



Armidale Investment CORPORATION

ASX Company Announcements

13 July 2015

The Manager
Australian Securities Exchange
20 Bridge Street
Sydney NSW 2000

Independent Valuation of Armidale Investment Corporation Limited:

- Loan Note Interest in Hal Data Services Pty Limited; and
- Equity Interest in Riverwise Pty Limited

Moore Stephens Sydney Corporate Finance Pty Limited was again retained by Armidale Investment Corporation Limited (AIK) to assess the value of its existing investments in Hal Data Services Pty Limited (Hal) and Riverwise Pty Limited (Riverwise).

The Directors of AIK have received an independent valuation report dated 13 July 2015 for these investments. The valuations are as at 30 April 2015. These valuations, for the purpose of the financial statements as at 30 June 2015, are subject to audit sign off.

AIK Investment in Hal

	Low	High	Midpoint
	(\$'000)	(\$'000)	(\$'000)
Valuation as at 30 April 2014	13,886	15,572	14,729
Valuation as at 30 April 2015	24,793	28,138	26,466
Revaluation increase to be reported in the profit and loss of AIK (\$'000)			11,737

The Hal valuation is conducted on a discounted cashflow methodology including a calculation of the terminal value.

The main reasons for the improvement in the carrying value by \$11.7m are as follows:

- Hal has increased the business development team which has led to an increased volume of leases being written
- The discount rate used has dropped slightly given the consistency of origination has improved as Hal has re-established itself in the market

As has been done previously, the board has adopted the mid-point of the valuation.



Armidale Investment CORPORATION

AIK Investment in Riverwise

	Low	High	Midpoint
	\$ per share	\$ per share	\$ per share
Valuation as at 30 April 2014	7.36	9.12	8.24
Valuation as at 30 April 2015	3.88	4.69	4.29
Current holding value of investment (\$'000)			11,449
Revalued holding (\$'000)			6,055
Write down to be reported in the profit and loss of AIK (\$'000)			(5,394)

The Riverwise valuation is based on a forecast maintainable EBITDA model, applying an appropriate multiple.

The main reasons for the decrease in the market value of Riverwise by \$5.4m are:

- A significant portion of the Australian profits were derived from the telecommunications buying group operated in conjunction with Telstra. In the last 6 to 12 months, Telstra has made changes in the area within which these operations sit which have resulted in the group significantly reducing scale and profitability. The impact of this on Riverwise maintainable EBITDA is approximately \$1.5m. It is not expected that this business area will recover in the foreseeable future.
- The New Zealand operations of Riverwise rely significantly on Spark New Zealand Limited as the New Zealand operations run a number of sales teams for Spark across a number of verticals. In the last 12 months Spark has undergone a number of changes which have resulted in a reduction in remuneration and profitability to Riverwise. The impact of this on Riverwise maintainable EBITDA is approximately \$1.1m. The New Zealand operations are working in a very positive manner with Spark to rebuild the business under the new structure and over time it is anticipated that this may result in a return to previous levels of profitability.

As has been done previously, the board has adopted the mid-point of the valuation.

Impact on the NTA

All other things being equal, the reported NTA for 31 May 2015 was 12.46cents, with the adjustments to the valuations above, the 31 May 2015 NTA would have been 14.01 cents.

For further information please contact:

Andrew Grant

Executive Director

0415 166 090

David Franks

Company Secretary

02 9299 9690