

Armidale Investment Corporation Limited
ABN 58 100 854 788

Annual Financial Report
For The Year Ended 30 June 2015

Armidale Investment Corporation Limited Financial Statements
For the year ended 30 June 2015

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Armidale Investment Corporation Limited Financial Statements

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Chairman's Letter

27 August 2015

Dear Shareholder

I present you with the Annual Report for the year ended 30 June 2015 of Armidale Investment Corporation Limited (AIK). AIK holds two primary investments being; Hal Data Services Pty Limited (Hal) and Riverwise Pty Limited (Riverwise).

The key highlights of the financial statements for the year ended 30 June 2015 are:

- AIK recorded a profit after tax of \$7.8m in the year ended 30 June 2015 (2014: \$3.7m).
- Earnings per share after tax were 2.73 cents for the year ended 30 June 2015 (2014: 1.71 cents).
- AIK's net assets at 30 June 2015 were \$56.8m (2014: \$36.9m).
- Cash reserves at 30 June 2015 were \$10.8m (2014: \$0.8m).

- There were eight share issues during the year:

09/10/2014: \$54,274
19/11/2014: \$26,527
12/12/2014: \$212,592
21/04/2015: \$9,073,408
21/04/2015: \$2,500,000
21/04/2015: \$125,344
21/04/2015: \$424,656
12/05/2015: \$142,100

The total raised by AIK during the year was \$12.6m. Parts of these funds were raised to advance to Hal to originate operating leases, develop further funding avenues and a potential partial acquisition of an asset finance company. If an acquisition does not occur in a timely manner, proceeds from the offer will continue to be used to increase the quantum of leases funded by Hal. These additional leases and previously written leases can then be on sold to other funders should cash need to be realized for an acquisition.

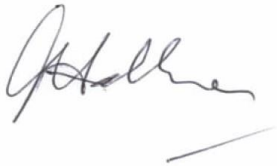
- The value of the investment in Hal rose by \$11.7m from \$14.7m to \$26.5m. This was mainly driven by increased volume of leases being written.
- Unfortunately the investment in Riverwise Pty Limited decreased during the year from \$10.3m to \$6.0m due to major structural changes in two of its business units, resulting in a decline in forecast normalised profit by 23%.
- The Board continues to focus on the following key areas:
 - The continuing growth of the Hal leasing business through the development of additional sources of funding, additional sales resources and strategic alliances with vendors;
 - Finalisation of the potential partial acquisition of an asset finance company. If for any reason this acquisition doesn't proceed, the available funds within AIK will be applied to Hal leasing business or other strategic investments; and
 - Growth opportunities within the Riverwise core buying group and telecommunication businesses.

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In regard to the last key areas noted above, the Board and management continue to identify and assess opportunities that fit within the overall strategic objectives of AIK. Naturally not all opportunities are deemed suitable for our Group, however as and when the Board approves to proceed with any such opportunity, shareholders will be advised by general ASX release.

I look forward to seeing you at the Annual General Meeting.

Yours sincerely

A handwritten signature in dark ink, appearing to read 'B. Hatchman', with a horizontal line drawn underneath it.

Bruce Hatchman
Chairman

27 August 2015

Armidale Investment Corporation Limited Financial Statements

For the year ended 30 June 2015

Directors' Report

The Directors of Armidale Investment Corporation Limited (AIK) present their Report together with the financial statements of Armidale Investment Corporation Limited for the financial year ended 30 June 2015.

Director details

The following persons were directors of Armidale Investment Corporation Limited during or since the end of the financial year.

Bruce Hatchman

FCA, MAICD, JP

Non-executive Director

Chairman

Chair of Nomination and Remuneration Committee

Member of Audit Committee

Director since 2014

Bruce Hatchman is an experienced and successful financial professional. As the former Chief Executive of Crowe Horwath, Mr Hatchman has 40 years' experience in providing audit and assurance services to listed companies and large private enterprises. He is a Chartered Accountant and a member of the Australian Institute of Company Directors.

Other current Directorships:

Chairman - JCurve Solutions Limited, Chairman of Darwin Clean Fuels Limited, Chairman - Suters Holdings Pty Limited, and Independent Advisory Board Chairman of law firm Hunt and Hunt, Director – Avastra Sleep Centres Limited

Previous Directorships (listed companies in the last 3 years):

None

Interests in shares:

Nil

Andrew Grant

B.Bus(Hons), MAICD

Executive Director/CEO

Director since 2012

Andrew Grant is one of the founding members of Hal Data Services Pty Limited (Hal). Andrew has been an Associate Member of the Chartered Institute of Management Accountants (UK) since 1986. He has financial management experience in excess of 29 years and extensive experience within the IT and finance industry. Andrew is also a member of the Australian Institute of Company Directors.

Other current Directorships:

Non-executive Director of Employers Mutual Limited (EML), a specialised workers compensation manager and insurer, and is the Chairman of EML's Audit Risk and Compliance Committee. Andrew is also Director of Employers Mutual NSW Limited, Hospitality Employers Mutual Limited, Leading Edge Group Limited and Secured Finance Limited.

Previous Directorships (listed companies in the last 3 years):

None

Interests in shares:

11,721,150

Interests in debentures (of a related entity, Secured Finance Limited, a wholly owned subsidiary of Hal Data Services Pty Limited):
\$340,936.24.

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Directors' Report

Steve White

M.Mngt, GAICD

Independent Non-executive Director
Audit Committee Chair
Member of Nomination and Remuneration
Committee
Director since 2010

Steve is a Principal and Director of Noah's Rule, a specialist risk advisory firm providing independent input and advice on strategy and execution to companies managing significant financial markets exposures. Steve has had over 22 years of experience in banking including roles with Barclays Capital Singapore, Rothschild and HSBC Japan in their treasury divisions. Steve is actively involved working with Managing Directors and Chief Financial Officers in developing the strategies and solutions to their company's Financial Markets Risks, ensuring the management of these risks are within corporate strategy while enhancing any potential upside. Steve is a Graduate Member of the Australian Institute of Company Directors and has a Masters of Management from MGSM.

Other current Directorships:
None

Previous Directorships (listed companies in the last 3 years):
None

Interests in shares:
1,050,000

Mark Smith

B.Optom

Non-executive Director
Member of Audit Committee
Member of Nomination and Remuneration
Committee
Director since 2010

Mark lives in Armidale in country New South Wales. He has been a long term investor for many years. He has also established a number of successful small businesses in the New England region of New South Wales. Mark is also a part time owner-builder, farmer and apiarist.

Other current Directorships:
None

Previous Directorships (listed companies in the last 3 years):
None

Interests in shares:
11,308,534

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Directors' Report

Company Secretary

David Franks - BEc, CA, F Fin, JP

David Franks is principal of Franks and Associates Pty Limited (Chartered Accountants). David is currently Company Secretary for the following public companies: Amerod Exploration Limited, Elk Petroleum Limited, JCurve Solutions Limited, Pulse Health Limited, White Energy Company Limited and White Energy Technology Limited. David has been Company Secretary of AIK since 2010. David is also a non-executive director of JCurve Solutions Limited.

Principal activities

During the year, the principal activities of AIK were:

- Investment in fixed interest securities; and
- Debt and equity investment activities.

There have been no significant changes in the nature of these activities during the year.

Review of operations and financial results

The profit after income tax of AIK for the year amounted to \$7,799,415 (2014: \$3,654,966) and the profit before income tax was \$8,092,213 (2014: \$4,032,518). Earnings per share have increased compared to the previous year to 2.73 cents (2014: 1.71 cents).

The financial position of AIK improved in the year with net assets being \$56,811,174 at 30 June 2015 (2014: \$36,878,352). This was partly due to capital raising activities undertaken during the year which raised \$12,558,901 which was raised to advance debt funding to Hal to originate leases, but mainly in anticipation of a potential partial acquisition of an asset finance company.

The performance of each key investments of AIK is as follows:

Hal Data Services Pty Ltd (Hal)

AIK invests in debt and equity in Hal. This represents 69.07% of AIK's investment income and 85.48% of AIK's investment assets.

Hal continues to increase its origination of leases with \$25,205,174 of new leases (at asset cost) written during the year ended 30 June 2015 (2014: \$12,062,717). Funding of these leases is through:

- Drawdowns on loan funds from AIK; or
- Principal and agency agreements of which at present there are three external parties with which Hal has these agreements in place; or
- Sale of receivables agreements of which at present there is one external party with which Hal has such an agreement in place; or
- Raising of debt funding via the issue of debentures by a special purpose vehicle within the Hal Group; or
- Using working capital of Hal.

Armidale Investment Corporation Limited Financial Statements

For the year ended 30 June 2015

Directors' Report

Review of operations and financial results (continued)

AIK's investment in Hal comprises three key areas:

- Newly issued debt advanced to Hal to originate leases totaling \$11.7m at 30 June 2015. This debt is repaid by monthly instalments and has a weighted average term to run of 39 months.
- AIK's direct interest in the Loan Note Agreement which entitles AIK to 79.83% of cashflows from Hal. This investment was valued \$26,465,627 in June 2015.
- AIK holds 98.09% of the equity in Hal. AIK holds this investment at a fair value of \$nil based on a valuation conducted in June 2015. The equity is considered to be \$nil value due to the Loan Note Agreement which obligates Hal to distribute cashflows in accordance with that agreement.

Riverwise Pty Ltd (Riverwise)

AIK holds equity in Riverwise. During the year ended 30 June 2015, AIK increased its shareholding in Riverwise from 1,248,549 shares (29.02%) to 1,412,780 shares (32.71%). At the commencement of the financial year, AIK carried the Riverwise shares at a fair value of \$8.24 per share, which was the mid-point in a valuation conducted in June 2014. In June 2015, an updated valuation was obtained and again the mid-point was taken which valued the shares at \$4.29 per share or a total holding of \$6,053,762, thus representing a decrease in value of \$4,926,197 or 48%. Riverwise is the sole shareholder of Leading Edge Group Limited (LEG). LEG operates as a telecommunication distributor as well as the manager of buying groups.

LEG:

- Owns two Telstra Business Centres, one in Victoria and one in New South Wales,
- Operates a number of retail and business to business sales centres for Spark New Zealand;
- Is a significant British Telecom sales operator in the United Kingdom; and
- LEG has buying group members with over 1,100 independently owned, predominantly retail operations throughout Australia.

During the financial year, the Managing Director and Chief Financial Officer of AIK continued to jointly manage LEG. In accordance with an agreement between AIK and Riverwise/LEG, which concludes 30 June 2018, these services are charged at \$380,000 per annum plus AIK receives an incentive based on profit of LEG. The incentive is payable to AIK as long as the CFO and CEO remain employed by AIK. The incentive is payable by the issue of additional equity in Riverwise to AIK. In accordance with the strategic plan of AIK, the MD and CFO have identified a successor to their role in LEG and as such will cease "joint management" of LEG effective 30 September 2015. From that date, the management fee and incentives due to AIK will cease. This move allows the Managing Director and CFO to focus on improving the operations and value of Hal as well as exploiting other investment opportunities for AIK. Both the Managing Director and Chief Financial Officer of AIK will hold non-executive board positions with Riverwise.

AIK intends to continue to invest in equity and debt. AIK continues to support the growth of Hal and the leasing operations and continues to explore opportunities to invest its cash resources in accordance with its overall investment strategy.

As an Investment Entity, AIK continually evaluates and considers options for the mid and long-term realisation of their investments held. Future prospects for AIK focus on improving the performance of the current investments, through strategic evaluation, development and implementation. The medium-term strategy for Hal is aimed at increasing the value by selectively writing leases, while maintaining credit quality and utilising funding avenues. The medium-term strategy for Riverwise is also focused on increasing value; this will be done by the Board monitoring input into strategic planning for Riverwise. The Board will consider other investments depending on opportunity and funding availability. Risks for AIK include the limited diversification of investments and reliance on funding.

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Directors' Report

Significant changes in the state of affairs

Other than stated elsewhere in this Report no significant changes in AIK's state of affairs occurred during the financial year.

Dividends

No dividends were paid or declared during the year.

Events arising since the end of the reporting period

There are no further matters or circumstances that have arisen since the end of the year that have significantly affected or may significantly affect either:

- The entity's operations in future financial years;
- The results of those operations in future financial years; or
- The entity's state of affairs in future financial years.

Director' meetings

The number of meetings of Directors (including meetings of committees of Directors) held during the year and the number of meetings attended by each Director is as follows:

Board meetings

Director	Board Meetings		Audit Committee		Nomination and Remuneration Committee	
	A	B	A	B	A	B
Bruce Hatchman	8	8	2	2	1	1
Mark Smith	8	8	2	2	2	2
Steve White	8	8	2	2	2	2
Andrew Grant	8	7	N/A	N/A	N/A	N/A

Where:

- Column A is the number of meetings the Director was entitled to attend
- Column B is the number of meetings the Director attended.

Unissued share under option

There are no unissued shares under option.

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Directors' Report

Remuneration report (audited)

The Directors of AIK present the Remuneration Report for Non-executive Directors, Executive Directors and other Key Management Personnel, prepared in accordance with the *Corporations Act 2001* and the *Corporations Regulations 2001*.

The Remuneration Report is set out under the following main headings:

- a. Principles used to determine the nature and amount of remuneration;
- b. Directors fees;
- c. Benefits;
- d. Retirement benefits;
- e. Directors and other key management personnel remuneration;
- f. Service agreements;
- g. Company performance, shareholder wealth and Non-executive Directors' remuneration;
- h. Key management personnel;
- i. Service agreements;
- j. Remuneration options;
- k. Shares issued on exercise of remuneration options.

a. Principles used to determine the nature and amount of remuneration

AIK's policy for determining the nature and amount of remuneration of board members and senior executives of AIK is as follows:

- The maximum total remuneration of the Directors of AIK (other than the Managing Director or a Director who is a salaried officer) has been set at \$250,000 per annum to be divided among them in such proportions as they think fit.

The principles of AIK's executive strategy and supporting incentive programs and frameworks are:

- To align rewards to business outcomes that deliver value to shareholders
- To ensure remuneration is competitive in the relevant employment market place to support the attraction, motivation and retention of executive talent.

The remuneration of all Key Management Personnel, except Andrew Grant and Raylee Carruthers, is not linked to the performance of AIK.

In August 2014 the contracts of the key executives Andrew Grant (MD) and Raylee Carruthers (Group CFO) were updated, effective 1 May 2014. The disclosures in this report and in the financial statements are based on these contract terms.

In determining the executive remuneration, anecdotal evidence was used to set an appropriate base remuneration and Short Term Incentive program that linked management outcome to shareholder returns namely, the financial results of Hal and Riverwise, there is no ceiling and the incentives are payable in cash. There are no minimum amounts payable. The Long Term Incentive program is linked to the AIK share price and is payable in cash. The first payment period is 30 June 2017 and the combined incentive ceiling for the executive team is \$1m. The payment will be based on AIK's share price. If AIK's share price increases to 23 cents per share during the next three years and maintained or exceeded in that period on an average basis for a minimum of three months, AIK will pay a bonus of \$500,000 inclusive of superannuation to Raylee and Andrew. A pro rata payment will be made for any increase in the AIK share price at or over 15 cents per share.

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Directors' Report

Remuneration report (continued)

b. Directors fees

The current base remuneration for non-executive Directors was last reviewed with effect from 21 September 2010.

c. Benefits

Directors received no additional benefits other than base remuneration.

d. Retirement benefits

Other than statutory leave entitlements, no retirement benefits are provided to Directors.

e. Directors and other key management personnel remuneration

The remuneration of each Director of AIK and other key management personnel of AIK during the year is set out in the following table:

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Directors' Report

Remuneration report (continued)

Directors' and Key Management Personnel Remuneration

		Short-term benefits		Post-employment benefits	Other Long-term benefits*	Share Based Payment – Cash settled	TOTAL	Performance Based Percentage of Remuneration
		Cash salary & fees	Cash bonus	Superannuation				
		\$	\$	\$				
Executive Director								
Andrew Grant Managing Director	2015	280,305	83,388	18,783	(6,378)	27,833	403,931	27.53%
	2014	269,352	90,000	20,128	15,390	-	394,870	22.80%
Non-executive Directors								
Bruce Hatchman Independent (appointed 2 June 2014)	2015	82,192	-	7,808	-	-	90,000	0%
	2014	7,500	-	-	-	-	7,500	0%
Steve White Independent	2015	39,078	-	3,712	-	-	42,790	0%
	2014	32,500	-	3,006	-	-	35,506	0%
Mark Smith	2015	39,070	-	3,712	-	-	42,782	0%
	2014	30,307	-	2,803	-	-	33,110	0%
Gabriel Radzynski (resigned 20 December 2013)	2015	-	-	-	-	-	-	0%
	2014	20,000	-	1,850	-	-	21,850	0%
Other Key Management Personnel								
Raylee Carruthers Group CFO	2015	283,607	83,388	18,783	33,510	27,833	447,121	24.87%
	2014	258,519	60,000	20,128	54,631	-	393,278	15.25%
Total Directors and Other Key Management Personnel Remuneration:	2015	724,252	166,776	52,798	27,132	55,666	1,026,624	
	2014	618,178	150,000	47,915	70,021	-	886,114	

*In accordance with AASB119 Employee Benefits, annual leave and long service leave is classified as Other Long-term benefits

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Directors' Report

Remuneration report (continued)

Key Management Personnel shareholding

The movement during the year in the number of ordinary shares held, directly or indirectly, by each of the Directors, including their related parties, is as follows:

2015

Key Management Personnel

	Balance 1 July 2014	Net Change	Balance 30 June 2015
Bruce Hatchman	-	-	-
Mark Smith *	65,440,163	(54,131,629)	11,308,534
Steve White	700,000	350,000	1,050,000
Andrew Grant ***	11,953,978	(232,828)	11,721,150
Raylee Carruthers	-	-	-
	78,094,141	(54,014,457)	24,079,684

2014

Key Management Personnel

	Balance 1 July 2013	Net Change	Balance 30 June 2014
Bruce Hatchman	-	-	-
Mark Smith *	65,440,163	-	65,440,163
Gabriel Radzynski **	648,558	(156,000)	492,558
Steve White	700,000	-	700,000
Andrew Grant ***	14,953,978	(3,000,000)	11,953,978
Raylee Carruthers	-	-	-
	81,742,699	(3,156,000)	78,586,699

* held by indirect interest through Presmore Pty Limited ATF Smith Miller Family Trust and Presmore Pty Limited ATF Serendipity Trust

** held by indirect interest through Sandon Capital Pty Limited, both as principal and in its capacity as manager of a fund. Resigned from AIK in December 2013.

*** held by direct interest in 11,630,000 ordinary shares and indirect interest through Cat Family Investments Pty Ltd in 91,150 ordinary shares

f. Service agreements

Remuneration and other terms of employment for the Executive Directors and other Key Management Personnel are formalised in a service agreement. The major provisions of the agreements relating to fixed remuneration are set out below:

Name	Base salary (incl. superannuation)	Term of agreement	Notice period
Andrew Grant	305,000	No set term	5 weeks
Raylee Carruthers	305,000	No set term	5 weeks

As noted on page 9, incentive programs are in place with key executives.

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Directors' Report

Remuneration report (continued)

g. Company performance, shareholder wealth and Non-executive Directors' remuneration

The following table compares AIK's performance and Non-executive Directors' remuneration since 1 July 2011:

	2015	2014	2013	2012	2011
Net after tax profit \$	7,799,415	3,654,966	11,105,205	83,916	10,397,713
Dividends paid (cents per share)	-	-	-	-	-
Share price at 30 June	0.10	0.12	0.05	0.05	0.07
EPS in cents	2.73	1.71	(0.53)	(1.47)	8.83
Non-executive Director's remuneration	184,834	97,966	98,101	85,550	104,136

Voting and comments made at AIK's 2014 Annual General Meeting

AIK received more than 75% of "yes" votes on its remuneration report for the 2014 financial year. AIK did not receive any specific feedback at the AGM on its remuneration report.

h. Key management personnel

The key management personnel include the key executives of AIK only.

i. Service agreements

Subject to Rule 6.16(c) of AIK's Constitution, at every annual general meeting 1/3 of the Directors or, if their number is not a multiple of 3, then, subject to the Listing Rules, the number nearest to 1/3, must retire from office and are eligible for re-election.

j. Remuneration options

There were no options granted as remuneration during the financial year.

k. Shares issued on exercise of remuneration options

There were no shares issued on the exercise of options granted as remuneration during the financial year.

End of audited remuneration report.

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Directors' Report

Environmental legislation

AIK's operations are not subject to any particular or significant environmental regulation under the law of the Commonwealth or of a State or Territory in Australia.

Options

At 30 June 2015 there were no options outstanding. No options have been granted over unissued shares during or since the end of the financial year.

Indemnities given and insurance premiums paid to auditors and officers

AIK has executed a deed of indemnity for each of the directors which indemnify them to the extent permitted by Sections 199A, 199B and 199C of the *Corporations Act 2001*.

During the year, AIK paid a premium to insure officers of AIK. The officers of AIK covered by the insurance policy include all Directors.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of AIK, and any other payments arising from liabilities incurred by the officers in connection with such proceedings, other than where such liabilities arise out of conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else to cause detriment to AIK.

Details of the amount of the premium paid in respect of the insurance policies are not disclosed as such disclosure is prohibited under the terms of the contract.

AIK has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify any current or former officer or auditors of AIK against a liability incurred as such by an officer or auditor.

Non-audit services

Grant Thornton, AIK's auditor, have not performed other services in addition to their statutory audit duties.

A copy of the auditor's independence declaration as required under S307C of the *Corporations Act 2001* is included on page 15 of this financial report and forms part of this Directors' Report.

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Directors' Report

Proceedings on behalf of AIK

No person has applied for leave of the Court under S237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of AIK, or to intervene in any proceedings to which AIK is a party for the purpose of taking responsibility on behalf of AIK for all or part of those proceedings.

Signed in accordance with a resolution of the Directors.



Andrew Grant
Managing Director

27 August 2015

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**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 audit of Armidale Investment Corporation Limited for the year ended 30 June 2015, 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 audit; and
- b no contraventions of any applicable code of professional conduct in relation to the audit.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



P J Woodley
Partner - Audit & Assurance

Sydney, 27 August 2015

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Corporate Governance Statement

The Board is committed to achieving and demonstrating the highest standards of corporate governance. As such, Armidale Investment Corporation Limited (AIK) has adopted the third edition of the *Corporate Governance Principles and Recommendations* which was released by the ASX Corporate Governance Council on 27 March 2014 and became effective for financial years beginning on or after 1 July 2014.

Armidale Investment Corporation Limited's Corporate Governance Statement for financial year ending 30 June 2015 is dated as at 27 August 2015 and was approved by the Board on 27 August 2015. The Corporate Governance Statement is available on Armidale Investment Corporation Limited's website at www.armidaleinvestmentco.com.au.

Armidale Investment Corporation Limited Financial Statements
For the year ended 30 June 2015

Statement of Profit or Loss and Other Comprehensive Income
for the year ended 30 June 2015

		2015	2014
	Note	\$	\$
Revenue			
Interest income		1,612,807	1,087,586
Unrealised gain on investments		6,729,689	1,439,659
Other income		457,552	495,444
Dividend - LCA		-	366,181
Repayments – Hal Loan Note		900,000	2,139,569
Employee benefits expense		(1,110,828)	(919,904)
Depreciation and amortisation		(192,845)	(192,846)
Other expenses		(304,162)	(383,171)
Profit before income tax		8,092,213	4,032,518
Income tax expense	15	(292,798)	(377,552)
Profit after income tax		7,799,415	3,654,966
Other comprehensive income		-	-
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		7,799,415	3,654,966
Profit for the year attributable to: owners of the entity		7,799,415	3,654,966
Total comprehensive income for the year attributable to owners of the entity		7,799,415	3,654,966
Earnings per share			
Basic earnings per share	18	2.73 cents	1.71 cents
Diluted earnings per share		2.73 cents	1.71 cents

This statement should be read in conjunction with the notes to the financial statements

Armidale Investment Corporation Limited Financial Statements
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Statement of Financial Position
As at 30 June 2015

Assets		2015	2014
	Note	\$	\$
Current			
Cash and cash equivalents	10	10,834,815	770,284
Other financial assets	7	6,503,181	3,593,484
Trade and other receivables	9	209,739	42,642
Total current assets		17,547,735	4,406,410
Non-current			
Other financial assets	7	39,589,660	33,025,469
Intangible assets	8	385,692	578,537
Total non-current assets		39,975,352	33,604,006
Total assets		57,523,087	38,010,416
Liabilities			
Current			
Trade and other payables	13	262,981	344,321
Deferred revenue		-	349,263
Current tax liabilities	14	232,227	304,573
Provisions	12	84,038	63,498
Financial liabilities	16	63,885	63,886
Total current liabilities		643,131	1,125,541
Non-current			
Provisions	12	68,782	6,523
Total non-current liabilities		68,782	6,523
Total liabilities		711,913	1,132,064
Net assets		56,811,174	36,878,352
Equity			
Share capital	11	110,622,888	98,489,481
Reserves		22,559,586	14,760,171
Accumulated losses		(76,371,300)	(76,371,300)
Total equity		56,811,174	36,878,352

This statement should be read in conjunction with the notes to the financial statements

Armidale Investment Corporation Limited Financial Statements
For the year ended 30 June 2015

Statement of Changes in Equity
for the year ended 30 June 2015

	Share capital	Current profit reserve	Accumulated losses	Total equity
	\$	\$	\$	\$
Balance at 1 July 2013	94,272,514	11,105,205	(76,371,300)	29,006,419
Profit for the Year	-	-	3,654,966	3,654,966
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	-	-	3,654,966	3,654,966
Transfer to reserves	-	3,654,966	(3,654,966)	-
Issue of share capital	4,437,500	-	-	4,437,500
Share issue costs	(220,533)	-	-	(220,533)
Balance as at 30 June 2014	98,489,481	14,760,171	(76,371,300)	36,878,352
Balance at 1 July 2014	98,489,481	14,760,171	(76,371,300)	36,878,352
Profit for the Year	-	-	7,799,415	7,799,415
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	-	-	7,799,415	7,799,415
Transfer to reserves	-	7,799,415	(7,799,415)	-
Issue of share capital	12,558,901	-	-	12,558,901
Share issue costs	(425,494)	-	-	(425,494)
Balance as at 30 June 2015	110,622,888	22,559,586	(76,371,300)	56,811,174

This statement should be read in conjunction with the notes to the financial statements

Armidale Investment Corporation Limited Financial Statements
For the year ended 30 June 2015

Statement of Cash Flows
for the year ended 30 June 2015

	Note	2015	2014
		\$	\$
Operating activities			
Interest received		1,582,310	1,087,631
Management fees received		-	844,707
Payments to suppliers and employees		(1,508,940)	(1,027,358)
Income tax paid		(220,452)	(58,904)
Net cash from operating activities	19b	(147,082)	846,076
Investing activities			
Equity acquired in investee company		(537,231)	(2,241,175)
Dividends received		-	366,181
Proceeds from Loan Note repayments		900,000	2,000,000
Loans advanced to investee companies		(11,717,629)	(10,010,000)
Proceeds from loans repaid		9,903,209	3,841,509
Net cash from investing activities		(1,451,651)	(6,043,485)
Financing activities			
Proceeds from issue of share capital		12,123,408	4,437,500
Share issue cost		(460,144)	(234,608)
Net cash from financing activities		11,663,264	4,202,892
Net change in cash and cash equivalents		10,064,531	(994,517)
Cash and cash equivalents at the beginning of the financial year		770,284	1,764,801
Cash and cash equivalents at the end of the financial year	19a	10,834,815	770,284

This statement should be read in conjunction with the notes to the financial statements

Notes to the Financial Statements

1 Nature of operations

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

2 General information and statement of compliance

The general purpose financial statements of AIK have been prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board (AASB). Compliance with Australian Accounting Standards results in full compliance with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). Armidale Investment Corporation Limited is a for-profit entity for the purpose of preparing the financial statements.

Armidale Investment Corporation Limited is a public company incorporated and domiciled in Australia. The address of the registered office and principal place of business is Suite 4, Level 9, 341 George Street Sydney, NSW, 2000.

The financial statements for the year ended 30 June 2015 were approved and authorised for issue by the Board of Directors on 27 August 2015.

3 Changes in accounting policies

3.1 New and amended standards that are effective for these financial statements

A number of new and revised standards and an interpretation became effective for the first time to annual periods beginning on or after 1 July 2014. Information on these new standards is presented below.

AASB 2012-3 Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities

AASB 2012-3 adds application guidance to AASB 132 to address inconsistencies identified in applying some of the offsetting criteria of AASB 132, including clarifying the meaning of “currently has a legally enforceable right of set-off” and that some gross settlement systems may be considered equivalent to net settlement. AASB 2012-3 is applicable to annual reporting periods beginning on or after 1 January 2014. The adoption of these amendments has not had a material impact on the Company as the amendments merely clarify the existing requirements in AASB 132.

AASB 2013-3 Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets

These narrow-scope amendments address disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal. When developing IFRS 13 Fair Value Measurement, the IASB decided to amend IAS 36 Impairment of Assets to require disclosures about the recoverable amount of impaired assets. The IASB noticed however that some of the amendments made in introducing those requirements resulted in the requirement being more broadly applicable than the IASB had intended. These amendments to IAS 36 therefore clarify the IASB’s original intention that the scope of those disclosures is limited to the recoverable amount of impaired assets that is based on fair value less costs of disposal. AASB 2013-3 makes the equivalent amendments to AASB 136 Impairment of Assets and is applicable to annual reporting periods beginning on or after 1 January 2014. The adoption of these amendments has not had a material impact on the Company as they are largely of the nature of clarification of existing requirements.

Notes to the Financial Statements

3.1 New and amended standards that are effective for these financial statements (continued)

AASB 2013-5 Amendments to Australian Accounting Standards – Investment Entities

The amendments in AASB 2013-5 provide an exception to consolidation to investment entities and require them to measure unconsolidated subsidiaries at fair value through profit or loss in accordance with AASB 9 Financial Instruments (or AASB 139 Financial Instruments: Recognition and Measurement where AASB 9 has not yet been adopted). The amendments also introduce new disclosure requirements for investment entities that have subsidiaries. These amendments apply to investment entities, whose business purpose is to invest funds solely for returns from capital appreciation, investment income or both. Examples of entities which might qualify as investment entities would include Australian superannuation entities, listed investment companies, pooled investment trusts and Federal, State and Territory fund management authorities. AASB 2013-5 is applicable to annual reporting periods beginning on or after 1 January 2014. AIK early adopted this standard in the year ended 30 June 2013.

AASB 2014-1 Amendments to Australian Accounting Standards (Part A: Annual Improvements 2010-2012 and 2011-2013 Cycles)

Part A of AASB 2014-1 makes amendments to various Australian Accounting Standards arising from the issuance by the IASB of International Financial Reporting Standards Annual Improvements to IFRSs 2010-2012 Cycle and Annual Improvements to IFRSs 2011-2013 Cycle.

Among other improvements, the amendments arising from Annual Improvements to IFRSs 2010-2012 Cycle:

- clarify that the definition of a 'related party' includes a management entity that provides key management personnel services to the reporting entity (either directly or through a group entity)
- amend AASB 8 Operating Segments to explicitly require the disclosure of judgements made by management in applying the aggregation criteria

Among other improvements, the amendments arising from Annual Improvements to IFRSs 2011-2013 Cycle clarify that an entity should assess whether an acquired property is an investment property under AASB 140 Investment Property and perform a separate assessment under AASB 3 Business Combinations to determine whether the acquisition of the investment property constitutes a business combination. Part A of AASB 2014-1 is applicable to annual reporting periods beginning on or after 1 July 2014. The adoption of these amendments has not had a material impact on AIK as they are largely of the nature of clarification of existing requirements.

4 Summary of accounting policies

4.1 Overall considerations

The financial statements have been prepared using the significant accounting policies and measurement bases summarised below.

4.2 Segment reporting

Management identifies that AIK operates in one segment; investment activities. Operating segments are presented using the 'management approach' where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM are responsible for allocation of resources to operating segments and assessing their performance.

Notes to the Financial Statements

4.3 Revenue

Interest income is recognised as it accrues, taking into account the effective interest rate on the associated financial asset.

Profits and losses from realised and unrealised gains and losses on investments are included in the Statement of Profit or Loss and Other Comprehensive Income in the year they are incurred.

Other income is recognised when the right to receive the income has been established.

All revenue is recognised net of the amount of goods and services tax (GST).

4.4 Operating expenses

Operating expenses are recognised in profit or loss upon utilisation of the service or at the date of their origin.

4.5 Intangible assets

Right to Income Stream under Loan Note Agreement

A separately identifiable intangible asset, rights to the income stream under the Loan Note Agreement, was recognised following the acquisition of CAT One Investments Pty Limited and Venagrow Pty Limited. This asset has been measured at cost of acquisition and will be amortised over a period commencing at the date of acquisition being 4 December 2012 to 30 June 2017 on a straight line basis.

4.6 Financial instruments

Recognition and initial measurement

Financial assets and financial liabilities are recognised when AIK becomes a party to the contractual provisions of the financial instrument.

Financial instruments are initially measured at fair value adjusted by transaction costs, except for those carried at fair value through profit and loss where transaction costs related to financial instruments are expensed to profit or loss immediately.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and subsequent measurement of financial assets

For the purpose of subsequent measurement, financial assets are classified into the following categories upon initial recognition:

- loans and receivables;
- financial assets at fair value through profit or loss (FVTPL),

All financial assets except for those at FVTPL are subject to review for impairment at least at each reporting date to identify whether there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described below.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is included within other expenses.

Notes to the Financial Statements

4.6 Financial instruments (continued)

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortised cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial. AIK's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments.

Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default. Receivables that are not considered to be individually impaired are reviewed for impairment in groups, which are determined by reference to the industry and region of a counterparty and other shared credit risk characteristics. The impairment loss estimate is then based on recent historical counterparty default rates for each identified group.

Financial assets at FVTPL

Financial assets at FVTPL include financial assets that are either classified as held for trading or that meet certain conditions and are designated at FVTPL upon initial recognition.

Assets in this category are measured at fair value with gains or losses recognised in profit or loss. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

Classification and subsequent measurement of financial liabilities

AIK's financial liabilities include trade and other payables.

Financial liabilities are measured subsequently at amortised cost using the effective interest method, except for financial liabilities held for trading or designated at FVTPL, that are carried subsequently at fair value with gains or losses recognised in profit or loss.

All interest-related charges and if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

4.7 Income taxes

Tax expense recognised in profit or loss comprises current tax not recognised in other comprehensive income or directly in equity.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, the Australian Taxation Office (ATO) and other fiscal authorities relating to the current or prior reporting periods, that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from profit or loss in the financial statements. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred income taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of goodwill or on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit. Deferred tax on temporary differences associated with investments in subsidiaries and joint ventures is not provided if reversal of these temporary differences can be controlled by AIK and it is probable that reversal will not occur in the foreseeable future.

Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted by the end of the reporting period.

Notes to the Financial Statements

4.7 Income taxes (continued)

Deferred tax assets are recognised to the extent that it is probable that they will be able to be utilised against future taxable income, based on AIK's forecast of future operating results which is adjusted for significant non-taxable income and expenses and specific limits to the use of any unused tax loss or credit. Deferred tax liabilities are always provided for in full.

Deferred tax assets and liabilities are offset only when AIK has a right and intention to set off current tax assets and liabilities from the same taxation authority.

Changes in deferred tax assets or liabilities are recognised as a component of tax income or expense in profit or loss, except where they relate to items that are recognised in other comprehensive income (such as the revaluation of land) or directly in equity, in which case the related deferred tax is also recognised in other comprehensive income or equity respectively.

Armidale Investment Corporation Limited and its wholly-owned Australian controlled entities have formed a consolidated group for tax purposes.

4.8 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

4.9 Equity and reserves

Share capital represents the fair value of shares that have been issued. Any transaction costs associated with the issuing of shares are deducted from share capital, net of any related income tax benefits.

The Current Profit Reserve has been established by the Board by allocating the profits from the year ended 30 June 2015, 30 June 2014 and 30 June 2013, for the purpose of considering dividends in a future financial period.

Accumulated losses include all prior period losses before the year ended 30 June 2013.

All transactions with owners of the parent are recorded separately within equity.

4.10 Employee benefits

Short-term employee benefits are current liabilities included in employee benefits, measured at the undiscounted amount that AIK expects to pay as a result of the unused entitlement. Annual leave is included in 'other long-term benefit' and discounted when calculating the leave liability as AIK does not expect all annual leave for all employees to be used wholly within 12 months of the end of reporting period. Annual leave liability is still presented as current liability for presentation purposes under AASB 101 *Presentation of Financial Statements*.

Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. Those cash flows are discounted using market yields on high quality corporate bonds (2014: government bonds) with terms to maturity that match the expected timing of cash flows.

Notes to the Financial Statements

4.11 Share-based Employee Remuneration

The Company operates cash-settled share-based remuneration plans for its employees. None of the Company's plans feature equity settlement. All goods and services received in exchange for the grant of any share-based payment are measured at their fair values. Where employees are rewarded using cash settled share-based payments, the fair values of employees' services are determined indirectly by reference to the fair value of the long term incentives granted. This fair value is appraised at the grant date and excludes the impact of non-market vesting conditions (for example profitability and sales growth targets and performance conditions).

All share-based remuneration is ultimately recognised as an expense in profit or loss with a corresponding credit to liabilities. If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the remuneration expected to vest.

No adjustment is made to any expense recognised in prior periods if remuneration ultimately exercised is different to that estimated on vesting.

4.12 Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the Statement of Financial Position are shown inclusive of GST.

Cash flows are presented in the Statement of Cash Flows on a gross basis, except for the GST components of investing and financing activities, which are disclosed as operating cash flows.

4.13 Significant management judgement in applying accounting policies

When preparing the financial statements, management undertakes a number of judgements, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses.

Significant management judgement

The following are significant management judgements in applying the accounting policies of AIK that have the most significant effect on the financial statements.

Estimation uncertainty

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

Fair value of financial instruments

Management applies valuation techniques to determine the fair value of financial instruments where active market quotes are not available. This requires management to develop estimates and assumptions based on market inputs, using observable data that market participants would use in pricing the instrument. Where such data is not observable, management uses its best estimate. Where determined necessary, management engages expert advice regarding valuations of key instruments. From the date of the external valuation to balance date, management considers observable data since the valuation date to determine if further adjustments to the fair value are required.

Notes to the Financial Statements

4.13 Significant management judgement in applying accounting policies (continued)

Application of Accounting Standards AASB 2013-5

The Directors have assessed the requirements of AASB 2013-5 *Amendments to Australian Accounting Standards – Investment Entities* and have applied the criteria set out in that standard to the operations of AIK and as a result have determined that AIK continues to meet the definition of “Investment Entity” under that standard.

Long-term Incentives

Management has referenced the Monte Carlo Simulation for options pricing as the primary methodology for valuation of long-term incentives to the key management personnel of the company.

4.14 New standards and interpretations not yet adopted

The AASB has issued new and amended accounting standards and interpretations that have mandatory application dates for future reporting periods. The Company has decided against early adoption of these standards. A discussion of those future requirements and their impact on the Company follows:

AASB 9 Financial Instruments (applicable for annual reporting periods beginning on or after 1 January 2018):

The standard introduces new requirements for the classification and measurement of financial assets and liabilities. These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139.

The main changes are:

- a) Financial assets that are debt instruments will be classified based on
 - i. the objective of the Company’s business model for managing the financial assets; and
 - ii. the characteristics of the contractual cash flows.
- b) Allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income (instead of in profit or loss). Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument.
- c) Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases.

Where the fair value option is used for financial liabilities the change in fair value is to be accounted for as follows:

- i. the change attributable to changes in credit risk are presented in other comprehensive income (OCI); and
- ii. the remaining change is presented in profit or loss.

If this approach creates or enlarges an accounting mismatch in the profit or loss, the effect of the changes in credit risk are also presented in profit or loss. Otherwise, the following requirements have been carried forward unchanged from AASB 139 into AASB 9:

- i. classification and measurement of financial liabilities; and
- ii. de-recognition requirements for financial assets and liabilities.

AASB 9 requirements regarding hedge accounting represent a substantial overhaul of hedge accounting that will enable entities to better reflect their risk management activities in the financial statements.

Notes to the Financial Statements

4.14 New standards and interpretations not yet adopted (continued)

Furthermore, AASB 9 introduces a new impairment model based on expected credit losses. This model makes use of more forward-looking information and applies to all financial instruments that are subject to impairment accounting. The Company is yet to undertake a detailed assessment of the impact of AASB 9. However, based on the Company's preliminary assessment, the Standard is not expected to have a material impact on the transactions and balances recognised in the financial statements when it is first adopted for the year ending 30 June 2019.

AASB 15 Revenue from Contracts with Customers

AASB 15:

- replaces AASB 118 Revenue, AASB 111 Construction Contracts and some revenue-related Interpretations:
- establishes a new revenue recognition model
- changes the basis for deciding whether revenue is to be recognised over time or at a point in time
- provides new and more detailed guidance on specific topics (e.g., multiple element arrangements, variable pricing, rights of return, warranties and licensing)
- expands and improves disclosures about revenue

The Company is yet to undertake a detailed assessment of the impact of AASB 15. However, based on the Company's preliminary assessment, the Standard is not expected to have a material impact on the transactions and balances recognised in the financial statements when it is first adopted for the year ending 30 June 2018.

AASB 2014-1 Amendments to Australian Accounting Standards (Part E: Financial Instruments)

Part E of AASB 2014-1 makes amendments to Australian Accounting Standards to reflect the AASB's decision to defer the mandatory application date of AASB 9 Financial Instruments to annual reporting periods beginning on or after 1 January 2018. Part E also makes amendments to numerous Australian Accounting Standards as a consequence of the introduction of Chapter 6 Hedge Accounting into AASB 9 and to amend reduced disclosure requirements for AASB 7 Financial Instruments: Disclosures and AASB 101 Presentation of Financial Statements.

When these amendments are first adopted for the year ending 30 June 2016, there will be no material impact on the Company.

AASB 2014-4 Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation

The amendments to AASB 116 prohibit the use of a revenue-based depreciation method for property, plant and equipment. Additionally, the amendments provide guidance in the application of the diminishing balance method for property, plant and equipment.

The amendments to AASB 138 present a rebuttable presumption that a revenue-based amortisation method for intangible assets is inappropriate. This rebuttable presumption can be overcome (i.e., a revenue-based amortisation method might be appropriate) only in two (2) limited circumstances:

- The intangible asset is expressed as a measure of revenue, for example when the predominant limiting factor inherent in an intangible asset is the achievement of a revenue threshold (for instance, the right to operate a toll road could be based on a fixed total amount of revenue to be generated from cumulative tolls charged); or
- When it can be demonstrated that revenue and the consumption of the economic benefits of the intangible asset are highly correlated.

Notes to the Financial Statements

4.14 New standards and interpretations not yet adopted (continued)

AASB 2015-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101

The amendments:

- clarify the materiality requirements in AASB 101, including an emphasis on the potentially detrimental effect of obscuring useful information with immaterial information
- clarify that AASB 101's specified line items in the statement(s) of profit or loss and other comprehensive income and the statement of financial position can be disaggregated
- add requirements for how an entity should present subtotals in the statement(s) of profit and loss and other comprehensive income and the statement of financial position
- clarify that entities have flexibility as to the order in which they present the notes, but also emphasise that understandability and comparability should be considered by an entity when deciding that order
- remove potentially unhelpful guidance in IAS 1 for identifying a significant accounting policy.

When these amendments are first adopted for the year ending 30 June 2017, there will be no material impact on the financial statements.

AASB 2015-3 Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality

The Standard completes the AASB's project to remove Australian guidance on materiality from Australian Accounting Standards. When this Standard is first adopted for the year ending 30 June 2016, there will be no impact on the financial statements. The Company does not anticipate the early adoption of any of the above Australian Accounting Standards.

Armida Investment Corporation Limited Financial Statements
For the year ended 30 June 2015

Notes to the Financial Statements

5 Investments in unconsolidated subsidiaries

As defined in AASB 10 *Consolidated Financial Statements*, and as initially introduced in AASB 2013-5 *Amendments to Australian Accounting Standards – Investment Entities*, the Board has determined that AIK is an Investment Entity. The impact of this is such that the following subsidiaries which are controlled by AIK are not consolidated in the financial statements. AIK has accounted for its investment in a subsidiary at fair value through profit and loss.

	Country of Incorporation & Principal Place of Business	Principal Activity	Percentage Owned (%)	
			Jun-15	Jun-14
Controlled Entities:				
Hal Data Services Pty Limited	Australia	IT equipment trading	98.09	86.82
Lease Company of Australia Limited*	Australia	-	100	100
Armida Investment Corporation (Australia) Pty Limited*	Australia	-	100	100
Oceania Leasing Company Limited *	Australia	-	100	100
Cat One Investments Pty Limited	Australia	Owns rights to repayments under Loan Note Agreement	100	100
Venagrow Pty Limited	Australia	Owns rights to repayments under Loan Note Agreement	100	100
Entities controlled by Hal Data Services Pty Limited**				
Hal Professional Services Pty Limited**	Australia	-	98.09	86.82
Number Rentals Pty Ltd***	Australia	Originates Operating leases	98.09	-
Computer Care Australia Pty Ltd***	Australia	IT hardware sales/Support	98.09	-
Data Box International Pty Ltd***	Australia	IT hardware sales/Support	98.09	-
Hal Financial Services Pty Limited	Australia	Partner in TL Rentals Partnership (TLP)	98.09	86.82
TL Rentals Partnership	Australia	Originates leases	98.09	86.82
Secured Finance Limited	Australia	Raises funding for lease origination	98.09	86.82
Technology Leasing New Zealand Pty Limited*	New Zealand	-	98.09	86.82
Technology Security Leasing Pty Limited*	Australia	-	98.09	86.82
TL Rentals Pty Limited	Australia	Partner in TLP	98.09	86.82
Meco Investments Pty Limited**	Australia	-	98.09	86.82
Hal Leasing Pty Limited	Australia	Manages a lease portfolio	98.09	86.82

* These entities have been deregistered during the year

** These entities did not operate during the year

*** Hal Data Services Pty Limited acquired these companies in FY15

Armidale Investment Corporation Limited Financial Statements
For the year ended 30 June 2015

Notes to the Financial Statements

6 Segment reporting

Management identifies that AIK operates in one segment; investment activities.

7 Other financial assets

	Note	2015 \$	2014 \$
Current			
Loans and receivables	7(a)	6,503,181	3,593,484
		6,503,181	3,593,484
Non-current			
Loans and receivables	7(b)	6,870,270	8,008,489
Investments – fair value through profit or loss	7(c)	32,719,390	25,016,980
		39,589,660	33,025,469

7(a) Loans and receivables

2015 and 2014

Loans and receivables comprise of funds advanced to Hal to acquire or fund leases. These new borrowings advanced are at a rate of 15%. The weighted average term of the facilities is 39 months. These facilities are not impaired or past due.

7(b) Loans and receivables

2015 and 2014

Loans and receivables comprise of funds advanced to Hal to acquire or fund leases. These new borrowings advanced are at a rate of 15%. The weighted average term of the facilities is 39 months. These facilities are not impaired or past due.

7(c) Investments – fair value through profit or loss

2015 and 2014

AIK holds rights under the Hal Loan Note Agreement that provide entitlement to 79.83% of Hal's 'cash available for distribution'. The Loan Note Agreement was entered into in November 2009 and amended in June 2012. The interest held in the Loan Note Agreement is not impaired or past due.

AIK increased their holding of the equity in Riverwise Pty Limited to 32.71% (2014: 29.02%) from the allocation of shares from the profit share and through share purchases.

AIK acquired a holding of 1.6% (2014: nil) of the equity in The Reading Room Inc. (BDB Soti), a US registered company.

8 Intangible assets

	2015 \$	2014 \$
Rights to Loan Note Agreement		
Amount recognised on acquisition	881,280	881,280
Accumulated amortisation	(495,588)	(302,743)
Carrying amount at end of year	385,692	578,537

	2015 \$	2014 \$
Reconciliation of intangible assets		
Carrying amount at the beginning of year	578,537	771,383
Amortisation	(192,845)	(192,846)
Carrying amount at 30 June	385,692	578,537

Armidale Investment Corporation Limited Financial Statements
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Notes to the Financial Statements

9 Trade and other receivables

	2015	2014
	\$	\$
Current		
Sundry receivables	209,739	42,642
Total current trade and other receivables	209,739	42,642

All amounts are short-term. The net carrying value of trade and other receivables is considered a reasonable approximation of fair value.

10 Cash and cash equivalents

	2015	2014
	\$	\$
Cash at bank	10,834,815	770,284
	10,834,815	770,284

Terms and conditions:

The weighted average interest rate on cash and cash equivalents for AIK as at 30 June 2015 was 1.35% (2014: 2.39%). The effective interest rate on short-term bank deposits for AIK ranged from 0.00% to 1.50%.

11 Issued capital

The share capital of Armidale Investment Corporation Limited consists of fully paid ordinary shares; the shares do not have a par value.

	2015	2014
	\$	\$
<i>Shares issued and fully paid:</i>		
396,183,342 (2014: 257,640,770) fully-paid ordinary shares issued	110,622,888	98,489,481
<i>Fully-paid ordinary shares</i>		
Balance at the beginning of the reporting period	98,489,481	94,272,514
Shares issued in capital raising 31 January 2014	-	2,100,000
Shares issued in capital raising 27 May 2014	-	2,337,500
Shares issued for acquisition of Hal 9 October 2014	54,274	-
Shares issued for acquisition of Hal 19 November 2014	26,527	-
Shares issued in capital raising 12 December 2014	212,592	-
Shares issued in capital raising 21 April 2015	12,123,408	-
Shares issued in consideration for acquisition of Riverwise Pty Limited 12 May 2015	142,100	-
Share issue costs net of tax	(425,494)	(220,533)
Balance at the end of the reporting period	110,622,888	98,489,481

Armidale Investment Corporation Limited Financial Statements
For the year ended 30 June 2015

Notes to the Financial Statements

11 Issued capital (continued)

	2015	2014
	No.	No.
<i>Shares issued and fully paid (number of shares):</i>		
Beginning of the year	257,640,770	200,140,739
Share issue – Capital raising 31 January 2014	-	30,000,000
Share issue – Capital raising 27 May 2014	-	27,500,031
Share issue – Hal 9 October 2014	471,950	-
Share issue – Hal 19 November 2014	241,150	-
Shares issued in capital raising 12 December 2014	1,771,600	-
Shares issued in capital raising 21 April 2015	134,704,539	-
Share issue – Riverwise Pty Limited 12 May 2015	1,353,333	-
Balance at the end of the reporting period	396,183,342	257,640,770

a. Options

No options have been issued by AIK during the financial year. At balance date the number of options over ordinary shares in AIK was nil.

b. Ordinary Shares

Ordinary shares participate in the dividends and the proceeds on winding up of AIK in proportion to the number of shares held. In the event of winding up of AIK, ordinary shareholders rank after unsecured creditors.

At shareholder meetings a shareholder is entitled to vote on a show of hands and when a poll is called they are entitled to one vote for each ordinary share held.

c. Capital Management

Management controls the capital of AIK to endeavour to provide the shareholders with adequate returns and ensure that AIK can fund its operations and continue as a going concern.

AIK's debt and capital includes ordinary share capital, and financial liabilities, supported by financial assets.

There are no externally imposed capital requirements.

Management effectively manages AIK's capital by assessing AIK's financial risks and adjusting its capital structure in response to changes in these risks and in the market.

12 Employee benefits

	2015	2014
	\$	\$
Analysis of total provisions		
Current	84,038	63,498
Non-Current	68,782	6,523
	152,820	70,021

Notes to the Financial Statements

12 Employee benefits (continued)

	2015 \$	2014 \$
Employee benefits		
Opening balance at 1 July	70,021	5,843
Additional provisions raised during the year	104,371	101,258
Amounts used	(21,572)	(37,080)
Balance at 30 June	<u>152,820</u>	<u>70,021</u>

Provision for employee benefits

A provision is recognised for employee benefits relating to annual leave and long service leave for employees. In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based upon historical data. The measurement and recognition criteria for employee benefits have been included in Note 4.10.

13 Trade and other payables

	2015 \$	2014 \$
Sundry payables and accrued expenses	262,981	344,321
	<u>262,981</u>	<u>344,321</u>

Terms and conditions:

Trade and other payables are unsecured and non-interest bearing.

All amounts are short-term and the carrying values are considered to be a reasonable approximation of fair value.

14 Current tax liabilities

	2015 \$	2014 \$
Income tax payable	232,227	304,573
	<u>232,227</u>	<u>304,573</u>

Armidale Investment Corporation Limited Financial Statements
For the year ended 30 June 2015

Notes to the Financial Statements

15 Taxation

	2015	2014
	\$	\$
a. The components of tax expense comprise:		
Current tax	292,798	377,552
Total income tax expense	292,798	377,552
b. The prima facie tax on profit before income tax is reconciled to income tax as follows:		
Accounting profit before tax	7,502,812	4,032,518
Prima facie tax payable on profit before income tax at 30% (2014: 30%)	2,250,844	1,209,755
Add / (Deduct)		
- other non-assessable income	(3,791,006)	(1,585,444)
- other non-deductible expenses	1,567,598	331,233
- other assessable income	550,697	1,375,603
- other deductible expenses	(65,492)	(32,707)
- utilisation of tax losses not previously brought to account	(280,414)	(920,888)
- 2014 tax adjustment	60,571	-
Income tax expense	292,798	377,552

The total franking account balance for AIK at 30 June 2015 is \$627,479.

The above available amounts are based on the balance of the dividend franking account at year-end adjusted for:

- i. franking credits that will arise from the payment of the current tax liability;
- ii. franking debits that will arise from the payment of dividends recognised as a liability at the year end;
- iii. franking credits that will arise from the receipt of dividends recognised as receivables at the year end; and
- iv. franking credits that the entity may be prevented from distributing in subsequent years.
- v. total tax losses not brought to account is \$4,714,228.

The ability to utilise the franking credits is dependent upon there being sufficient available net assets to declare dividends, and the payment of dividends does not prejudice AIK's ability to pay its creditors and is fair and reasonable to AIK's shareholder as a whole.

16 Financial liabilities

	2015	2014
	\$	\$
Loans to Investees	63,885	63,886
	63,885	63,886

17 Auditor's remuneration

	2015	2014
	\$	\$
Grant Thornton Audit Pty Limited	54,160	52,000
	54,160	52,000

Armidale Investment Corporation Limited Financial Statements
For the year ended 30 June 2015

Notes to the Financial Statements

18 Earnings per share

	2015 \$	2014 \$
Earnings used in calculation of basic earnings per share	<u>7,799,415</u>	<u>3,654,966</u>
<i>Weighted average number of shares</i>	No.	No.
Weighted average number of ordinary shares outstanding during the year used in the calculation of basic and diluted profit per share	<u>285,516,632</u>	<u>214,209,232</u>
Basic earnings per share	2.73 cents	1.71 cents

19 Reconciliation of cashflows from operating activities

		2015 \$	2014 \$
<i>a. Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:</i>			
Cash at bank	10	<u>10,834,815</u>	<u>770,284</u>
		10,834,815	770,284
<i>b. Reconciliation of cash flow from operations with profit after income tax</i>		2015 \$	2014 \$
Profit from ordinary activities after income tax		7,799,415	3,654,966
<i>Non-cash flows items included in profit and loss</i>			
Amortisation of intangibles		192,845	192,846
Gain on revaluation of financial assets		(6,729,689)	(1,439,659)
Hal Loan Note Repayment – investing activity		(900,000)	(2,139,569)
<i>Changes in assets and liabilities:</i>			
(Increase)/Decrease in receivables		(167,097)	(51,944)
(Decrease)/Increase in deferred revenue		(349,262)	(384,824)
Decrease/(Increase) in other assets		5,247	-
(Decrease)/Increase in other payables and accruals		(81,340)	950,081
Increase/(Decrease) in provisions		82,799	64,179
Cash flows from operations		(147,082)	846,076

Armidale Investment Corporation Limited Financial Statements
For the year ended 30 June 2015

Notes to the Financial Statements

20 Related party transactions

a. Related party transactions

The interest and principal repayments on debentures advanced by Secured Finance Limited, a wholly owned subsidiary of Hal (a controlled entity of AIK) during the year were as follows:

2015 Entity	Amount Advanced during the Year \$	Interest Payment \$	Principal Repayment \$	Balance at 30 June 2015 \$
AJ and CA Grant ¹	-	28,363	428,071	87,877
Grant Family Custodians ³	300,000	7,111	46,940	253,060

2014 Entity	Amount Advanced during the Year \$	Interest Payment \$	Principal Repayment \$	Balance at 30 June 2014 \$
AJ and CA Grant ¹	800,000	34,354	292,418	515,947
Hal Directors' Superannuation Fund ²	1,600,000	43,115	341,251	1,258,749

¹ This is Andrew Grant and his spouse.

² Andrew Grant was a Director of this superannuation fund and a beneficiary in FY14 but did not control the fund. Andrew resigned as Director of this superannuation fund in January 2015.

³ Andrew was a Director from November 2014.

Interest on these debentures is calculated at 10.0% per annum with interest calculated on a monthly compounding basis.

b. Other related party transactions

AIK received management services income from Leading Edge Group Limited (wholly owned subsidiary of Riverwise in which AIK holds 32.71% equity in) of \$349,264 (2014: \$369,167).

AIK received interest revenue from Hal of \$1,569,743 (2014: \$1,036,158).

AIK received Loan Note repayments from Hal of \$900,000 (2014: \$2,139,569).

AIK advanced loans to Hal of \$11,717,629 (2014: \$10,010,000).

AIK received loan repayments from Hal of \$9,903,209 (2014: \$1,782,164).

21 Contingent liabilities

There are no contingent liabilities as at 30 June 2015.

22 Capital commitments

There are no capital commitments as at 30 June 2015.

Notes to the Financial Statements

23 Financial risk management **Overview**

AIK is exposed to various risks in relation to financial instruments. The main types of risks are credit risk, liquidity risk and market risk.

This note presents information about AIK's exposure to each of the above risks and the Board's objectives, policies and processes for measuring and managing risk. Further quantitative disclosures are included throughout this financial report.

The Board has overall responsibility for the establishment and oversight of the risk management framework.

The Board oversees how management monitors compliance with AIK's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by AIK.

a. Credit risk

AIK's maximum exposure to credit risk is limited to the carrying amount of financial assets recognised at the reporting date as summarised below. AIK's management considers that all of the financial assets that are not impaired or past due for each of the balance date are of good credit quality. AIK's exposure to credit risk is limited to the receivables from the related party Hal. The Directors regularly review the operations and cash flows from Hal to reduce the credit risk exposure during the term of any loan facilities.

	2015 \$	2014 \$
Current		
Trade and other receivables	209,739	42,642
Financial assets - loans and receivables	6,503,181	3,593,484
Non-current		
Financial assets – fair value through profit or loss	32,719,390	25,016,980
Financial assets – loans and receivables	6,870,270	8,008,489
Total	46,302,580	36,661,595

b. Liquidity Risk

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

30 June 2015

	Statement of Financial Position \$	Contractual cash flows \$	6 mths or less \$	6-12 mths \$
Non-derivative financial liabilities				
Other financial liabilities	63,885	(63,885)	-	(63,885)
Trade and other payables	262,981	(262,981)	(262,981)	-
Current tax liabilities	232,227	(232,227)	(232,227)	-
	559,093	(559,093)	(495,208)	(63,885)

Notes to the Financial Statements

23 Financial risk management (continued)

30 June 2014

	Statement of Financial Position \$	Contractual cash flows \$	6 mths or less \$	6-12 mths \$
Non-derivative financial liabilities				
Other financial liabilities	63,886	(63,886)	-	(63,886)
Trade and other payables	344,321	(344,321)	(344,321)	-
Current tax liabilities	304,573	(304,573)	(304,573)	-
	712,780	(712,780)	(648,894)	(63,886)

Liquidity risk is the risk that AIK might be unable to meet its obligations. AIK's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to AIK's reputation.

c. Market Risk

Market risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the market place.

By its nature, as an investment company that invests in tradeable securities, AIK will always be subject to market risk as it invests its capital in securities which are not risk free as the market price of these securities can fluctuate.

AIK has not changed its investment strategies during 2015.

d. Sensitivity Analysis

AIK has performed a sensitivity analysis relating to its exposure to interest rate risk balance date. This sensitivity analysis demonstrates the effect on the current year results and equity which could result from a change in these risks.

Interest Rate Sensitivity Analysis

The exposure to interest rate risk is based on the cash held in short-term money market accounts. The total cash held for AIK is \$10,834,815 and is held in accounts where there is interest rate risk. The exposure to interest rate sensitivity on the discount rate on valuations is included in Note 24.3.

At 30 June 2015, the effect on profit and equity as a result of changes in the interest rate, with all other variables remaining constant would be as follows:

	2015 \$	2014 \$
Change in profit after tax		
- Increase in interest rate by 100 basis points	108,348	4,545
- Decrease in interest rate by 100 basis points	(108,348)	(4,545)
Change in equity		
- Increase in interest rate by 100 basis points	108,348	4,545
- Decrease in interest rate by 100 basis points	(108,348)	(4,545)

Armidale Investment Corporation Limited Financial Statements
For the year ended 30 June 2015

Notes to the Financial Statements

24 Fair value measurement of financial instruments

24.1 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).

AIK's financial assets measured and recognised at fair value at 30 June 2015 and 30 June 2014 on a recurring basis are as follows:

	Level 3	Total
	\$	\$
30 June 2015		
Assets		
<i>Debt instruments</i>		
Hal Data Services Pty Limited - Loan Note	26,465,627	26,465,627
<i>Equity in unlisted companies</i>		
Riverwise Pty Limited - Equity	6,053,762	6,053,762
The Reading Room Inc – BDB Soti	200,000	200,000
Total	32,719,389	32,719,389

	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>		
Riverwise Pty Limited - Equity	10,288,036	10,288,036
Armidale Investment Corporation (Australia) Pty Limited	2	2
Total	25,016,980	25,016,980

24.2 Movements in level 3 assets

	Year to 30 June 2015	Year to 30 June 2014
	\$	\$
Movement in fair value of debt instruments		
Hal Data Pty Limited – Loan Note - balance brought forward	14,728,942	15,316,113
Add: Fair value adjustment recognised in the profit and loss*	11,736,685	(587,171)
Balance, end of period	26,465,627	14,728,942
Movement in fair value of equity investments in unlisted companies		
Riverwise Pty Limited - balance brought forward	10,288,036	6,017,798
Add: Equity acquired**	691,923	2,241,175
Add: Fair value adjustment recognised in the profit and loss*	(4,926,197)	2,029,063
Balance, end of the period	6,053,762	10,288,036
Armidale Investment Corporation (Australia) Pty Limited	-	2
The Reading Room Inc – BDB Soti Equity	200,000	-
Total balance, end of period	32,719,389	25,016,980

*Based on the mid-point of an independent valuation issued on 30 April 2015. The valuation was performed by Moore Stephens Corporate Finance Pty Limited.

** AIK made additional investment in Riverwise Pty Limited during the year ended 30 June 2015

Notes to the Financial Statements

24 Fair value measurement of financial instruments (continued)

24.3 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 management's 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 30 April 2015. 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. A terminal value growth rate of 2.5% was applied when preparing the cashflow projections.

Discount rates

The discount rates reflect appropriate adjustments relating to market risk and specific risk factors of each entity. A terminal discount rate of 21% was applied.

	2015	2016	2017	2018	2019
Discount rate	21%	21%	21%	21%	21%

	2015	2014
Change in Investment - Hal	\$	\$
- Increase in discount rate by 100 basis points	(1,893,000)	(957,000)
- Decrease in discount rate by 100 basis points	2,116,000	1,062,000

(b) Equity investments in unlisted companies

The equity instruments are held in unlisted companies and are 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. The valuation technique used by the valuer does use 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 30 April 2015. 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 Riverwise valuation

The valuation approach adopted for the Riverwise valuation was to apply an EBITDA future maintainable earnings multiple to the year to date results to 30 April 2015 combined with the forecast remaining 2 months to 30 June 2015, as well as the financial year 2016 budget. The EBITDA multiple applied took into account EBITDA multiple range of 6.0 to 6.7 times to the estimate of future maintainable earnings. 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.

Armidale Investment Corporation Limited Financial Statements
For the year ended 30 June 2015

Notes to the Financial Statements

24 Fair value measurement of financial instruments (continued)

A key assumption which forms part of the valuation of Riverwise is the discount applied by the independent valuer in relation to the effect of holding a minority interest. A 10% discount has been applied and accepted as reasonable by the Board.

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 valuation 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 year ended 30 June 2015.

	2015	2014
	\$	\$
Change in Investment - Riverwise		
- Increase maintainable EBITDA by 500 basis points	360,000	610,000
- Decrease maintainable EBITDA by 500 basis points	(370,000)	(610,000)

Significant inputs in The Reading Room valuation

During the 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. All the metrics for this start-up business has indicated that there were no material changes to the valuation of the holding of the minority interest in the Company.

24.4 Fair value of other financial assets and financial liabilities

AIK 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 30 June 2015:

As at 30 June 2015:	Fair value	Carrying amount
	\$	\$
Other short-term financial assets		
Hal Data Services Pty Limited – Loans	6,394,529	6,394,529
Riverwise Management Incentive	108,652	108,652
Other long-term financial assets		
Hal Data Services Pty Limited – Loans	6,870,270	6,870,270
	13,373,451	13,373,451
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 carrying amounts of the other current assets and current payables are considered to be a reasonable approximation of their fair value.

Notes to the Financial Statements

25 Capital management policies and procedures

AIK's capital management objectives are:

- to ensure AIK's ability to continue as a going concern; and
- to provide an adequate return to shareholders

by pricing products and services commensurately with the level of risk.

AIK monitors capital on the basis of the carrying amount of equity, less cash and cash equivalents as presented on the face of the Statement of Financial Position.

26 Post-reporting date events

No other adjusting or significant non-adjusting events have occurred between the reporting date and the date of authorisation.

27 Company details

The registered office is
C/O Franks and Associates Pty Limited
Suite 4, Level 9, 341 George Street
Sydney NSW 2000
Phone (612) 9299 9690

Principal place of business
C/O Franks and Associates Pty Limited
Suite 4, Level 9, 341 George Street
Sydney NSW 2000
Phone (612) 9299 9690

Armidale Investment Corporation Limited Financial Statements
For the year ended 30 June 2015

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 30 June 2015 and of its performance for the financial year ended on that date; and
 - ii complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulation 2001*; and
 - b. there are reasonable grounds to believe that Armidale Investment Corporation Limited will be able to pay its debts as and when they become due and payable.
2. The directors have been given the declarations required by Section 295A of the *Corporations Act 2001* from the Chief Executive Officer and Chief Financial Officer for the financial year ended 30 June 2015.
3. Note 2 confirms that the financial statements also comply with International Financial Reporting Standards.

Signed in accordance with a resolution of the directors.



Andrew Grant
Managing Director

27 August 2015

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Sydney NSW 2000

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

Report on the financial report

We have audited the accompanying financial report of Armidale Investment Corporation Limited (the "Company"), which comprises the statement of financial position as at 30 June 2015, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the company.

Directors' responsibility for the financial report

The Directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001. The Directors' responsibility also includes such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. The Directors also state, in the notes to the financial report, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, the financial statements comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require us to comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's

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judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the Company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

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

Auditor's opinion

In our opinion:

- a the financial report of Armidale Investment Corporation Limited is in accordance with the Corporations Act 2001, including:
 - i giving a true and fair view of the Company's financial position as at 30 June 2015 and of its performance for the year ended on that date; and
 - ii complying with Australian Accounting Standards and the Corporations Regulations 2001; and
- b the financial report also complies with International Financial Reporting Standards as disclosed in the notes to the financial statements.

Report on the remuneration report

We have audited the remuneration report included in pages 9 to 13 of the directors' report for the year ended 30 June 2015. The Directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's opinion on the remuneration report

In our opinion, the remuneration report of Armidale Investment Corporation Limited for the year ended 30 June 2015, complies with section 300A of the Corporations Act 2001.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



P J Woodley
Partner - Audit & Assurance

Sydney, 27 August 2015

Armidale Investment Corporation Limited Financial Statements
For the year ended 30 June 2015

ASX Additional Information

Additional information required by the ASX Limited Listing Rules and not disclosed elsewhere in the report is set out below. The information is effective 26 August 2015.

Substantial Shareholders

The number of substantial shareholders and their associates are set out below:

Shareholder	No. of shares	% of Total
GEGM INVESTMENTS PTY LTD	128,287,628	32.38
NAOS ASSET MANAGEMENT LIMITED	73,986,107	18.67
SANDON CAPITAL PTY LTD	46,772,178	11.80
AUSTRALIAN EXECUTOR TRUSTEES	20,570,385	5.19

Distribution of equity security holders

Holding	No of Holders	Total Securities	%
100,001 and Over	116	389,094,762	98.21
10,001 to 100,000	162	6,334,329	1.60
5,001 to 10,000	56	447,265	0.11
1,001 to 5,000	100	289,180	0.07
1 to 1,000	44	17,806	0.01
Total	478	396,183,342	100.0

There were 131 holders of less than a marketable parcel of ordinary shares.

Armida Investment Corporation Limited Financial Statements
For the year ended 30 June 2015

Twenty largest shareholders	A/C Designation	Number Held	% of issued shares
GEGM INVESTMENTS PTY LTD		128,287,628	32.38
CITICORP NOMINEES PTY LIMITED		77,542,098	19.57
ONE MANAGED INVT FUNDS LTD	<SANDON CAPITAL INV LTD A/C>	33,783,478	8.53
AUSTRALIAN EXECUTOR TRUSTEES LIMITED	<NO 1 ACCOUNT>	18,590,625	4.69
NATIONAL NOMINEES LIMITED		13,249,863	3.34
MR ANDREW JOHN GRANT		11,630,000	2.94
NAVIGATOR AUSTRALIA LTD	<MLC INVESTMENT SETT A/C>	8,300,000	2.09
MR GEORGE JAMES MATIS		7,762,799	1.96
PRESMORE PTY LTD	<SMITH MILLER FAMILY A/C>	6,137,905	1.55
MR ANGUS DOUGAL MCCULLAGH	SERENDIPITY	5,354,894	1.35
PRESMORE PTY LIMITED	<SMITH-MILLER FAMILY A/C>	5,170,629	1.31
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2		4,739,287	1.20
LEZAK NOMINEES PTY LTD	LEZAK NOMINEES P/L S/F	4,285,715	1.08
INVIA CUSTODIAN PTY LIMITED	<G & S DE GRAAFF FAMILY A/C>	3,731,157	0.94
SIDNEY HO& ASSOCIATES PTY LTD	<SIDNEY HO & ASS P/L S/F A/C>	3,729,327	0.94
MR SIMON ROBERT EVANS & MRS KATHRYN MARGARET EVANS	<KAMIYACHO SUPER FUND A/C>	3,621,599	0.91
PALICAVE PTY LIMITED	RANOGAJEL FAMILY	3,262,500	0.82
AUSTRALIAN EXECUTOR TRUSTEES LIMITED		3,200,000	0.81
A & J PURCHASE PTY LTD		2,500,000	0.63
WATATO PTY LIMITED	HUMPHRYS FAMILY	1,655,920	0.42
	TOTAL	346,535,424	87.47
	Balance of Register	49,647,918	12.53
	Grand TOTAL	396,183,342	100.00

Securities exchange

AIK is listed on the Australian Securities Exchange under ASX Code AIK.

Listing Rule 3.13.1 and 14.3

Further to Listing Rule 3.13.1 and Listing Rule 14.3, the Annual General Meeting of AIK is scheduled for 26 November 2015.

Armidale Investment Corporation Limited Financial Statements
For the year ended 30 June 2015

DIRECTORS

Bruce Hatchman – Independent Non-Executive Chairman
Mark Smith – Independent Non-executive Director
Steve White – Independent Non-executive Director
Andrew Grant – Managing Director

SECRETARY

David Franks

MANAGEMENT

Raylee Carruthers – Chief Financial Officer

REGISTERED OFFICE

C/O Franks and Associates
Suite 4, Level 9, 341 George Street
Sydney NSW 2000
Tel (02) 9299 9690
Fax (02) 9299 9629

AUDITORS

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Chartered Accountants
Level 17
383 Kent Street
Sydney NSW 2000
Email: info.nsw@au.gt.com
Internet: www.grantthornton.com.au

SHARE REGISTRY

Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235
Phone: (02) 8280 7111
Fax: (02) 9287 0303
Email: registrars@linkmarketservices.com.au
Internet: www.linkmarketservices.com.au

KEY DATES

Annual General Meeting Date: 26 November
2015