Armidale Investment Corporation Limited
ABN 58 100 854 788

Appendix 4D Statement
Half Year Report

Results for announcement to the Market
Half year ended 31 December 2013

All comparisons to the half year ended 31 December 2012

	6 months ended 31 December 2013 $	**6 months ended 31 December 2012 $ Restated**	**% change prior year**
Revenue	473,406	304,651	55.4
Other income	1,669,823	8,079,260	(79.3)
Net profit before tax	1,508,926	7,996,641	(81.13)
Net profit after tax	1,508,926	7,996,641	(81.13)
Net assets	30,515,345	25,048,382	21.83
Net tangible assets per share	0.1491	0.1342	11.10
Dividend paid on ordinary shares	Nil	Nil	-

Commentary and explanations of the results

Summary

- In August 2013 the Australian Accounting Standards Board (AASB) issued *AASB 2013-5 Amendments to Australian Accounting Standards – Investment Entities.* The standard mandatorily applies to reporting periods beginning on or after 1 January 2014, but is available for early adoption.
- In December 2013 the Directors of Armidale Investment Corporation Limited (AIK) undertook a review of the requirements of the standard and determined that AIK met the definition of an Investment Entity as set out in AASB 2013-5. The standard requires that all investments be carried at fair value and are not consolidated, regardless of whether they are subsidiaries of AIK. AIK has early adopted this standard in the current reporting period. As a result and as prescribed by the standard, AIK must present the financial statements as if AASB 2013-5 had always been applied, thus requiring the financial statements for the financial year ended 30 June 2013 to be restated. Therefore the comparatives in the financial statements are no longer consolidated financial statements but have been prepared applying the Investment Entity Accounting standard. The effect of this is that both the current half- year results and the corresponding half-year results are now reported for AIK, the Company only.
- Other income has decreased with respect to the comparative period due to AIK having revalued it's investment in Hal Data Services Pty Limited (Hal) during the half-year to 31 December 2012.
- Other income for the current period includes a fair value adjustment of AIK's investment in Riverwise of $601,818, and a repayment from Hal under the Loan Note of $889,568. Revenue includes interest received from Hal of $431,682.

- Expenses for the half year ended 31 December 2013 have increased compared to the comparative period for 2012 due mainly to AIK now employing the two executives directly. In the comparative period these executives were employed by Hal.

Commentary
Commentary on the results for the period is contained in the directors report accompanying the Interim Half Year Financial Report dated 24 February 2014.

Notes

1. The current period is the half-year ended 31 December 2013. For Appendix 4D, the comparative period is the half year-ended 31 December 2012.
2. This report is based on accounts which have been subject of a review.
3. All the documents comprise the information required by listing rule 4.2.A.
4. The information should be read in conjunction with the most recent annual report.

Armidale Investment Corporation Limited

Interim Financial Statements

For the half-year ended

31 December 2013

Contents

Directors' Report

The Directors of Armidale Investment Corporation Limited (AIK) present their Report together with the financial statements of the Company, for the half-year ended 31 December 2013.

Director details

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

Mark Smith – appointed Chairman 28 January 2014
Steve White
Andrew Grant
Gabriel Radzyminski – resigned 20 December 2013

Review of operations and financial results

The operating result of AIK for the half-year is a profit of $1,508,926 (2012: $7,996,641). The current half-year profit includes repayments made by Hal Data Services Pty Limited (Hal) under the Loan Note Facility of $889,568 and a revaluation of the investment in Riverwise Pty Limited (Riverwise) of $601,818. Hal continues to increase its origination of operating leases as well as collect upon the existing lease book. The cash flows arising from these activities are reinvested into new leases and/or repaid to AIK as repayments under the Loan Note Facility. Hal finances new leases out of a combination of free cash flows within Hal, borrowings from AIK, raising debenture funding through a Hal subsidiary or via lease finance facilities established with banking institutions.

AIK has increased its holding in Riverwise from $6,017,798 to $8,619,614 during the half-year and now holds 28% (30 June 2013: 23%) of the share capital of Riverwise. As the increase in share capital was obtained under a rights issue whereby the shares were issued at below the current value which AIK ascribe to the shares this resulted in a fair value adjustment of the shares acquired during the half-year of $601,818.

Earnings per share for the period to 31 December 2013 was 0.75 cents (2012: 4.86 cents)

In August 2013 the Australian Accounting Standards Board (AASB) issued *AASB 2013-5 Amendments to Australian Accounting Standards – Investment Entities*. The standard mandatorily applies to reporting periods beginning on or after 1 January 2014, but is available for early adoption.

In December 2013 the Directors of AIK undertook a review of the requirements of the standard and determined that AIK met the definition of an Investment Entity as set out in AASB 2013-5. The standard requires that all investments be carried at fair value and are not consolidated, regardless of whether they are subsidiaries of AIK. AIK has early adopted this standard in the current reporting period. As a result and as prescribed by the standard, AIK must present the financial statements as if AASB 2013-5 had always been applied, thus requiring the financial statements for the financial year ended 30 June 2013 to be restated. Therefore the comparatives in the financial statements are no longer consolidated financial statements but have been prepared applying the Investment Entity Accounting standard. The effect of this is that both the current half-year results and the corresponding half-year results are now reported for AIK, the Company only.

Directors' Report (continued)

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

Signed in accordance with a resolution of the directors

Andrew Grant
Director
24 February 2014

Grant Thornton

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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 review of Armidale Investment Corporation Limited for the half-year ended 31 December 2013, I declare that, to the best of my knowledge and belief, there have been:

a no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review; and

b no contraventions of any applicable code of professional conduct in relation to the review.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

P J Woodley
Partner - Audit & Assurance

Sydney, 24 February 2014

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Statement of profit or loss and other comprehensive income

For the half-year ended 31 December 2013

	Notes	31 December 2013 $	31 December 2012 Restated $
Revenue			
Interest income		473,406	304,651
Unrealised gain on investments		601,818	8,079,260
Other income		178,437	-
Repayments – Hal Loan Note		889,568	-
Employee benefits expense		(380,169)	(98,371)
Depreciation and amortisation		(97,216)	(57)
Other expenses		(156,918)	(288,842)
Profit before tax		1,508,926	7,996,641
Tax expense		-	-
Profit for the period		1,508,926	7,996,641
Other comprehensive income		-	-
Other comprehensive income for the period, net of tax		-	-
Total comprehensive income for the period		-	-
Profit for the period attributable to owners of the entity		1,508,926	7,996,641
Total comprehensive income for the period attributable to owners of the entity		1,508,926	7,996,641
Earnings per share			
Basic earnings per share	9	0.75 cents	4.86 cents
Diluted earnings per share		0.75 cents	4.86 cents

The accompanying notes form part of these financial statements.

Statement of financial position

As at 31 December 2013

	Notes	31 December 2013	30 June 2013 Restated	1 July 2012 Restated
Assets		$	$	$
Current				
Cash and cash equivalents		603,406	1,764,801	2,938,892
Other short-term financial assets		1,658,884	1,350,000	-
Other current assets		11,559	26,390	55,252
Current assets		2,273,849	3,141,191	2,994,144
Non-current				
Other long-term financial assets	16	27,878,722	25,284,627	13,319,585
Property, plant and equipment		-	-	57
Intangible assets	15	674,168	771,384	-
Non-current assets		28,552,890	26,056,011	13,319,642
Total assets		30,826,739	29,197,202	16,313,786
Liabilities				
Current				
Trade and other payables		170,096	93,676	143,325
Provisions		46,194	5,843	-
Financial liabilities		91,264	91,264	-
Current liabilities		307,554	190,783	143,325
Non-current				
Provisions		3,840	-	-
Non-current liabilities		3,840	-	-
Total liabilities		311,394	190,783	143,325
Net assets		30,515,345	29,006,419	16,170,461
Equity				
Share capital	10	94,272,514	94,272,514	92,448,555
Reserves	12	11,864,131	10,355,205	93,206
Accumulated losses		(75,621,300)	(75,621,300)	(76,371,300)
Total equity		30,515,345	29,006,419	16,170,461

The accompanying notes form part of these financial statements.

Statement of changes in equity

For the half-year ended 31 December 2013

	Share capital $	Current profit reserve $	Accumulated losses $	Total equity $
Balance at 1 July 2013	94,272,514	10,355,205	(75,621,300)	29,006,419
Transactions with owners	-	-	-	-
Profit for the period	-	1,508,926	-	1,508,926
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	-	1,508,926	-	1,508,926
Balance at 31 December 2013	94,272,514	11,864,131	(75,621,300)	30,515,345

The accompanying notes form part of these financial statements.

Statement of changes in equity

For the half-year ended 31 December 2012

	Share capital $	Equity reserve $	Current profit reserve $	Accumulated losses $	Total equity $
Balance at 1 July 2012	92,448,555	93,206	-	(76,371,300)	16,170,461
Transactions with owners	881,280	-	-	-	881,280
Profit for the period	-	-	7,996,641	-	7,996,641
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the period	-	-	7,996,641	-	7,996,641
Balance at 31 December 2012	93,329,835	93,206	7,996,641	(76,371,300)	25,048,382

The accompanying notes form part of these financial statements.

Statement of cash flows

For the half-year ended 31 December 2013

	31 December 2013 $	31 December 2012 $
Operating activities		
Receipts from customers	-	
Payments to suppliers and employees	(226,082)	(367,456)
Interest received	473,451	344,413
Net cash provided by operating activities	247,369	(23,043)
Investing activities		
Equity acquired in investment company	(1,999,998)	(575,652)
Proceeds from Loan Note repayments	889,568	1,450,000
Loans advanced to investment companies	(3,225,000)	(1,950,000)
Proceeds from loans repaid	2,926,666	1,308,912
Net cash used in investing activities	(1,408,764)	233,260
Net change in cash and cash equivalents	(1,161,395)	210,217
Cash and cash equivalents, beginning of period	1,764,801	2,938,892
Cash and cash equivalents, end of period	603,406	3,149,109

The accompanying notes form part of these financial statements.

Notes to the interim financial statements

1 Nature of operations

Armidale Investment Corporation Limited's (the Company) principal activities include investment activities conducted in Australia and derives revenue and investment income from securities and fixed interest securities.

2 General information and basis of preparation

The interim financial statements (the interim financial statements) of the Company are for the six months ended 31 December 2013 and are presented in Australian dollars ($), which is the functional currency of the Company. These general purpose interim financial statements have been prepared in accordance with the requirements of the *Corporations Act 2001* and AASB 134 *Interim Financial Reporting*. They do not include all of the information required in annual financial statements in accordance with Australian Accounting Standards, and should be read in conjunction with the financial statements of the Company for the year ended 30 June 2013 and any public announcements made by the Company during the half-year in accordance with continuous disclosure requirements arising under the Australian Securities Exchange Listing Rules and the *Corporations Act 2001*.

The interim financial statements have been approved and authorised for issue by the board of directors on 24 February 2014.

3 Significant accounting policies

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

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

The interim financial statements have been prepared in accordance with the accounting policies adopted in the Company's last annual financial statements for the year ended 30 June 2013, except in relation to the matters discussed below. The relevant amendments and their effects on the current period or prior periods are described below.

3 Significant accounting policies (continued)

Change in accounting policy

The Directors have determined that the Company meets the definition of an Investment Entity as set out in the Australian Accounting Standards Board (AASB) AASB 2013-5 *Amendment to Australian Accounting Standards – Investment Entities.* This accounting standard provides an exception to the consolidation requirements in AASB 10 *Consolidated Financial Statements* and require that Investment Entities measure investments at fair value through profit or loss, regardless of whether they are subsidiaries. The Directors of the Company have decided to early adopt this standard.

Third statement of financial position

Two comparative periods are presented for the statement of financial position when the Company:

i. Applies an accounting policy retrospectively,
ii. Makes retrospective restatements of items in its financial statements, or
iii. Reclassifies items in the financial statements

Refer to Note 18 for the effect of the adoption of AASB2013-5.

As required under this standard the Company is also required to adopt AASB 10 *Consolidated Financial Statements,* AASB 11 *Joint Arrangements,* AASB 12 *Disclosure of Interests in Other Entities,* AASB 127 *Separate Financial Statements* and AASB 128 *Investments in Associates and Joint Ventures.* The effect of this early adoption is that the comparative financial information in these interim financial statements is restated. Refer note 18 for details.

Other new and amended accounting standards that apply for the first time to the 31 December 2013 interim period include AASB 13 *Fair Value Measurement,* AASB 119 *Employee Benefits* (September 2011), AASB 2011-8 *Amendments to Australian Accounting Standards arising from AASB 13,* AASB 2012-2 *Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities and* AASB 2012-5 *Amendments to Australian Accounting Standards arising from Annual Improvements 2009-11 Cycle.* While these standards introduced new disclosure requirements, they did not affect the Company's accounting policies or any of the amounts recognised in the financial statements.

4 Estimates

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

The judgements, estimates and assumptions applied in the interim financial statements, including the key sources of estimation uncertainty were the same as those applied in the Company's last annual financial statements for the year ended 30 June 2013.

5 Significant events and transactions

Overall, the Company's investments are performing in line with expectations. During the six months ended 31 December 2013 the Company made a further investment in Riverwise Pty Limited (Riverwise) of $1,999,998 by underwriting a rights issue taking the Company's holding to 28% (30 June 2013: 23%). The shares were issued under the rights issue at $5.50 each, the Company then revalued these shares to $7.16 in accordance with their fair value. This resulted in a revaluation through the profit and loss of $601,818.

Hal Data Services Pty Limited (Hal), the Company's other primary investment continues to originate equipment leases and raise funding for these leases in accordance with its business plan. The cash generated from the existing lease book has been either repaid to the Company in accordance with the Loan Note or reinvested in new leases. During the half-year ended 31 December 2013 the Company advanced $2,925,000 to Hal as loans for the purpose of originating leases and $700,000 to Riverwise for the purpose of working capital.

6 Interests in unconsolidated subsidiaries

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

Hal Data Services Pty Limited (and its controlled entities) (Hal)
Ownership interest held: 86.82%
Principal place of business: Level 2, 17-23 Merriwa Street, Gordon, NSW 2072.
The repayments made to the Company by Hal in respect of the Loan Note Investment are governed by the terms of the Loan Note Agreement entered into in 31 January 2011. The further loans advanced to Hal by the Company are secured by a general security arrangement over Hal held by the Company. The Company continues to advance loan funds to Hal for the purpose of originating equipment leases. In the half-year ended 31 December 2013 the Company advanced $2,925,000 to Hal for this purpose. These funds are on set repayment terms ranging from 24 to 36 months and are charged interest at 15% per annum. There is no fixed commitment made in that regard and this finance forms one of many sources which Hal has access to for the origination of equipment leases.

Armidale Investment Corporation (Australia) Pty Limited (and its controlled entity)
Ownership interest held: 100%
Principal place of business: Suite 4, Level 9, 341 George Street, Sydney NSW 2000
Armidale Investment Corporation (Australia) Pty Limited is the sole shareholder of Lease Company of Australia Limited (LCA) which is in the process of being wound up.

Cat One Investments Pty Limited
Ownership interest held: 100%
Principal place of business: Suite 4, Level 9, 341 George Street, Sydney NSW 2000

Venagrow Pty Limited
Ownership interest held: 100%
Principal place of business: Suite 4, Level 9, 341 George Street, Sydney NSW 2000
Cat One Investments Pty Limited and Venagrow Pty Limited own the rights to repayments under the Waterfall Agreement in the portion of 7.5% each.

6 Interests in unconsolidated subsidiaries (continued)

Oceania Leasing Corporation Limited
Ownership interest held: 100%
Principal place of business: Level 2, 17-23 Merriwa Street, Gordon NSW 2072
This company is dormant.

7 Segment reporting

The Company operates in one segment; investment activities, and in one market; Australia.

8 Seasonal fluctuations

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

9 Earnings per share

Both the basic and diluted earnings per share have been calculated using the profit attributable to shareholders of the Company (Armidale Investment Corporation Limited) as the numerator, i.e. no adjustments to profits were necessary during the six month period to 31 December 2013.

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

	6 months to 31 December 2013	6 months to 31 December 2012
Weighted average number of shares used in basic earnings per share	200,140,739	164,467,281
Closing number of shares on issue	200,140,739	180,118,429
Basic earnings per share (cents per share)	0.75 cents	4.86 cents

10 Share capital

	31 December 2013 Number	31 December 2012 Number
Number of shares issued and fully paid	200,140,739	180,118,429
Number of shares issued but not fully paid	-	-

As at 31 December 2013 there are 18,360,000 shares which form part of the total shares on issue above which are under voluntary escrow until 4 December 2014.

11 Dividends

There were no dividends paid or declared to be paid in the six months ended 31 December 2013.

12 Reserves

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

The Equity Reserve relates to the equity held in Hal, upon fair value adjustment to nil during the year ended 30 June 2013, this reserve was reversed through the profit and loss.

13 Related party transactions

The following are significant related party transactions which occurred during the half-year ended 31 December 2013.

The Company received $889,568 from Hal under the Loan Note Agreement
The Company received $431,682 from Hal in interest payments
The Company advanced $2,525,000 to Hal for the purpose of investing in commercial operating leases
The Company received $876,666 in principal loan repayments from Hal during the period
The Company charged $178,892 to Riverwise for management services
The Company advanced $700,000 to Riverwise for the purpose of working capital
The Company received $2,050,000 from Riverwise as repayment of principal under a loan agreement. The Company, as an ordinary shareholder in Riverwise would be entitled to dividends from Riverwise alongside ordinary shareholders if any dividends were to be declared.

14 Contingent liabilities

There are no contingent liabilities as at 31 December 2013.

15 Intangible assets

The following table shows the movements in intangible assets:

Rights to Waterfall	6 months to 31 December 2013 $	Year to 30 June 2013 $
Gross carrying amount		
Balance at beginning of period	881,280	-
Amount recognised on acquisition	-	881,280
Balance, end of period	881,280	881,280
Amortisation		
Balance at beginning of period	109,896	-
Amortisation	97,216	109,896
Balance, end of period	207,112	109,896
Carrying amount, end of period	674,168	771,384

16 Fair value measurement of financial instruments

16.1 Fair value hierarchy

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

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

The Company's financial assets measured and recognised at fair value at 31 December 2013 and 30 June 2013 on a recurring basis are as follows:

31 December 2013	**Level 3 $**	**Total $**
Assets		
Debt instruments		
Hal Data Services Pty Limited - Loan Note	15,316,113	15,316,113
Equity in unlisted companies		
Hal Data Services Pty Limited - Equity	-	-
Riverwise Pty Limited - Equity	8,619,614	8,619,614
Cat One Investments Pty Limited	-	-
Venagrow Pty Limited	-	-
Armidale Investment Corporation (Australia) Pty Limited	2	2
Total	23,935,729	23,935,729

30 June 2013	**Level 3 $**	**Total $**
Assets		
Debt instruments		
Hal Data Services Pty Limited - Loan Note	15,316,113	15,316,113
Equity in unlisted companies		
Hal Data Services Pty Limited - Equity	-	-
Riverwise Pty Limited - Equity	6,017,798	6,017,798
Cat One Investments Pty Limited	-	-
Venagrow Pty Limited	-	-
Armidale Investment Corporation (Australia) Pty Limited	2	2
Total	21,333,913	21,333,913

16.2 Movements in level 3 assets

	6 months to 31 December 2013 $	Year to 30 June 2013 $
Movement in fair value of debt instruments		
Hal Data Pty Limited – Loan Note	15,316,113	6,125,612
Add: Fair value adjustment recognised in the profit and loss*	-	9,190,501
Balance, end of period	15,316,113	15,316,113
Movement in fair value of equity investments in unlisted companies		
Hal Data Pty Limited – Equity	-	93,206
(Less): Fair value adjustment* recognised in the profit and loss	-	(93,206)
Balance, end of period	-	-
Riverwise Pty Limited	6,017,798	3,316,284
Add: Equity acquired	1,999,998	1,576,768
Add: Fair value adjustment recognised in the profit and loss*	601,818	1,124,746
Balance, end of the period	8,619,614	6,017,798
Total Balance, end of period	23,935,727	21,333,911

*Based on the mid-point of an in independent valuation issued on 25 February 2013

16.3 Methods and valuation techniques

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

(a) Debt instruments

The debt instruments are held in unlisted companies and the debt instruments are not traded in active markets. The fair values of these instruments are determined using managements best estimates of future cash flows arising from the debt instruments. These cash flows are then discounted using a discount rate with reference to observable market data where available. These instruments are therefore classified as Level 3. An independent valuer has determined the final valuation based on these inputs. The most recent valuation was performed on 25 February 2013. The Board and management review the inputs and assumptions to the valuation formally at each annual and half-year reporting period to determine if there are any material changes to key inputs.

Significant inputs in the Hal valuation

Growth rates

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

	2014	2015	2016	2017	2018
Growth rate	-	-	-	-	-

Discount rates

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

	2014	2015	2016	2017	2018
Discount rate	15%	15%	15%	15%	15%

(b) Equity investments in unlisted companies

The equity instruments are held in unlisted companies and is not traded in active markets. The fair value of these investments is determined based on the provision of cash flow and earnings forecasts provided by the investee companies and provided to an external valuer. 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 25 February 2013. 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.

16 Fair value measurement of financial instruments (continued)
16.3 Methods and valuation techniques (continued)

Significant inputs in the Riverwise valuation

The valuation approach adopted for the Riverwise valuation was to apply an EBITDA future maintainable earnings multiple to the forecast 30 June 2014 financial year results. The earnings multiple applied took into account a growth rate of 10% however was then discounted for execution risk given the variable financial history of Riverwise. The 30 June 2014 forecast was derived by management based on expected profit levels determined by historic performance, adjusted for non-recurring items and then taking into account expected cost savings initiatives.

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

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

There have been no transfers between the levels of the fair value hierarchy during the half-year ended 31 December 2013.

The Company did not measure any financial assets or financial liabilities at fair value on a non-recurring basis at 31 December 2012.

16.4 Fair value of other financial assets and financial liabilities

The Company also has a number of financial instruments which are not measured at fair value in the Statement of Financial Position. These had the following fair values as at 31 December 2013:

	Fair value $	Carrying amount $
Other short-term financial assets		
Hal Data Services Pty Limited – Loans	1,658,884	1,658,884
Other long-term financial assets		
Hal Data Services Pty Limited – Loans	3,942,993	3,942,993
	5,601,877	5,601,877

As at 30 June 2013:

	Fair value $	Carrying amount $
Other short-term financial assets		
Riverwise Pty Limited – Loans	1,350,000	1,350,000
Other long-term financial assets		
Hal Data Services Pty Limited – Loans	3,950,714	3,950,714
	5,300,714	5,300,714

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

17 Events after the reporting date

Under a capital raising placement, the Company issued 30,000,000 fully paid shares at a price of $0.07 per share to raise $2.1m from sophisticated investors and institutional clients. These shares were allotted on 10 February 2014, with the allotment previously approved by shareholders under Resolution 4 of the Notice of Annual General Meeting held on 14 November 2013. The funds will be advanced to Hal Data Services Pty Limited (Hal) for the purpose of originating commercial operating leases.

On 6 February 2014, the Company acquired a further 42,500 shares in Riverwise Pty Ltd at $5.50 per share, increasing its holding from 28% to 29%.

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

18 Restatement of prior periods

As set out in Note 3 to these interim financial statements, the early adoption of Australian Accounting Standard (AASB) *AASB 2013-5 Amendments to Australian Accounting Standards – Investment Entities* required the Company to restate the prior period financial statements. Details of the effect of this restatement is set out below:

Statement of profit or loss and other comprehensive income

	31 December 2012 Previously Reported $	Adjustment $	31 December 2012 Restated $
Revenue	5,339,155	(5,339,155)	-
Interest income	-	304,651	304,651
Unrealised gain on investment	-	9,190,501	9,190,501
Other income	845,098	(845,098)	-
Income – Hal Loan Note	-	-	-
Employee benefits expense	(1,330,139)	1,231,768	(98,371)
Unrealised loss on investment	(1,111,241)	-	(1,111,241)
Cost of sales	(580,388)	580,388	-
Administration expenses	-	-	-
Loss on acquisition of lease book	-	-	-
Depreciation and amortisation	(4,148,044)	4,147,987	(57)
Finance costs	(346,733)	346,733	-
Marketing expenses	-	-	-
Facility expenses	-	-	-
Other expenses	(1,193,538)	904,696	(288,842)
Profit/(loss) before tax	(2,525,830)	10,522,471	7,996,641
Tax (expense)/benefit	1,510,581	(1,510,581)	-
Profit/(loss) for the period	(1,015,249)	9,011,890	7,996,641
Other comprehensive income	-	-	-
Other comprehensive income for the period, net of tax	-	-	-
Total comprehensive income for the period	-	-	-
Profit/(loss) for the period attributable to:			
Non-controlling interest	(39,241)	39,241	-
Owners of the parent	(976,008)	8,972,649	7,996,641
	(1,015,249)	9,011,890	7,996,641
Total comprehensive income/(loss) for the period attributable to:			
Non-controlling interest	(39,241)	39,241	-
Owners of the parent	(976,008)	8,972,649	7,996,641
	(1,015,249)	9,011,890	7,996,641
Earnings per share			
Basic earnings per share	(0.59) cents	5.45 cents	4.86 cents
Diluted earnings per share	(0.59) cents	5.45 cents	4.86 cents

18 Restatement of prior periods (continued)

Statement of financial position

	30 June 2012 Previously Reported	Adjustment	30 June 2012 Restated
Assets	$	$	$
Current			
Cash and cash equivalents	6,427,941	(3,489,049)	2,938,892
Trade and other receivables	8,419,969	(8,419,969)	-
Current tax assets	110,880	(110,880)	-
Other short-term financial assets	-	-	-
Other current assets	290,050	(234,798)	55,252
Inventories	43,280	(43,280)	-
Other financial assets	2,852,706	(2,852,706)	-
Current assets	18,144,826	(15,150,682)	2,994,144
Non-current			
Other long-term financial assets	4,756,961	8,562,624	13,319,585
Plant and equipment	4,009,161	(4,009,104)	57
Deferred tax assets	1,960,330	(1,960,330)	-
Goodwill	-	-	-
Intangibles	9,581,821	(9,581,821)	-
Non-current assets	20,308,273	(6,988,631)	13,319,642
Total assets	38,453,099	(22,139,313)	16,313,786
Liabilities			
Current			
Trade and other payables	2,661,056	(2,517,731)	143,325
Income in advance	837,571	(837,571)	-
Other financial liabilities	4,571,346	(4,571,346)	-
Current tax liabilities	-	-	-
Provisions	324,612	(324,612)	-
Current liabilities	8,394,585	(8,251,260)	143,325
Non-current			
Other financial liabilities	3,274,901	(3,274,901)	-
Deferred tax liabilities	6,376,684	(6,376,684)	-
Provisions	51,008	(51,008)	-
Non-current liabilities	9,702,593	(9,702,593)	-
Total liabilities	18,097,178	(17,953,853)	143,325
Net assets	20,355,921	(4,185,460)	16,170,461
Equity			
Equity attributable to owners of the parent:			
Share capital	92,448,555	-	92,448,555
Reserves	(18,336,390)	18,429,596	93,206
Accumulated losses	(50,531,309)	(25,839,991)	(76,371,300)
Non-controlling interest	(3,224,935)	3,224,935	-
Total equity	20,355,921	(4,185,460)	16,170,461

18 Restatement of prior periods (continued)

Statement of financial position

	30 June 2013 Previously Reported	Adjustment	30 June 2013 Restated
Assets	$	$	$
Current			
Cash and cash equivalents	2,476,127	(711,326)	1,764,801
Trade and other receivables	7,609,016	(7,609,016)	-
Other current assets	177,951	(151,561)	26,390
Inventories	5,600	(5,600)	-
Other financial assets	2,408,108	(1,058,108)	1,350,000
Current assets	12,676,802	(9,535,611)	3,141,191
Non-current			
Other long-term financial assets	6,833,169	18,451,458	25,284,627
Plant and equipment	5,558,124	(5,558,124)	-
Deferred tax assets	1,889,024	(1,889,024)	-
Intangibles	5,972,184	(5,200,800)	771,384
Non-current assets	20,252,501	5,803,510	26,056,011
Total assets	32,929,303	(3,732,101)	29,197,202
Liabilities			
Current			
Trade and other payables	2,026,064	(1,932,388)	93,676
Income in advance	340,123	(340,123)	-
Other financial liabilities	886,315	(795,051)	91,264
Current tax liabilities	27,381	(27,381)	-
Provisions	169,298	(163,455)	5,843
Current liabilities	3,449,181	(3,258,398)	190,783
Non-current			
Other financial liabilities	2,992,682	(2,992,682)	-
Deferred tax liabilities	5,137,402	(5,137,402)	-
Provisions	86,559	(86,559)	-
Non-current liabilities	8,216,643	(8,216,643)	-
Total liabilities	11,665,824	(11,475,041)	190,783
Net assets	21,263,479	7,742,940	29,006,419
Equity			
Equity attributable to owners of the parent:			
Share capital	94,272,514	-	94,272,514
Reserves	(18,336,390)	28,691,595	10,355,205
Accumulated losses	(51,124,840)	(24,496,460)	(75,621,300)
Non-controlling interest	(3,547,805)	3,547,805	-
Total equity	21,263,479	7,742,940	29,006,419

Directors' declaration

1. In the opinion of the directors of Armidale Investment Corporation Limited:

   a the financial statements and notes of Armidale Investment Corporation Limited are in accordance with the *Corporations Act 2001*, including

      i. giving a true and fair view of its financial position as at 31 December 2013 and of its performance for the half-year ended on that date; and

      ii. complying with Accounting Standard AASB 134 *Interim Financial Reporting*; and

   b there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors:

Andrew Grant
Director

24 February 2014

Grant Thornton

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

We have reviewed the accompanying half-year financial report of Armidale Investment Corporation Limited (the "Company"), which comprises the statement of financial position as at 31 December 2013, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a statement or description of accounting policies, other explanatory information and the directors' declaration.

Directors' responsibility for the half-year financial report

The directors of Armidale Investment Corporation Limited are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such controls as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with the Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the Armidale Investment Corporation Limited financial position as at 31 December 2013 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of Armidale Investment Corporation Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review

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procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

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

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Armidale Investment Corporation Limited is not in accordance with the Corporations Act 2001, including:

a giving a true and fair view of the Company's financial position as at 31 December 2013 and of its performance for the half-year ended on that date; and

b complying with Accounting Standard AASB 134 Interim Financial Reporting and Corporations Regulations 2001.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

P J Woodley
Partner - Audit & Assurance

Sydney, 24 February 2014