquired 11.27% of the equity in HDS from minority shareholders. Consideration was paid in the ratio of 50 AIK shares for every share in HDS. The number of shares issued amounted to 713,100 AIK shares.

Cat One Investments Pty Limited

Ownership interest held: 100%

Principal place of business: Suite 4, Level 9, 341 George Street, Sydney NSW 2000

Venagrow Pty Limited

Ownership interest held: 100%

Principal place of business: Suite 4, Level 9, 341 George Street, Sydney NSW 2000

Cat One Investments Pty Limited and Venagrow Pty Limited own the rights to repayments under the Loan Note Agreement in the portion of 7.5% each.

Notes to the interim financial statements

7 Segment reporting

Management identifies that the Company operates in one segment; investment activities.

8 Seasonal fluctuations

The Company evaluates the carrying value of its investments regularly, due to the relatively long term nature of the underlying investments there is little movement in value expected in a six month period. There are no seasonal or cyclical factors that cause a material impact on the value of the underlying investments held. Interest income and distributions received which are derived from the investments of the Company are also not subject to any particular cyclical or seasonal fluctuations.

9 Earnings per share

Both the basic and diluted earnings per share have been calculated using the profit attributable to shareholders of the Company (Armidale Investment Corporation Limited) as the numerator, i.e. no adjustments to profits were necessary during the six month period to 31 December 2014.

The weighted average number of shares for the purposes of the calculation of diluted earnings per share can be reconciled to the weighted average number of ordinary shares used in the calculation of basic earnings per share as follows:

	6 months to 31 December 2014	6 months to 31 December 2013
Weighted average number of shares used in basic earnings per share		
Closing number of shares on issue	258,104,749	200,140,739
Basic earnings per share (cents per share)	260,125,470	200,140,739
	0.24 cents	0.75 cents

10 Share capital

	31 December 2014 Number	31 December 2013 Number
Number of shares issued and fully paid	260,125,470	200,140,739
Number of shares issued but not fully paid	-	-

	6 months to 31 December 2014 \$	Year to 30 June 2014 \$
<i>Shares issued and fully paid:</i>		
Beginning of the period	98,489,481	94,272,514
Issued under share-based payment plans	212,592	-
Share issue	26,527	4,437,500
Share issue costs net of tax	(7,034)	(220,533)
Shares issued and fully paid	98,721,566	98,489,481

Notes to the interim financial statements

11 Dividends

There were no dividends paid or declared to be paid in the six months ended 31 December 2014.

12 Reserves

The Current Profit Reserve has been established by the Board by allocating the profits from the year ended 30 June 2014 and beyond, for the purpose of considering dividends in a future financial period.

13 Related party transactions

The following are significant related party transactions which occurred during the half-year ended 31 December 2014.

The Company received interest payments from Hal of \$807,896 (31 Dec 13: \$431,682).

The Company advanced funds to Hal for the purpose of originating leases of \$3,775,550 (31 Dec 13: \$2,525,000).

The Company received principle loan repayments from Hal during the period of \$3,854,988 (31 Dec 13: \$876,666).

The Company charged Riverwise for management services of \$174,632 (31 Dec 13: \$178,892).

The Company accrued income as an estimate of the 30 June 2015 shares to be issued by Riverwise to AIK under the profit share arrangement of \$150,000 (31 Dec 13: Nil).

Issue of shares to Andrew Grant with value of \$26,527 (31 Dec 13: Nil).

14 Contingent liabilities

There are no contingent liabilities as at 31 December 2014.

15 Intangible assets

The following table shows the movements in intangible assets:

	6 months to 31 December 2014	Year to 30 June 2014
Rights under the Loan Note	\$	\$
Gross carrying amount		
Amount recognised on acquisition	881,280	881,280
Balance, end of period	881,280	881,280
Amortisation		
Balance at beginning of period	302,743	109,896
Amortisation	97,214	192,847
Balance, end of period	399,957	302,743
Carrying amount, end of period	481,323	578,537

Notes to the interim financial statements

16 Fair value measurement of financial instruments

16.1 Fair value hierarchy

AASB 13 requires disclosure of fair value measurements by level of the fair value hierarchy, as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Company's financial assets measured and recognised at fair value at 31 December 2014 and 30 June 2014 on a recurring basis are as follows:

	Level 3	Total
	\$	\$
31 December 2014		
Assets		
<i>Debt instruments</i>		
Hal Data Services Pty Limited - Loan Note	14,728,942	14,728,942
<i>Equity in unlisted companies</i>		
Hal Data Services Pty Limited - Equity	-	-
Riverwise Pty Limited - Equity	11,306,755	11,306,755
Cat One Investments Pty Limited	-	-
Venagrow Pty Limited	-	-
Armidale Investment Corporation (Australia) Pty Limited	2	2
Reading Room Inc	200,000	200,000
Total	26,235,699	26,235,699
	Level 3	Total
	\$	\$
30 June 2014		
Assets		
<i>Debt instruments</i>		
Hal Data Services Pty Limited - Loan Note	14,728,942	14,728,942
<i>Equity in unlisted companies</i>		
Hal Data Services Pty Limited - Equity	-	-
Riverwise Pty Limited - Equity	10,288,036	10,288,036
Cat One Investments Pty Limited	-	-
Venagrow Pty Limited	-	-
Armidale Investment Corporation (Australia) Pty Limited	2	2
Total	25,016,980	25,016,980

Notes to the interim financial statements

16 Fair value measurement of financial instruments (continued)

16.2 Movements in level 3 assets

	6 months to 31 December 2014 \$	Year to 30 June 2014 \$
Movement in fair value of debt instruments		
Hal Data Pty Limited – Loan Note	14,728,942	15,316,113
Add: Fair value adjustment recognised in the profit and loss*	-	(587,171)
Balance, end of period	14,728,942	14,728,942
Movement in fair value of equity investments in unlisted companies		
Riverwise Pty Limited	10,288,036	6,017,798
Add: Equity acquired Riverwise Pty Ltd	549,822	2,241,175
Add: Fair value adjustment recognised in the profit and loss*	468,897	2,029,063
Add: Equity acquired Reading Room Inc	200,000	-
Balance, end of the period	11,506,755	10,288,036
Armidale Investment (Australia) Pty Limited	2	2
Total Balance, end of period	26,235,699	25,016,980

*Based on the mid-point of an independent valuation issued on 24 June 2014

Notes to the interim financial statements

16 Fair value measurement of financial instruments (continued)

16.3 Methods and valuation techniques

The methods and valuation techniques used for the purpose of measuring fair value are unchanged compared to the previous reporting period.

(a) Debt instruments

The debt instruments are held in unlisted companies and the debt instruments are not traded in active markets. The fair values of these instruments are determined using managements best estimates of future cash flows arising from the debt instruments. These cash flows are then discounted using a discount rate with reference to observable market data where available. These instruments are therefore classified as Level 3. An independent valuer has determined the final valuation based on these inputs. The most recent valuation was performed on 24 June 2014. The Board and management review the inputs and assumptions to the valuation formally at each annual and half-year reporting period to determine if there are any material changes to key inputs.

Significant inputs in the Hal valuation

Growth rates

Due to the nature of the operations of Hal Data Services Pty Limited and controlled entities (Hal), the projected cashflows are based primarily on rental stream and fee income from existing and future lease contracts. Cost projections are based primarily on overheads plus staff requirements driven by the number of lease contracts under management. Therefore, there has been no application of a growth rate when preparing the cash flow projections.

	2015	2016	2017	2018	2019
Growth rate	-	-	-	-	-

Discount rates

The discount rates reflect appropriate adjustments relating to market risk and specific risk factors of each entity.

	2015	2016	2017	2018	2019
Discount rate	22%	22%	22%	22%	22%

(b) Equity investments in unlisted companies

The equity instruments are held in unlisted companies and is not traded in active markets. The fair value of these investments is determined based on the provision of cash flow and earnings forecasts provided by the investee companies and provided to an external valuer. An independent valuer has determined the final valuation based on these inputs. These instruments are therefore classified as Level 3. An independent valuer has determined the final valuation based on these inputs. The most recent valuation was performed on 24 June 2014. The Board and management review the inputs and assumptions to the valuation formally at each annual and half-year reporting period to determine if there are any material changes to key inputs.

Notes to the interim financial statements

16 Fair value measurement of financial instruments (continued)

16.3 Methods and valuation techniques (continued)

Significant inputs in the Riverwise valuation

The valuation approach adopted for the Riverwise valuation was to apply an EBITDA future maintainable earnings multiple to the forecast 30 June 2015 financial year results. The earnings multiple applied took into account a growth rate of 10% however was then discounted for execution risk given the variable financial history of Riverwise. The 30 June 2015 forecast was derived by management based on expected profit levels determined by historic performance, adjusted for non-recurring items and then taking into account expected cost savings initiatives.

Changing inputs to the Level 3 valuations to reasonably possible alternative assumptions would not change significantly amounts recognised in profit or loss, total assets or total equity. In addition, the Board has considered the sensitivity of both the Hal and Riverwise valuations by adopting the mid-point valuation in the range provided by the valuer.

The valuation process is managed by the CFO, who prepares or gathers the underlying data and provides the information to the external valuer and/or reports to the Board. Discussions on valuations processes and outcomes are held between the CFO and the Board every six months.

There have been no transfers between the levels of the fair value hierarchy during the half-year ended 31 December 2014.

16.4 Fair value of other financial assets and financial liabilities

The Company also has a number of financial instruments which are not measured at fair value in the Statement of Financial Position. These had the following fair values as at 31 December 2014:

	Fair value \$	Carrying amount \$
Other short-term financial assets		
Hal Data Services Pty Limited – Loans	4,532,555	4,532,555
Other long-term financial assets		
Hal Data Services Pty Limited – Loans	6,623,363	6,623,363
	11,155,918	11,155,918

As at 30 June 2014:

	Fair value \$	Carrying amount \$
Other short-term financial assets		
Hal Data Services Pty Limited – Loans	3,593,484	3,593,484
Other long-term financial assets		
Hal Data Services Pty Limited – Loans	8,008,489	8,008,489
	11,601,973	11,601,973

The carry amounts of the other current assets and current payables are considered to be a reasonable approximation of their fair value.

Notes to the interim financial statements

17 Tax Expense

	Dec-14	Jun-14	Jun-13
a. The components of tax expense comprise:			
Current tax	190,615	377,552	-
Deferred tax expense - temporary differences	-	-	-
Deferred tax expense - (over)/under provision	-	-	-
Total income tax expense	190,615	377,552	-
b. The prima facie tax on profit/(loss) before income tax is reconciled to income tax as follows:			
Accounting profit/(loss) before tax	804,970	4,032,518	11,105,205
Prima facie tax payable on profit/(loss) before income tax at 30% (2014: 30%)	241,491	1,209,755	3,331,562
Add / (Deduct)			
- other non-assessable income	(140,669)	(1,585,444)	(1,875,324)
- other non-deductible expenses	16,947	331,233	52,481
- other assessable income	507,989	1,375,603	-
- other deductible expenses	(18,941)	(32,707)	-
- utilisation of tax losses not previously brought to account	(435,087)	(920,888)	(1,508,719)
- under/(over) provision in prior year	18,885	-	-
	190,615	377,552	-
Average effective tax rate			
Current	24%	9%	0%
Current tax liability	171,730	346,442	-

Notes to the interim financial statements

18 Events after the reporting date

No matters or circumstances have arisen since the end of the financial period which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

Directors' declaration

1. In the opinion of the directors of Armidale Investment Corporation Limited:
 - a the financial statements and notes of Armidale Investment Corporation Limited are in accordance with the *Corporations Act 2001*, including
 - i giving a true and fair view of its financial position as at 31 December 2014 and of its performance for the half-year ended on that date; and
 - ii complying with Accounting Standard AASB 134 *Interim Financial Reporting*; and
 - b there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors:



Andrew Grant
Director

23 February 2015

Level 17, 383 Kent Street
Sydney NSW 2000

Correspondence to:
Locked Bag Q800
QVB Post Office
Sydney NSW 1230

T +61 2 8297 2400
F +61 2 9299 4445
E info.nsw@au.gt.com
W www.granthornton.com.au

Independent Auditor's Review Report To the Members of Armidale Investment Corporation Limited

We have reviewed the accompanying half-year financial report of Armidale Investment Corporation Limited ("Company"), which comprises the statement of financial position as at 31 December 2014, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a statement or description of accounting policies, other explanatory information and the directors' declaration.

Directors' responsibility for the half-year financial report

The directors of Armidale Investment Corporation Limited 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 controls as the directors determine is necessary to enable the preparation of the half-year financial report that 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 the 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 Armidale Investment Corporation Limited'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 Armidale Investment Corporation Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

Grant Thornton Audit Pty Ltd ACN 130 913 594
a subsidiary or related entity of Grant Thornton Australia Ltd ABN 41 127 556 389

'Grant Thornton' refers to the brand under which the Grant Thornton member firms provide assurance, tax and advisory services to their clients and/or refers to one or more member firms, as the context requires. Grant Thornton Australia Ltd is a member firm of Grant Thornton International Ltd (GTIL). GTIL and the member firms are not a worldwide partnership. GTIL and each member firm is a separate legal entity. Services are delivered by the member firms. GTIL does not provide services to clients. GTIL and its member firms are not agents of, and do not obligate one another and are not liable for one another's acts or omissions. In the Australian context only, the use of the term 'Grant Thornton' may refer to Grant Thornton Australia Limited ABN 41 127 556 389 and its Australian subsidiaries and related entities. GTIL is not an Australian related entity to Grant Thornton Australia Limited.

Liability limited by a scheme approved under Professional Standards Legislation. Liability is limited in those States where a current scheme applies.

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.

Independence

In conducting our review, we 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 half-year financial report of Armidale Investment Corporation Limited is not in accordance with the Corporations Act 2001, including:

- a giving a true and fair view of the Company'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 Corporations Regulations 2001.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



P J Woodley
Partner - Audit & Assurance

Sydney, 23 February 2015