

**Armida Investment Corporation Limited**  
**ABN 58 100 854 788**

**Annual Financial Report**  
**For The Year Ended 30 June 2016**

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# **Armidale Investment Corporation Limited Financial Statements** **For the year ended 30 June 2016**

## **Chairman's Letter**

23 August 2016

Dear Shareholder

I am pleased to present you with the Annual Report for the year ended 30 June 2016 of Armidale Investment Corporation Limited (AIK). AIK holds two primary investments being; Hal Group Pty Limited (formerly Hal Data Services Pty Limited) (Hal), and Platform Finance and Leasing Group Pty Limited (Platform Finance).

The key highlights of the financial statements for the year ended 30 June 2016 are:

- AIK recorded a profit after tax of \$14.2m for the year ended 30 June 2016 (2015: \$7.8m).
- Earnings per share after tax was 3.01 cents for the year ended 30 June 2016 (2015: 2.73 cents).
- AIK's net assets at 30 June 2016 were \$88.7m (2015: \$56.8m).
- There were five share issues during the year:

<b>Date</b>	<b>Number of Shares</b>	<b>Amount</b>
		<b>\$</b>
21 December 2015	47,694,762	5,389,509
5 January 2016	83,209,264	8,320,925
6 January 2016	14,870,830	1,487,083
31 March 2016	5,888,000	736,000
26 May 2016	20,000,000	2,000,000
<b>Total</b>	<b>171,662,856</b>	<b>17,933,517</b>

- The total capital raised by AIK during the year was \$17.9m. The majority of the funds were used for the purchase of 60% of Platform Finance. A portion of these funds were advanced to Hal to originate operating leases.
- The value of the investment in Hal rose by \$16.1m from \$26.5m to \$42.6m. This was mainly driven by the increased volume of leases being written due to increased channels to market, including Platform Finance, an increased panel of funders, and therefore increased confidence in the delivery of the business model.
- The value of the investment in Platform Finance has been maintained at the acquisition price of \$22.9m which took place on 21 December 2015. An independent valuation on the business at 30 June 2016 indicated a value range of \$23.1m to \$26.0m. Given the short period of time that AIK has invested in Platform Finance and the limited track record in achieving forecasts, the Directors have determined that the acquisition price which was the fair value paid for the investment is still representative of the fair value at 30 June 2016.
- The value of the investment in Riverwise Pty Limited decreased during the year from \$6.1m to \$3.7m due to loss of a major supplier within the buying group business and declining trends in revenues and margins in retail and telecommunications markets.
- The Board continues to focus on the following key areas for AIK:
  - The continuing growth of the Hal leasing business through the development of additional sources of funding, additional sales resources and alliances with vendors; and
  - Commitment to the finance broker accumulation strategy.



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We are also very pleased to report that on 19 August 2016 AIK has exchanged contracts for the following acquisitions:

- 80% of the issued capital of Consolidated Finance Group Pty Ltd (CFG). CFG is an asset finance aggregator, responsible for \$1.8 billion of asset finance in the year ended 30 June 2016;
- 50% of the issued capital of Linx Finance Australia Pty Ltd (Linx). Linx offers equipment finance, insurance and mortgage solutions to business and individuals throughout Australia; and
- 50% of the issued capital of QLD Pacific Finance Pty Ltd (QPF). QPF is based in Brisbane offers asset finance, working capital finance and both commercial and residential mortgages

Linx and QPF are the largest asset finance broker members of CFG.

Total consideration payable by AIK across the three businesses will be equivalent to \$43.1m, subject to any final working capital and price adjustments as a result of the 30 June 2016 audited financial statements of the entities. 40% of the consideration is payable in AIK shares (at a share price of 11.11 cents) and 60% of the consideration is payable in cash. The effective date is 1 July 2016 with completion anticipated for early October 2016.

These acquisitions are subject to:

- Shareholder and regulatory approvals, including the approval by AIK shareholders for the issue of AIK shares to the vendors and any additional placement of shares; and
- Sufficient funds from capital raised and a bank loan for the cash consideration for each of the proposed transactions to be completed; and
- The ACCC not objecting to the proposed acquisitions.

Given the continued growth across the Group we have also increased the executive team,

- Cameron McCullagh joined the Board as Executive Director in October 2015 and has been instrumental in the above transaction along with development of the strategy for the Group. Cameron will now take on the role of Joint Managing Director, joining Andrew Grant. Andrew, being a founder of Hal continues to focus on the growth of Hal as well as the development of AIK.
- Raylee Carruthers, CFO works across all of the businesses within the Group including new transactions. Having spent 11 years with Hal, her experience in the finance sector is valuable across the Group. With the growing role Raylee has been promoted to Chief Operating Officer and will continued to work on the broker accumulation model and maintain oversight of purchased businesses.
- To allow the strategy to be achieved, we have appointed a new CFO for AIK, Jesse Hamilton. Jesse is a Chartered Accountant and comes out of a role as Manager with Pitcher Partners. Jesse is known to the AIK team through his work on the due diligence of both Platform Finance and the above transactions. Jesse's technical accounting skills and commercial acumen are greatly welcomed. Jesse commences with AIK in October.

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

Yours sincerely



**Bruce Hatchman**  
**Chairman**  
23 August 2016



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**Directors' Report**

The Directors of Armidale Investment Corporation Limited (AIK) present their Report together with the financial statements for the financial year ended 30 June 2016.

**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 financial professional. As the former Chief Executive of Crowe Horwath, Mr Hatchman has over 40 years' experience in providing corporate finance, strategic planning, and 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 - Darwin Clean Fuels Limited, Chairman - Suters Holdings Pty 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 founders of Hal Group 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 30 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 and Leading Edge Group Limited.

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

None

**Interests in shares:**

11,630,000

Interests in debentures (of a related entity, Secured Finance Limited, a wholly owned subsidiary of Hal Group Limited  
\$1,083,807

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**Directors' Report**

**Steve White**

**M.Mngt, GAICD**

Independent Non-executive Director  
Chair of Audit Committee  
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 30 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:  
1,312,500

**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

**Cameron McCullagh**

**B. Bus**

Executive Director  
Appointed 5 October 2015  
Cameron McCullagh has over 30 years' experience in the finance sector, having trained as a Chartered Accountant at KPMG. Cameron was a partner at Moore Stephens Sydney and founded and grew White Outsourcing to an entity with back office administration of over \$30 billion. Cameron was CEO of Employers Mutual until 2010, having grown it from \$30 million of annual premium under management to over \$1 billion. As COO, Cameron took operational responsibility for the successful listing on the ASX of the insurance broking accumulator Steadfast Group. Cameron is a director of A S White, which has over 500 employees providing shared service teams in Asia.

Other current Directorships:  
Hospitality Employers Mutual Limited (APRA licensed insurer)

Interest in shares:  
160,359,535

Interests in debentures (of a related entity, Secured Finance Limited, a wholly owned subsidiary of Hal Group Limited):  
\$2,563,841



# **Armidale Investment Corporation Limited Financial Statements**

## **For the year ended 30 June 2016**

### **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, South Australian Coal Limited, Tomorrow Entertainment 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 \$14,208,088 (2015: \$7,799,415) and the profit before income tax was \$14,275,464 (2015: \$8,092,213). Earnings per share has increased compared to the previous year to 3.01 cents (2015: 2.73 cents).

The financial position of AIK improved during the year with net assets being \$88,693,056 at 30 June 2016 (2015: \$56,811,174). This was partly due to capital raising activities undertaken during the year which raised \$17,933,517 (2015: \$12,558,901) to advance debt funding to Hal to originate leases, and to acquire 60% of Platform Finance and Leasing Group Pty Limited, along with fair value gains of net \$13,420,137 (2015: \$6,729,689) on AIK's investments.

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.

AIK continues to operate as an investment entity and therefore accounts for its investments at fair value rather than by way of consolidation accounting. 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 Board will consider other investments depending on opportunity and funding availability. Risks for AIK include the limited diversification of investments and reliance on funding.



# Armida Investment Corporation Limited Financial Statements

## For the year ended 30 June 2016

### Directors' Report

#### Review of operations and financial results (continued)

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

##### *Hal Group Pty Ltd (formerly known as Hal Data Services Pty Ltd) (Hal)*

AIK invests in debt and equity in Hal. This represents 71% (2015: 69%) of AIK's investment assets. Hal continues to increase its origination of leases with \$33,394,214 of new leases (at asset cost) written during the year ended 30 June 2016 (2015: \$25,205,174). 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 a tier one financier; or
- The issue of debentures by a special purpose vehicle within the Hal Group; or
- Using working capital of Hal.

AIK's investment in Hal comprises two key areas:

- Newly issued debt advanced to Hal to originate leases totaling \$20.97m at 30 June 2016. This debt attracts an interest rate of 10% and some of this debt is repaid by monthly instalments and has a weighted average term to run of 39 months.
- From 21 June 2016 AIK holds 100% (2015: 98.09%) of the equity in Hal. AIK holds this investment at a fair value of \$42,649,713 based on an external valuation conducted in June 2016.

In the prior year the equity value of Hal was \$nil, as all value in Hal was in relation to the Loan Note (\$26,465,627). On 21 June 2016, the Loan Note was extinguished, thus the value of the Loan Note was reduced to \$nil. As a result in the absence of the Loan Note, the equity value in Hal increased to \$42,649,713.

##### *Platform Finance:*

On 21 December 2015 AIK completed the acquisition of a 60% equity investment in Platform Finance and Leasing Group Pty Limited (Platform Finance). The consideration for this investment was part cash and part AIK shares and cost \$22,906,444. Platform Finance is both an asset finance aggregator representing a collective of specialised finance brokers engaged in plant and equipment and motor vehicle finance to the commercial and consumer finance sector as well as operating finance broking businesses.

The Shareholders Agreement between AIK and Platform Finance vendors includes the following provisions in respect of the remaining 40% equity;

- i) between 1 and 31 August 2018, the minority shareholders in Platform Finance may require AIK to purchase 20% of the shares in Platform Finance. The price on this transaction will be calculated at 8 times the maintainable EBITDA for the financial year ending 30 June 2018. AIK has the equivalent right to require the minority shareholders in Platform Finance to sell 20% of the shares to AIK.
- ii) between 1 and 31 August 2020, the minority shareholders in Platform Finance may require AIK to purchase the balance of the remaining shares in Platform Finance. The price on this transaction will be calculated at 8 times the maintainable EBITDA for the financial year ending 30 June 2020. AIK has the equivalent right to require the minority shareholders in Platform Finance to sell the balance of their remaining shares to AIK.

Each party has the right to defer such an offer for 12 months.

**Armidale Investment Corporation Limited Financial Statements**  
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**Directors' Report**

**Review of operations and financial results (continued)**

The value of the investment in Platform Finance has been maintained at the acquisition price of \$22.9m which took place on 21 December 2015. An independent valuation on the business at 30 June 2016 indicated a value range of \$23.1m to \$26.0m. Given the short period of time that AIK has invested in Platform Finance and the limited track record in achieving forecasts, the Directors have determined that the acquisition price which was the fair value paid for the investment is still representative of the fair value at 30 June 2016.

*Riverwise Pty Ltd (Riverwise):*

AIK holds 33.00% (2015:32.71%) of the equity in Riverwise. At the commencement of the financial year, AIK carried the Riverwise shares at a fair value of \$4.29 per share, which was the mid-point in an external valuation conducted in June 2015. In June 2016, an updated valuation was obtained and again the mid-point was taken which valued the shares at \$2.56 per share or a total holding of \$3,664,573 thus representing a decrease in value of \$2,389,189 or 39%. This decrease is attributable to the loss of a major supplier during the year, and declining revenues and margins in retail and telecommunications markets. Riverwise is the holding company of Leading Edge Group Limited (LEG). LEG operates as a telecommunication distributor in Australia, the UK and NZ as well as the manager of buying groups.

**Significant changes in the state of affairs**

During the year, the following change occurred within AIK:

**Acquisition of Platform Finance and Leasing Group Pty Limited**

On 21 December 2015 AIK completed the acquisition of a 60% equity investment in Platform Finance and Leasing Group Pty Limited (Platform Finance). The consideration for this investment was cash of \$17,516,936 and 47,694,762 of AIK shares, representing total cost of \$22,906,444. Platform Finance is both an asset finance aggregator representing a collective of specialised finance brokers engaged in plant and equipment and motor vehicle finance to the commercial and consumer finance sector as well as operating finance broking businesses.

On 21 June 2016, AIK extinguished the obligation from Hal Group Pty Limited under the Loan Note Agreement for nil (\$0) consideration (following the purchase of the residual shareholding taking ownership to 100%). As AIK controlled Hal Group Pty Limited both before and after extinguishment of the Loan Note Agreement, the extinguishment was treated by AIK as an equity contribution to Hal Group Pty Limited. As at 21 June 2016 the carrying amount of the Loan Note Facility was \$28,195,452. Extinguishment of the Loan Note Facility had no impact on the fair value of AIK's interest in Hal Group Pty Limited because the fair value previously ascribed to AIK's interest in the Loan Note Agreement was, following the extinguishment of the Loan Note, ascribed to AIK's equity interest in Hal Group Pty Limited.

**Dividends**

No dividends were paid or declared during the year.



# **Armidale Investment Corporation Limited Financial Statements**

## **For the year ended 30 June 2016**

### **Directors' Report**

#### **Events arising since the end of the reporting period**

On 19 August 2016 AIK exchanged the following contracts.

- Share Purchase Agreement (SPA) to acquire 50% equity in QPF Holdings Pty Limited (QPF) being a large equipment finance broker based in Queensland. Consideration estimated to be \$18.5 million, \$7.4 million in AIK shares (at a price of 11.11 cents) and \$11.1 million in cash.
- Share Purchase Agreement (SPA) to acquire 50% equity in Linx Group Holdings Pty Limited (Linx) a large equipment finance broker based in Melbourne. Consideration estimated to be \$12 million, \$4.8 million in AIK shares (at a price of 11.11 cents) and \$7.2 million in cash.
- Share Purchase Agreement (SPA) to acquire 80% equity in Consolidated Finance Group Pty Limited (CFG) a finance aggregation business. Consideration estimated to be \$12.6 million, \$5 million in AIK shares (at a price of 11.11 cents) and \$7.5 million in cash.

The consideration above is subject to a "true-up" based on the finalization of the audited 30 June 2016 financial statements of each of the entities and an adjustment for working capital.

The SPA'S are conditional on AIK gaining shareholders' approval for the issue of the AIK shares to the vendors and a further placement of share, AIK raising sufficient bank debt and capital, and the ACCC not objecting to the proposed acquisitions.

The effective date for the transactions is 1 July 2016, it is expected completion will take place in early October.

The Shareholders Agreements (which form part of the transactions) provide the following provisions;

- i) Between 1 July and 31 July 2018, the vendor shareholders in QPF & Linx may require AIK to purchase up to 5% of the issued share capital in QPF & Linx. The price on this transaction will be calculated at 8 times the normalised EBITDA for the financial year ending 30 June 2018. AIK has the equivalent right to require the vendor shareholders in QPF & Linx to sell up to 5% of the issued shares to AIK. Each of the parties have the right to defer the request for 12 months. This put and call option repeats in 2020 and in 2022. If all three options were exercised by either party AIK would own 65% of Linx and QPF during the financial year ending 30 June 2023.
- ii) Between 1 July and 31 July 2018, the vendors shareholders in CFG may require AIK to purchase their remaining shares in CFG. The price on this transaction will be calculated at 8 times the normalised EBITDA for the financial year ending 30 June 2018. AIK has the equivalent right to require the vendor shareholders in CFG to sell their remaining shares to AIK. Each of the parties have the right to defer the request for 12 months. If all this option is exercised by either party AIK would own 100% of CFG during the financial year ending 30 June 2019.

Other than the above 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.



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**Directors' Report**

**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**

<b>Director</b>	<b>Board Meetings</b>		<b>Audit Committee</b>		<b>Nomination and Remuneration Committee</b>	
	A	B	A	B	A	B
Bruce Hatchman	9	9	2	2	2	2
Mark Smith	9	9	2	2	2	2
Steve White	9	9	2	2	2	2
Andrew Grant	9	8	N/A	N/A	N/A	N/A
Cameron McCullagh	6	6	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.

# Armidale Investment Corporation Limited Financial Statements

## For the year ended 30 June 2016

### 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; and
- 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 Key Management Personnel is linked to the performance of AIK.

#### *Short Term & Long Term Incentive Program*

In respect of Andrew Grant (MD) and Raylee Carruthers (Group CFO) 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 three years ending June 30 2017 and is 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.

#### *Cash Settled Share Based Payments*

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.

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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.



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**Directors' Report**

**Remuneration report (continued)**

**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:

*Directors' and Key Management Personnel Remuneration*

		Short-term benefits		Post-employment benefits	Other Long-term benefits*	Share Based Payment**	TOTAL	Performance Based Percentage of Remuneration
		Cash salary & fees	Cash bonus	Superannuation				
		\$	\$	\$				
<b>Executive Directors</b>								
Andrew Grant MD	2016	286,211	83,388	19,308	13,865	24,167	426,939	25.2%
	2015	280,305	83,388	18,783	(6,378)	27,833	403,931	27.5%
Cameron McCullagh***	2016	27,942	-	2,654	-	-	30,596	0%
	2015	N/A	N/A	N/A	N/A	N/A	N/A	N/A
<b>Non-executive Directors</b>								
Bruce Hatchman Independent	2016	82,192	-	7,808	-	-	90,000	0%
	2015	82,192	-	7,808	-	-	90,000	0%
Steve White Independent	2016	40,000	-	3,800	-	-	43,800	0%
	2015	39,078	-	3,712	-	-	42,790	0%
Mark Smith	2016	40,000	-	3,800	-	-	43,800	0%
	2015	39,078	-	3,712	-	-	42,790	0%
<b>Other Key Management Personnel</b>								
Raylee Carruthers Group CFO	2016	297,222	83,388	19,308	18,368	24,167	442,453	24.3%
	2015	283,607	83,388	18,783	33,510	27,833	447,121	24.9%
<b>Total Directors and Other Key Management Personnel Remuneration</b>	<b>2016</b>	<b>773,567</b>	<b>166,776</b>	<b>56,678</b>	<b>32,233</b>	<b>48,334</b>	<b>1,077,588</b>	
	<b>2015</b>	<b>724,260</b>	<b>166,776</b>	<b>52,798</b>	<b>27,132</b>	<b>55,666</b>	<b>1,026,632</b>	

\* In accordance with AASB119 Employee Benefits, annual leave and long service leave is classified as other long-term benefits.

\*\* This relates to the estimated value of the Long Term Incentive accumulated during the year, no payments have been made in 2015 or 2016 under this scheme.

\*\*\*The process is underway to agree a remuneration package for the FY17.

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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:

<b>Key Management Personnel Shareholdings</b>	<b>Balance 1 July 2015</b>	<b>Net Change****</b>	<b>Balance 30 June 2016</b>
Bruce Hatchman	-	-	-
Mark Smith *	11,308,534	-	11,308,534
Steve White	1,050,000	460,000	1,510,000
Andrew Grant **	11,721,150	(91,150)	11,630,000
Raylee Carruthers	-	-	-
Cameron McCullagh***	128,287,628	32,071,907	160,359,535
<b>Total Shareholdings</b>	<b>152,367,312</b>	<b>32,440,757</b>	<b>184,808,069</b>

<b>Key Management Personnel Shareholdings</b>	<b>Balance 1 July 2014</b>	<b>Net Change</b>	<b>Balance 30 June 2015</b>
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	-	-	-
<b>Total Shareholdings</b>	<b>78,094,141</b>	<b>(54,014,457)</b>	<b>24,079,684</b>

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

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

\*\*\* number of shares on appointment 5 October 2015, shares held indirectly through GEGM Investment Pty Limited.

\*\*\*\*net change is due to sales and purchases.

**Armidale Investment Corporation Limited Financial Statements**  
**For the year ended 30 June 2016**

**Directors' Report**

**Remuneration report (continued)**

**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:

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

As noted on page 11, incentive programs are in place with key executives

**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 2012:

	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>
Net after tax profit \$	14,208,088	7,799,415	3,654,966	11,105,205	83,916
Dividends paid (cents per share)	-	-	-	-	-
Share price at 30 June	0.125	0.100	0.120	0.050	0.050
EPS in cents	3.01	2.73	1.71	-0.53	-1.47
Non-executive Director's Remuneration \$	177,600	184,834	97,966	98,101	85,550

*Voting and comments made at AIK's 2015 Annual General Meeting*

AIK received more than 75% of "yes" votes on its remuneration report for the 2015 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.



**Armidale Investment Corporation Limited Financial Statements**  
**For the year ended 30 June 2016**

**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 2016 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.

**Armidale Investment Corporation Limited Financial Statements**  
**For the year ended 30 June 2016**

**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**

23 August 2016

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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 2016, 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, 23 August 2016

Grant Thornton Audit Pty Ltd ACN 130 913 594  
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**Armidale Investment Corporation Limited Financial Statements**  
**For the year ended 30 June 2016**

**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 2016 is dated as at 22 August 2016 and was approved by the Board on 22 August 2016. The Corporate Governance Statement is available on Armidale Investment Corporation Limited's website at [www.armidaleinvestmentco.com.au](http://www.armidaleinvestmentco.com.au).

**Armidale Investment Corporation Limited Financial Statements**  
**For the year ended 30 June 2016**

**Statement of Profit or Loss and Other Comprehensive Income**  
**for the year ended 30 June 2016**

	<b>Note</b>	<b>2016</b> <b>\$</b>	<b>2015</b> <b>\$</b>
<b>Revenue</b>			
Interest income		1,501,806	1,612,807
Unrealised gain on investments		13,420,137	6,729,689
Other income		257,219	457,552
Dividend income		1,115,811	-
Repayments – Hal Loan Note		-	900,000
Employee benefits expense		(1,148,513)	(1,110,828)
Depreciation and amortisation		(192,846)	(192,845)
Other expenses		(678,150)	(304,162)
<b>Profit before income tax</b>		<b>14,275,464</b>	<b>8,092,213</b>
Income tax expense	<b>15</b>	(67,376)	(292,798)
<b>Profit after income tax</b>		<b>14,208,088</b>	<b>7,799,415</b>
<b>Other comprehensive income</b>		-	-
<b>Other comprehensive income for the year, net of tax</b>		-	-
<b>Total comprehensive income for the year</b>		<b>14,208,088</b>	<b>7,799,415</b>
<b>Profit for the year attributable to:</b>			
<b>owners of the entity</b>		<b>14,208,088</b>	<b>7,799,415</b>
<b>Total comprehensive income for the year attributable to</b>			
<b>owners of the entity</b>		<b>14,208,088</b>	<b>7,799,415</b>
<b>Earnings per share</b>			
Basic earnings per share	<b>18</b>	3.01 cents	2.73 cents
Diluted earnings per share		3.01 cents	2.73 cents

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 2016**

**Statement of Financial Position**  
**As at 30 June 2016**

<b>Assets</b>	<b>Note</b>	<b>2016</b> <b>\$</b>	<b>2015</b> <b>\$</b>
<b>Current</b>			
Cash and cash equivalents	<b>10</b>	11,373	10,834,815
Other financial assets	<b>7</b>	4,071,310	2,915,489
Trade and other receivables	<b>9</b>	505,993	209,739
<b>Total current assets</b>		<b>4,588,676</b>	<b>13,960,043</b>
<b>Non-current</b>			
Other financial assets	<b>7</b>	88,628,693	43,177,352
Intangible assets	<b>8</b>	-	385,692
<b>Total non-current assets</b>		<b>88,628,693</b>	<b>43,563,044</b>
<b>Total assets</b>		<b>93,217,369</b>	<b>57,523,087</b>
<b>Liabilities</b>			
<b>Current</b>			
Trade and other payables	<b>13</b>	4,081,611	96,205
Current tax liabilities	<b>14</b>	-	232,227
Provisions	<b>12</b>	324,350	250,814
Financial liabilities	<b>16</b>	-	63,885
<b>Total current liabilities</b>		<b>4,405,961</b>	<b>643,131</b>
<b>Non-current</b>			
Provisions	<b>12</b>	118,352	68,782
<b>Total non-current liabilities</b>		<b>118,352</b>	<b>68,782</b>
<b>Total liabilities</b>		<b>4,524,313</b>	<b>711,913</b>
<b>Net assets</b>		<b>88,693,056</b>	<b>56,811,174</b>
<b>Equity</b>			
Share capital	<b>11</b>	128,296,682	110,622,888
Reserves		36,767,674	22,559,586
Accumulated losses		(76,371,300)	(76,371,300)
<b>Total equity</b>		<b>88,693,056</b>	<b>56,811,174</b>

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 2016**

**Statement of Changes in Equity**  
**for the year ended 30 June 2016**

	Share capital	Current profit reserve	Accumulated losses	Total equity
	\$	\$	\$	\$
<b>Balance at 1 July 2014</b>	<b>98,489,481</b>	<b>14,760,171</b>	<b>(76,371,300)</b>	<b>36,878,352</b>
Profit for the Year	-	-	7,799,415	7,799,415
Other comprehensive income	-	-	-	-
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>7,799,415</b>	<b>7,799,415</b>
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)
<b>Balance as at 30 June 2015</b>	<b>110,622,888</b>	<b>22,559,586</b>	<b>(76,371,300)</b>	<b>56,811,174</b>
<b>Balance at 1 July 2015</b>	<b>110,622,888</b>	<b>22,559,586</b>	<b>(76,371,300)</b>	<b>56,811,174</b>
Profit for the Year	-	-	14,208,088	14,208,088
Other comprehensive income	-	-	-	-
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>14,208,088</b>	<b>14,208,088</b>
Transfer to reserves	-	14,208,088	(14,208,088)	-
Issue of share capital	17,933,517	-	-	17,933,517
Share issue costs	(259,723)	-	-	(259,723)
<b>Balance as at 30 June 2016</b>	<b>128,296,682</b>	<b>36,767,674</b>	<b>(76,371,300)</b>	<b>88,693,056</b>

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 2016**

**Statement of Cash Flows**  
**for the year ended 30 June 2016**

	<b>Note</b>	<b>2016</b>	<b>2015</b>
		<b>\$</b>	<b>\$</b>
<b>Operating activities</b>			
Interest received		1,501,806	1,582,310
Dividend received		675,600	-
Management fees received		241,114	-
Payments to suppliers and employees		(1,618,652)	(1,508,940)
Income tax paid		(326,124)	(220,452)
<b>Net cash from operating activities</b>	<b>19b</b>	<b>473,744</b>	<b>(147,082)</b>
<b>Investing activities</b>			
Equity acquired in investee company		(13,530,197)	(537,231)
Proceeds from Loan Note repayments		-	900,000
Loans advanced to investee companies		(20,966,000)	(11,717,629)
Proceeds from loans repaid by investee companies		10,914,725	9,903,209
<b>Net cash from investing activities</b>		<b>(23,581,472)</b>	<b>(1,451,651)</b>
<b>Financing activities</b>			
Proceeds from issue of share capital		12,544,009	12,123,408
Share issue cost		(259,723)	(460,144)
<b>Net cash from financing activities</b>		<b>12,284,286</b>	<b>11,663,264</b>
<b>Net change in cash and cash equivalents</b>		<b>(10,823,442)</b>	<b>10,064,531</b>
Cash and cash equivalents at the beginning of the financial year		10,834,815	770,284
<b>Cash and cash equivalents at the end of the financial year</b>	<b>19a</b>	<b>11,373</b>	<b>10,834,815</b>

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.

AIK continues to operate as an investment entity and therefore accounts for its investments at fair value rather than by way of consolidation accounting.

Armidale Investment Corporation Limited is a public company incorporated and domiciled in Australia. The address of the registered office is Suite 4, Level 9, 341 George Street, Sydney, NSW, 2000 and principal place of business is Level 1, 72 Archer Street, Chatswood, NSW 2067.

Certain prior year amounts have been reclassified for consistency with the current period presentation. These reclassifications had no effect on the reported results of operations.

The financial statements for the year ended 30 June 2016 were approved and authorised for issue by the Board of Directors on 23 August 2016.

### **3 Changes in accounting policies**

A number of new and revised standards became effective for the first time to annual periods beginning on or after 1 July 2015. There are no significant standard(s) which would have any impact on the Company.

### **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 Summary of accounting policies (continued)**

#### **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*

On 21 June 2016, AIK extinguished Hal Group Pty Limited from its obligations under the Loan Note Facility for nil (\$0) consideration. Consequently, AIK's right to the income stream under the Loan Note Agreement by way of CAT One Investments Pty Limited and Venagrow Pty Limited expired on 21 June 2016. Hence the previously held intangible asset (\$192,846 at 21 June 2016) associated with CAT One and Venagrow's (100% owned by AIK) interest in the Loan Note was written off.

#### **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.

## **Notes to the Financial Statements**

### **4 Summary of accounting policies (continued)**

#### **4.6 Financial instruments (continued)**

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, unrealised gain or loss on investments, except for impairment of trade receivables which is included within other expenses.

##### *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.

Receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default.

##### *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.



## **Notes to the Financial Statements**

### **4 Summary of accounting policies (continued)**

#### **4.7 Income taxes (continued)**

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.

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 directly 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 years ended 30 June 2014, 30 June 2015 and 30 June 2016, 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.



## **Notes to the Financial Statements**

### **4 Summary of accounting policies (continued)**

#### **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 with terms to maturity that match the expected timing of cash flows.

#### **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.

## **Notes to the Financial Statements**

### **4 Summary of accounting policies (continued)**

#### **4.13 Significant management judgement and estimation 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.

##### *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.

##### *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.

##### *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.



## **Notes to the Financial Statements**

### **4 Summary of accounting policies (continued)**

#### **4.14 New standards and interpretations not yet adopted (continued)**

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.
- d) 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.

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.



## **Notes to the Financial Statements**

### **4 Summary of accounting policies (continued)**

#### **4.14 New standards and interpretations not yet adopted (continued)**

##### *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

When these amendments are first adopted for the year ending 30 June 2019, there will be no material impact on the financial statements.

##### *AASB 16 Leases*

###### **AASB 16:**

- replaces AASB 117 Leases and some lease-related Interpretations
- requires all leases to be accounted for 'on-balance sheet' by lessees, other than short-term and low value asset leases
- provides new guidance on the application of the definition of lease and on sale and lease back accounting
- largely retains the existing lessor accounting requirements in AASB 117
- requires new and different disclosures about leases

The entity is yet to undertake a detailed assessment of the impact of AASB 16. However, based on the entity'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 2020.

##### *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.

## **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 subsidiaries at fair value through profit and loss.

	Country of Incorporation & Principal Place of Business	Principal Activity	Percentage Owned (%)	
			30 June 2016	30 June 2015
<b>Controlled Entities:</b>				
Hal Group Pty Limited (formerly Hal Data Services Pty Limited)	Australia	IT equipment trading	100	98.09
Cat One Investments Pty Limited**	Australia	Owned rights under Loan Note Agreement	100	100
Platform Finance and Leasing Group Pty Limited	Australia	Asset finance aggregator and Finance broking	60	-
Venagrow Pty Limited**	Australia	Owned rights under Loan Note Agreement	100	100
<b>Entities controlled by Hal Group Pty Limited</b>				
Hal Professional Services Pty Limited*	Australia	-	100	98.09
Hal Assist Pty Limited (Formerly Computer Care Australia Pty Ltd)	Australia	IT hardware sales/support	100	98.09
Data Box International Pty Ltd	Australia	Manages finance for IT	100	98.09
Hal Financial Services Pty Limited***	Australia	Partner in TL Rentals Partnership (TLP)	100	98.09
TL Rentals Partnership***	Australia	Originates leases	100	98.09
Secured Finance Limited	Australia	Raises funding for lease origination	100	98.09
TL Rentals Pty Limited	Australia	Originates leases	100	98.09
Meco Investments Pty Limited**	Australia	-	100	98.09
Hal Leasing Pty Limited*	Australia	Manages a lease portfolio	100	98.09
BEN Leasing Portfolio Pty Limited	Australia	Raises funding for lease origination	100	0

\* These entities have been deregistered during the year

\*\* These entities did not operate during the year

\*\*\* TL Rentals Partnership was dissolved during the year



## **Notes to the Financial Statements**

### **6 Segment reporting**

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

### **7 Other financial assets**

	<b>Note</b>	<b>2016</b> \$	<b>2015</b> \$
<b>Current</b>			
Loans and receivables	<b>7(a)</b>	4,071,310	2,915,489
		<b>4,071,310</b>	<b>2,915,489</b>
<b>Non-current</b>			
Loans and receivables	<b>7(b)</b>	19,267,963	10,457,962
Investments – fair value through profit or loss	<b>7(c)</b>	69,360,730	32,719,390
		<b>88,628,693</b>	<b>43,177,352</b>

#### **7(a) Loans and receivables**

Loans and receivables comprise of funds advanced to Hal Group Pty Limited (Hal) to acquire or fund leases. These borrowings advanced are at a rate of 10% (2015: 15%). The weighted average term of the facilities is 39 months (2015: 39 months). These facilities are not impaired or past due.

#### **7(b) Loans and receivables**

Loans and receivables comprise of funds advanced to Hal to acquire or fund leases. These borrowings advanced are at a rate of 10% (2015: 15%). The weighted average term of the facilities is 39 months (2015: 39 months). These facilities are not impaired or past due.

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

During 2015 and 2016 AIK directly held rights under the Hal Loan Note Agreement that provided entitlement to 79.83% of Hal's cash flows available for distribution. The Loan Note Agreement was entered into in November 2009 and was amended in June 2012.

On 31 March 2016, Hal settled the 5.17% interest of the Hal Loan Note by WAOF (Solar).

On 21 June 2016, AIK extinguished the obligation from Hal Group Pty Limited under the Loan Note Agreement for nil (\$0) consideration. As AIK controlled Hal Group Pty Limited both before and after extinguishment of the Loan Note Agreement, the extinguishment was treated by AIK as an equity contribution to Hal Group Pty Limited. As at 21 June 2016 the carrying amount of the Loan Note Facility was \$28,195,452. A further 15% entitlement to Hal's cash flows available for distribution were accounted for as an intangible asset at cost less accumulated amortization (note 8) representing Cat One Investments Pty Limited and Venagrow Pty Limited's (wholly owned investments of AIK) share of the Loan Note. On extinguishment, the intangible asset was derecognized, and AIK has taken up 100% of the equity value in Hal as it is a wholly owned investment. Extinguishment of the Loan Note Facility had no impact on the fair value of AIK's interest in Hal Group Pty Limited because the fair value previously ascribed to AIK's interest in the Loan Note Agreement was, following the extinguishment of the Loan Note, ascribed to AIK's equity interest in Hal Group Pty Limited.

AIK increased their holding of the equity in Riverwise Pty Limited to 33.00% (2015: 32.71%) from the allocation of shares from a profit share agreement AIK had in place whilst AIK's Key Management Personnel managed Riverwise. That profit share agreement lapsed 1 November 2015.



## **Notes to the Financial Statements**

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

AIK hold 1.6% (2015: 1.6%) of the equity in The Reading Room Inc. (BDB Soti), a US registered company.

AIK acquired a holding of 60% (2015: nil) equity in Platform Finance and Leasing Group Pty Limited with option to acquire the remaining 40%.

### **8 Intangible assets**

Intangible Assets

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
<b>Rights to Loan Note Agreement</b>		
Amount recognised on acquisition	881,280	881,280
Accumulated amortisation	(688,434)	(495,588)
Derecognition on extinguishment of Loan Note	(192,846)	-
Carrying amount at end of year	<u>-</u>	<u>385,692</u>

#### **Reconciliation of intangible assets**

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
Carrying amount at the beginning of year	385,692	578,537
Amortisation	(192,846)	(192,845)
Derecognition on extinguishment of Loan Note	(192,846)	-
<b>Carrying amount at 30 June</b>	<u>-</u>	<u>385,692</u>

### **9 Trade and other receivables**

#### **Trade and other Receivables**

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
<b>Current</b>		
Income tax receivable	26,521	-
Sundry receivables	479,472	209,739
<b>Total current trade and other receivables</b>	<u>505,993</u>	<u>209,739</u>

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**

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
Cash at bank	11,373	10,834,815
<b>Total Cash</b>	<u>11,373</u>	<u>10,834,815</u>

#### *Terms and conditions:*

The weighted average interest rate on cash and cash equivalents for AIK as at 30 June 2016 was 1.47% (2015: 1.35%). The effective interest rate on short-term bank deposits for AIK ranged from 0.00% to 1.50%.

**Armidale Investment Corporation Limited Financial Statements**  
**For the year ended 30 June 2016**

**Notes to the Financial Statements**

**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.

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
<i>Shares issued and fully paid:</i>		
547,846,198 (2015: 396,183,342) fully-paid ordinary shares issued	<u>128,296,682</u>	<u>110,622,888</u>
<i>Fully-paid ordinary shares</i>		
Balance at the beginning of the reporting period	110,622,888	98,489,481
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
Shares issued in consideration for acquisition of Platform Finance 21 December 2015	5,389,508	-
Shares issued in capital raising 5 January 2016	8,320,926	-
Shares issued in capital raising 6 January 2016	1,487,083	-
Shares issued in capital raising 31 March 2016	736,000	-
Shares issued in capital raising 26 May 2016	2,000,000	-
Share issue costs net of tax	(259,723)	(425,494)
<b>Balance at the end of the reporting period</b>	<b><u>128,296,682</u></b>	<b><u>110,622,888</u></b>
	<b>2016</b>	<b>2015</b>
	<b>No.</b>	<b>No.</b>
<i>Shares issued and fully paid (number of shares)</i>		
Balance at the beginning of the reporting period	396,183,342	257,640,770
Shares issued for acquisition of Hal 9 October 2014	-	471,950
Shares issued for acquisition of 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
Shares issued in consideration for acquisition of Riverwise Pty Limited 12 May 2015	-	1,353,333
Shares issued in consideration for acquisition of Platform Finance 21 December 2015	47,694,762	-
Shares issued in capital raising 5 January 2016	83,209,264	-
Shares issued in capital raising 6 January 2016	14,870,830	-
Shares issued in capital raising 31 March 2016	5,888,000	-
Shares issued in capital raising 26 May 2016	20,000,000	-
<b>Balance at the end of the reporting period</b>	<b><u>567,846,198</u></b>	<b><u>396,183,342</u></b>



## **Notes to the Financial Statements**

### **11 Issued capital (continued)**

#### **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 make and support its strategic investments 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**

#### **Analysis of total provisions**

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
Current	324,350	250,814
Non-Current	118,352	68,782
<b>Total</b>	<b>442,702</b>	<b>319,596</b>

#### **Employee Benefits**

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
Opening Balance 1 July	319,596	70,021
Additional provisions raised during the year	176,947	271,147
Amounts used	(53,841)	(21,572)
<b>Closing Balance at 30 June</b>	<b>442,702</b>	<b>319,516</b>

#### **Provision for employee benefits**

A provision is recognised for employee benefits relating to short term bonus, 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.



**Armidale Investment Corporation Limited Financial Statements**  
**For the year ended 30 June 2016**

**Notes to the Financial Statements**

**13 Trade and other payables**

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
Sundry payables and accrued expenses	4,081,611	96,205
<b>Total</b>	<b><u>4,081,611</u></b>	<b><u>96,205</u></b>

*Terms and conditions:*

Trade and other payables are unsecured and non-interest bearing. The balance includes \$4,000,000 payable to Platform Finance Group Pty Limited vendors under the Share Purchase Agreement executed 21 December 2015 for the purchase of 60% equity in Platform Finance Group Pty Limited. In that agreement, a cash component of the purchase price was withheld till 21 December 2016 to cover warranties and indemnities. Nothing has come to the attention of AIK to indicate that the full settlement of \$4,000,000 will not occur on 21 December 2016.

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

**14 Current tax liabilities**

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
Income tax payable	-	232,227
	<b><u>-</u></b>	<b><u>232,227</u></b>

**15 Taxation**

a. The components of tax expense (benefit) comprise:

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
Current tax	-	292,798
Prior year tax expense – under	67,376	-
Total income tax expense	<b><u>67,376</u></b>	<b><u>292,798</u></b>

b. The prima facie tax on profit/(loss) before income tax is reconciled to income tax as follows:

Accounting profit before tax	14,275,464	8,092,213
Prima facie tax payable on profit before income tax at 30% (2015: 30%)	4,282,639	2,427,664

*Add / (Deduct)*

- franking credits applied	(273,998)	-
- other non-assessable income	(4,915,613)	(3,791,006)
- other non-deductible expenses	971,705	1,451,350
- other assessable income	-	550,697
- other deductible expenses	(64,733)	(65,492)
- utilisation of tax losses not previously brought to account	-	(280,415)
- under provision from prior years	67,376	-
	<b><u>67,376</u></b>	<b><u>292,798</u></b>

## **Notes to the Financial Statements**

### **15 Taxation (continued)**

#### **Income tax expense**

The total franking account balance for AIK at 30 June 2016 is \$1,375,775 (2015:\$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;
- iv. franking credits that the entity may be prevented from distributing in subsequent years; and
- v. total tax losses not brought to account is \$11,553,170.

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**

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
Loan to investees	-	63,885
<b>Total</b>	<b>-</b>	<b>63,885</b>

### **17 Auditor's remuneration**

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
Grant Thornton Audit Pty Limited	62,500	54,160
<b>Total</b>	<b>62,500</b>	<b>54,160</b>

### **18 Earnings per share**

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
Earnings used in calculation of basic earnings per share	14,208,088	7,799,415
	<b>No.</b>	<b>No.</b>
Weighted average number of ordinary shares outstanding during the year used in calculation of basic and diluted profit per share	472,440,640	285,516,632
<b>Basic earnings per share</b>	<b>3.01</b>	<b>2.73</b>

## Notes to the Financial Statements

### 19 Reconciliation of cash flows from operating activities

		2016 \$	2015 \$
<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>			
<b>Cash at bank</b>	<b>10</b>	11,373	10,834,815
		<b>11,373</b>	<b>10,834,815</b>
<i>b. Reconciliation of cash flow from operations with profit after income tax</i>			
		2016 \$	2015 \$
Profit from ordinary activities after income tax		14,208,088	7,799,415
<i>Non-cash flows items included in profit and loss</i>			
Amortisation of intangibles		192,846	192,845
Gain on revaluation of financial assets		(13,420,137)	(6,729,689)
Management fee write off CAT One & Venagrow		(63,885)	-
Other income non cash		(23,200)	-
Hal Loan Note Repayment – investing activity		-	(900,000)
<i>Changes in assets and liabilities:</i>			
Decrease in receivables		170,478	(167,097)
Increase in dividend receivable		(440,211)	-
Decrease in deferred revenue		-	(349,262)
Decrease in other assets		-	5,247
Decrease in other payables and accruals		(14,594)	(81,340)
Decrease in current tax liabilities		(258,748)	-
Increase in provisions		123,107	82,799
<b>Cash flows from operations</b>		<b>473,744</b>	<b>(147,082)</b>



## 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:

2016	Amount advanced during the year	Interest payment	Principal Repayment	Balance at 30 June 2016
	\$	\$	\$	\$
<b>Entity</b>				
Andrew Grant, and related entities	1,650,000	71,718	907,129	1,083,807
Cameron McCullagh, and related entities	3,300,000	35,868	736,159	2,563,841
Platinum Finance and Leasing Group Pty Limited, and related entities	1,900,000	28,216	133,291	1,766,709
Raylee Carruthers, and related entities	300,000	19,749	229,040	154,977
<b>2015</b>	<b>Amount advanced during the year</b>	<b>Interest payment</b>	<b>Principal Repayment</b>	<b>Balance at 30 June 2015</b>
	\$	\$	\$	\$
<b>Entity</b>				
Andrew Grant, and related entities	300,000	35,474	475,011	340,937
Raylee Carruthers, and related entities	100,000	1,600	15,983	84,017

#### *b. Transactions with associates*

During 2016, AIK received management services income from Leading Edge Group Limited (wholly owned subsidiary of Riverwise Pty Limited in which AIK holds 33.00% equity in) of \$150,000 (2015: \$349,264). In addition to this, AIK also received director fees income from Leading Edge Group Limited of \$50,000 (2015: nil).

#### *c. Transactions with subsidiaries*

In 2016, in relation to the loans between AIK and Hal:

- AIK received interest revenue from Hal of \$1,411,095 (2015: \$1,569,743)
- AIK advanced loans to Hal of \$20,966,000 (2015: \$11,717,629)
- AIK received loan repayments from Hal of \$10,914,725 (2015: \$9,903,209)
- AIK received Loan Note repayment from Hal of \$nil (2015: \$900,000)

## **Notes to the Financial Statements**

### **21 Contingent liabilities**

In June 2016, AIK executed a deed of guarantee and indemnity in relation to a \$20 million facility provided by Bendigo and Adelaide Bank Limited in favor of BEN Leasing Portfolio Pty Limited (a 100% subsidiary of Hal Group Pty Limited (Hal)), TL Rentals Pty Limited (also a 100% subsidiary of Hal) and Hal Group Pty Limited itself, (the debtors) guaranteeing the performance of the debtors obligations under the Funding Term Agreement (FTA). The FTA was executed to enable TL Rentals to finance equipment leases. At the same time AIK also entered into a Deed of Priority in favour of Bendigo and Adelaide Bank Limited ("the Bank") in which the Bank's security interest created by its General Security Agreement with Hal, executed in June 2016, ranks in priority to AIK's security interest created by its Fixed and Floating charge dated 23 December 2010.

There are no other contingent liabilities at 30 June 2016 (2015: nil).

### **22 Capital commitments**

There are no capital commitments as at 30 June 2016.

### **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 parties. The Directors regularly review the operations and cash flows from Hal to reduce the credit risk exposure during the term of any loan facilities.

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
<b>Current</b>		
Trade and other receivables	479,472	209,739
Financial assets – loans	4,071,311	2,915,489
<b>Sub-total</b>	<b>4,550,783</b>	<b>3,125,228</b>
<b>Non-current</b>		
Financial assets – fair value through profit or loss	69,360,730	32,719,390
Financial assets – loans	19,267,962	10,457,962
<b>Sub-total</b>	<b>88,628,692</b>	<b>43,177,352</b>
<b>Total</b>	<b>93,179,475</b>	<b>46,302,580</b>



## **Notes to the Financial Statements**

### **23 Financial risk management (continued)**

#### **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 2016**

<b>Non-derivative financial liabilities</b>	<b>Statement of Financial Position</b>	<b>Contractual cash flow</b>	<b>6 months or less</b>	<b>6-12 months</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Trade and other payables	4,081,611	(4,081,611)	(4,081,611)	-
	<b>4081611</b>	<b>(4,081,611)</b>	<b>(4,081,611)</b>	<b>-</b>

#### **30 June 2015**

<b>Non-derivative financial liabilities</b>	<b>Statement of Financial Position</b>	<b>Contractual cash flow</b>	<b>6 months or less</b>	<b>6-12 months</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Other financial liabilities	63,885	(63,885)	-	(63,885)
Trade and other payables	96,205	(96,205)	(96,205)	-
Current tax liabilities	232,227	(232,227)	(232,227)	-
	<b>392,317</b>	<b>(392,317)</b>	<b>(328,432)</b>	<b>(63,885)</b>

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 2016.



## **Notes to the Financial Statements**

### **23 Financial risk management (continued)**

#### **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 \$11,373 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 2016, 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:

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
Change in profit after tax		
- Increase in interest rate by 100 basis points	114	108,348
- Decrease in interest rate by 100 basis points	(114)	(108,348)
Change in equity		
- Increase in interest rate by 100 basis points	114	108,348
- Decrease in interest rate by 100 basis points	(114)	(108,348)

## **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 2016 and 30 June 2015 on a recurring basis are as follows:

<b>30-Jun-16</b>	<b>Level 3</b>	<b>Total</b>
<b>Assets</b>	<b>\$</b>	<b>\$</b>
Equity in unlisted companies		
Hal Group Pty Limited	42,649,713	42,649,713
Riverwise Pty Limited	3,664,573	3,664,573
The Reading Room Inc - BDB Soti Pty Ltd	140,000	140,000
Platform Finance and Leasing Group Pty Limited	22,906,444	22,906,444
<b>Total</b>	<b>69,360,730</b>	<b>69,360,730</b>

<b>30-Jun-15</b>	<b>Level 3</b>	<b>Total</b>
<b>Assets</b>	<b>\$</b>	<b>\$</b>
Debt Instruments		
Hal Group Pty Limited - Loan Note	26,465,627	26,465,627
Equity in unlisted companies		
Riverwise Pty Limited	6,053,761	6,053,762
The Reading Room Inc - BDB Soti Pty Ltd	200,000	200,000
Platform Finance and Leasing Group Pty Limited	-	-
<b>Total</b>	<b>32,719,389</b>	<b>32,719,389</b>



## Notes to the Financial Statements

### 24 Fair value measurement of financial instruments (continued)

#### 24.2 Movement in level 3 assets

	2016 \$	2015 \$
<b>Movement in fair value of Debt &amp; Equity instruments in unlisted companies</b>		
Hal Group Pty Limited – balance brought forward	26,465,627	14,728,942
Add: Fair value adjustment recognised in the profit and loss*	16,184,086	11,736,685
<b>Balance, end of period</b>	<b>42,649,713</b>	<b>26,465,627</b>
Riverwise Pty Limited - balance brought forward	6,053,762	10,288,036
Add: Equity acquired**	134,409	691,923
Add: Fair value adjustment recognised in the profit and loss*	(2,523,598)	(4,926,197)
<b>Balance, end of the period</b>	<b>3,664,573</b>	<b>6,053,762</b>
The Reading Room Inc – BDB Soti Equity	200,000	200,000
Less: Impairment of investment	(60,000)	-
<b>Balance, end of the period</b>	<b>140,000</b>	<b>200,000</b>
Platform Finance Group Pty Ltd - balance brought forward	-	-
Add: Equity acquired***	22,906,444	-
<b>Balance, end of the period</b>	<b>22,906,444</b>	<b>-</b>
<b>Total balance, end of period</b>	<b>69,360,730</b>	<b>32,719,389</b>

\*Based on the mid-point of an independent valuation issued on 22 June 2016. The valuation was performed by Pitcher Partners Advisors Pty Limited (formerly Moore Stephens Corporate Finance Pty Limited).

\*\* AIK received 18,694 shares at a price of \$7.19 per share as part of profit share agreement from Riverwise Pty Limited during the year ended 30 June 2016

\*\*\*On 21 December 2015 AIK completed the acquisition of a 60% equity investment in Platform Finance and Leasing Group Pty Limited. The value of the investment in Platform Finance has been maintained at the acquisition price of \$22.9m which took place on 21 December 2015. An independent valuation on the business at 30 June 2016 indicated a value range of \$23.1m to \$26.0m. Given the short period of time that AIK has invested in Platform Finance and the lack of a visible track record in achieving forecasts, the Directors have determined that the acquisition price which was the fair value paid for the investment is still representative of the fair value at 30 June 2016.

## **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.

#### **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 22 June 2016. 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.

The Board has considered the sensitivity of the Hal, Riverwise and Platform 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 2016.

#### *Significant inputs in the Hal valuation*

##### *Growth rates*

Due to the nature of the operations of Hal Group 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% (2015: 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 19% (2015: 21%) was applied.

	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
Discount rate	19%	19%	19%	19%	19%
			<b>2016</b>	<b>2015</b>	
Change in Investment - Hal			\$	\$	
- Increase in discount rate by 100 basis points			(3,456,000)	(1,893,000)	
- Decrease in discount rate by 100 basis points			3,937,000	2,116,000	



## **Notes to the Financial Statements**

### **24 Fair value measurement of financial instruments (continued)**

#### **24.3 Methods and valuation techniques (continued)**

##### *Lease Origination*

The lease origination forecasts in the valuation model are based on management's best estimate. The model has 5 years forecast origination plus a terminal value year.

Change in Investment - Hal

	<b>2016</b>
	<b>\$</b>
- Increase in each forecast year of lease origination by \$1,000,000	916,188
- Decrease in each forecast year of lease origination by \$1,000,000	(976,207)

##### *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 2016 combined with the forecast remaining 2 months to 30 June 2016, as well as the financial year 2017 budget. The EBITDA multiple applied took into account EBITDA multiple ranges of 5.5 to 6.0 times to the estimate of future maintainable earnings. The 30 June 2016 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.

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.

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
Change in Investment - Riverwise		
- Increase maintainable EBITDA by 500 basis points	344,000	360,000
- Decrease maintainable EBITDA by 500 basis points	(383,000)	(370,000)

##### *Significant inputs in the Platform valuation*

The valuation approach adopted for the Platform valuation was to apply an EBITDA future maintainable earnings multiple to the year to date results to 30 April 2016 combined with the forecast remaining 2 months to 30 June 2016, as well as the financial year 2017 budget. The EBITDA multiple applied took into account EBITDA multiple ranges of 7.0 to 7.5 times to the estimate of future maintainable earnings (disclosed in the report as equating to 7.4 to 8.4 times the prior year normalised EBITDA). The 30 June 2017 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. Given the part acquisition was recently settled and a lack of visible track record is available for forecasting, management has determined that cost equates to fair value.

	<b>2016</b>
	<b>\$</b>
Change in Investment - Platform Finance	
- Increase maintainable EBITDA by 500 basis points	1,186,000
- Decrease maintainable EBITDA by 500 basis points	(1,229,000)

## Notes to the Financial Statements

### 24 Fair value measurement of financial instruments (continued)

#### 24.3 Methods and valuation techniques (continued)

The value of the investment in Platform Finance has been maintained at the acquisition price of \$22.9m which took place on 21 December 2015. An independent valuation on the business at 30 June 2016 indicated a value range of \$23.1m to \$26.0m. Given the short period of time that AIK has invested in Platform Finance and the lack of a visible track record in achieving forecasts, the Directors have determined that the acquisition price which was the fair value paid for the investment is still representative of the fair value at 30 June 2016.

#### *Significant inputs in The Reading Room valuation*

AIK holds an equity investment of \$140,000 (representing a 1.6% holding) in The Reading Room Inc. (BDB Soti), a US registered company.

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 2016:

<b>As at 30 June 2016</b>	<b>Fair Value</b>	<b>Carrying Amount</b>
	<b>\$</b>	<b>\$</b>
<b>Other short-term financial assets</b>		
Hal Group Pty Limited – Loans	4,071,310	4,071,310
<b>Other long-term financial assets</b>		
Hal Group Pty Limited – Loans	19,267,962	19,267,962
<b>Total</b>	<b>23,339,272</b>	<b>23,339,272</b>
<b>As at 30 June 2015</b>	<b>Fair Value</b>	<b>Carrying Amount</b>
	<b>\$</b>	<b>\$</b>
<b>Other short-term financial assets</b>		
Hal Group Pty Limited – Loans	2,915,489	2,915,489
<b>Other long-term financial assets</b>		
Hal Group Pty Limited – Loans	10,457,962	10,457,962
<b>Total</b>	<b>13,373,451</b>	<b>13,373,451</b>

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

### 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

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.



## **Notes to the Financial Statements**

### **26 Post-reporting date events**

On 19 August 2016 AIK exchanged the following contracts.

- Share Purchase Agreement (SPA) to acquire 50% equity in QPF Holdings Pty Limited (QPF) being a large equipment finance broker based in Queensland. Consideration estimated to be \$18.5 million, \$7.4 million in AIK shares (at a price of 11.11 cents) and \$11.1 million in cash.
- Share Purchase Agreement (SPA) to acquire 50% equity in Linx Group Holdings Pty Limited (Linx) a large equipment finance broker based in Melbourne. Consideration estimated to be \$12 million, \$4.8 million in AIK shares (at a price of 11.11 cents) and \$7.2 million in cash.
- Share Purchase Agreement (SPA) to acquire 80% equity in Consolidated Finance Group Pty Limited (CFG) a finance aggregation business. Consideration estimated to be \$12.6 million, \$5 million in AIK shares (at a price of 11.11 cents) and \$7.5 million in cash.

The consideration above is subject to a "true-up" based on the finalization of the audited 30 June 2016 financial statements of each of the entities and an adjustment for working capital.

The SPA'S are conditional on AIK gaining shareholders' approval for the issue of the AIK shares to the vendors and a further placement of share, AIK raising sufficient bank debt and capital, and the ACCC not objecting to the proposed acquisitions.

The effective date for the transactions is 1 July 2016, it is expected completion will take place in early October.

The Shareholders Agreements (which form part of the transactions) provide the following provisions;

- i) Between 1 July and 31 July 2018, the vendor shareholders in QPF & Linx may require AIK to purchase up to 5% of the issued share capital in QPF & Linx. The price on this transaction will be calculated at 8 times the normalised EBITDA for the financial year ending 30 June 2018. AIK has the equivalent right to require the vendor shareholders in QPF & Linx to sell up to 5% of the issued shares to AIK. Each of the parties have the right to defer the request for 12 months. This put and call option repeats in 2020 and in 2022. If all three options were exercised by either party AIK would own 65% of Linx and QPF during the financial year ending 30 June 2023.
- ii) Between 1 July and 31 July 2018, the vendors shareholders in CFG may require AIK to purchase their remaining shares in CFG. The price on this transaction will be calculated at 8 times the normalised EBITDA for the financial year ending 30 June 2018. AIK has the equivalent right to require the vendor shareholders in CFG to sell their remaining shares to AIK. Each of the parties have the right to defer the request for 12 months. If all this option is exercised by either party AIK would own 100% of CFG during the financial year ending 30 June 2019.

Other than the above, 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 1300 137 146

Principal place of business  
Level 1, 72 Archer Street  
Chatswood NSW 2067  
Phone 1300 137 146



**Armidale Investment Corporation Limited Financial Statements**  
**For the year ended 30 June 2016**

**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 2016 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

23 August 2016

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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 2016, 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.

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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 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 2016 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 11 to 15 of the directors' report for the year ended 30 June 2016. 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 2016, complies with section 300A of the Corporations Act 2001.



GRANT THORNTON AUDIT PTY LTD  
Chartered Accountants



P J Woodley  
Partner – Audit & Assurance

Sydney, 23 August 2016



**Armidale Investment Corporation Limited Financial Statements**  
**For the year ended 30 June 2016**

**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 16 August 2016.

**Substantial Shareholders**

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

<b>Shareholder</b>	<b>No. of Shares</b>	<b>% of Total</b>
GEGM INVESTMENTS PTY LTD	160,359,535	28.24
NAOS ASSET MANAGEMENT LTD	98,834,566	18.24
SANDON CAPITAL	69,793,954	13.20

**Distribution of equity security holders**

<b>Range</b>	<b>Securities</b>	<b>%</b>	<b>No. of holders</b>	<b>%</b>
100,001 and Over	559,906,631	98.60	145	27.72
10,001 to 100,000	7,183,312	1.27	179	34.23
5,001 to 10,000	462,608	0.08	58	11.09
1,001 to 5,000	275,871	0.05	94	17.97
1 to 1,000	17,776	0.00	47	8.99
<b>Total</b>	<b>567,846,198</b>	<b>100.00</b>	<b>523</b>	<b>100.00</b>

There were 110 holders of less than a marketable parcel of ordinary shares.

**Armidale Investment Corporation Limited Financial Statements**  
**For the year ended 30 June 2016**

**Substantial Shareholders (continued)**

<b>Rank</b>	<b>Twenty Largest Shareholders</b>	<b>A/C designation</b>	<b>No. of shares held</b>	<b>% of total</b>
1	GEGM INVESTMENTS PTY LTD		160,359,535	28.24
2	CITICORP NOMINEES PTY LIMITED		104,792,574	18.45
3	ONE MANAGED INVT FUNDS LTD	<SANDON CAPITAL INV LTD A/C>	55,978,128	9.86
4	AUSTRALIAN EXECUTOR TRUSTEES LIMITED	<NO 1 ACCOUNT>	20,564,395	3.62
5	NATIONAL NOMINEES LIMITED		20,335,203	3.58
6	MELBOURNE FINANCE BROKING (HOLDINGS) PTY LTD	MELBOURNE FINANCE BROKING UNIT	12,894,995	2.27
7	MR ANDREW JOHN GRANT		11,630,000	2.05
8	ROSEMARY LAURENCE PTY LTD	<ROSEMARY LAURENCE S/F A/C>	10,000,000	1.76
9	MFB INVESTMENTS NO. 2 PTY LTD	MELBOURNE FINANCE INVESTMENTS UNIT NO. 2	9,099,646	1.60
10	AUST EXECUTOR TRUSTEES LTD	<DS CAPITAL GROWTH FUND>	8,263,000	1.46
11	MR GEORGE JAMES MATIS		7,379,466	1.30
12	SHARON LEE SCHROEDER & PETER JOHN SCHROEDER	PJ & SL SCHROEDER FAMILY	7,208,644	1.27
13	UBS NOMINEES PTY LTD		6,950,000	1.22
14	MR ANGUS DOUGAL MCCULLAGH	SERENDIPITY	6,693,618	1.18
15	PRESMORE PTY LTD	<SMITH MILLER FAMILY A/C>	6,137,905	1.08
16	LEZAK NOMINEES PTY LTD	LEZAK NOMINEES P/L S/F	5,656,545	1.00
17	PRESMORE PTY LIMITED	<SMITH-MILLER FAMILY A/C>	5,170,629	0.91
18	SIDNEY HO& ASSOCIATES PTY LTD	<SIDNEY HO & ASS P/L S/F A/C>	4,661,659	0.82
19	A & J PURCHASE PTY LTD		3,750,000	0.66
20	AUST EXECUTOR TRUSTEES LTD	<LANYON AUST VALUE FUND>	3,393,003	0.60
<b>Total</b>			<b>470,918,945</b>	<b>82.93</b>
<b>Balance of register</b>			<b>96,927,253</b>	<b>17.07</b>
<b>Grand total</b>			<b>567,846,198</b>	<b>100.00</b>



**Armida Investment Corporation Limited Financial Statements  
For the year ended 30 June 2016**

**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 21 November 2016.

**DIRECTORS**

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

**AUDITORS**

Grant Thornton Audit Pty Limited  
Chartered Accountants  
Level 17  
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Sydney NSW 2000  
Email: [info.nsw@au.gt.com](mailto:info.nsw@au.gt.com)  
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**SHARE REGISTRY**

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Internet: [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au)

**KEY DATES**

Annual General Meeting Date: 21 November 2016