



HALF YEAR REPORT

31 December 2015

Investors Central Limited

ACN 143 097 385

Investors Central Limited ACN 143 097 385 **Half Year Report - 31 December 2015**

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This half year report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2015 and any public announcements made by Investors Central Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

Directors' report

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity' or 'group') consisting of Investors Central Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled for the half-year ended 31 December 2015.

Directors

The following persons were directors of Investors Central Limited up to the date of this report, unless otherwise stated:

Executive Directors

Jamie Edward McGeachie (appointed 13 April 2010)

Jason William Ryan (appointed 18 December 2012)

Quinnton Cowen (appointed 18 December 2012)

Stephen Paul Jones (appointed 18 December 2012)

Non-Executive Director

Andrew Peter Kemp (appointed 22 August 2014)

Principal activities

During the financial period the principal continuing activities of the consolidated entity consisted of:

- Public capital raising to fund the continued expansion of our automotive lending business, Fin One Pty Ltd trading as Finance One.
- Provision of motor vehicle loans by Finance One.

Review of operations

The profit for the consolidated entity for the period ended 31 December 2015 after providing for income tax amounted to \$913,426 (2014: \$757,718).

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the consolidated entity during the half-year to 31 December 2015.

Matters subsequent to the end of the financial period

Matters subsequent to 31 December 2015, Investors Central Limited has issued 1,340,000 redeemable preference shares for \$1,340,000. \$1,340,000 was received prior to 31 December 2015 and is included in the redeemable preference shares balance in Note 4. There were no other significant matters subsequent to the end of the half-year to 31 December 2015.

Likely developments and expected results of operations

Information on likely developments in the operations of the consolidated entity and the expected results of operations have not been included in this report because the directors believe it would be likely to result in unreasonable prejudice to the consolidated entity.

Remuneration report

The directors present the Investors Central Limited 31 December 2015 half-year remuneration report, outlining key aspects of our remuneration policy and framework, and remuneration awarded this period.

(a) Policy for Determining the Nature and Amount of Key Management Personnel Remuneration

Remuneration levels are competitively set to attract and retain appropriately qualified and experienced Directors and Senior Management. The Board assesses the appropriateness of remuneration packages, given trends in comparative companies. Remuneration packages comprise fixed remuneration and may include bonuses or equity based remuneration entirely at the discretion of the Board based on the performance of the individual. At the date of this report the Consolidated Entity has not entered into any agreements with Directors or Senior Management which include performance based components. As such there is no relationship between the Consolidated Entity's financial results, market price of its equity securities, dividends declared or paid during the financial period, or other capital returns to shareholders to the remuneration paid to Directors. No options were issued to Directors or senior executives during the financial period in respect of remuneration.

(b) Details of Remuneration for Directors and Executive Officers

During the period there were no other Senior Executives which were employed by the company for whom disclosure is required. Details of directors' appointment and resignation dates, and executive/non-executive status are disclosed at the beginning of this director's report. Details of the remuneration of each Director of the company are as follows:

31 December 2015	Short-term employee benefits			Post-employment benefits	Long-term benefits	Total
	Cash salary and fees	Cash bonus	Non-monetary benefits	Super-annuation	Annual and long service leave	
Name	\$	\$	\$	\$	\$	\$
<i>Directors</i>						
Jamie McGeachie*	6,050	-	-	-	-	6,050
Jason Ryan	5,500	-	-	522	-	6,022
Quinnton Cowen*	5,500	-	-	522	-	6,022
Stephen Jones	5,500	-	-	522	-	6,022
Andrew Kemp**	22,715	-	-	-	-	22,715
<i>Other Key Management Personnel</i>						
Managing Director - Jamie McGeachie*	83,208	-	4,807	-	-	88,015
Manager - Jason Ryan	77,885	-	-	7,399	3,252	88,536
Manager - Quinnton Cowen*	57,499	-	-	5,293	-	62,792
Manager - Stephen Jones	30,402	-	-	2,888	-	33,290
Total key management personnel compensation	294,259	-	4,807	17,146	3,252	319,464

31 December 2014	Short-term employee benefits			Post-employment benefits	Long-term benefits	Total
	Cash salary and fees	Cash bonus	Non-monetary benefits	Super-annuation	Annual and long service leave	
Name	\$	\$	\$	\$	\$	\$
<i>Directors</i>						
Jamie McGeachie*	2,750	-	-	-	-	2,750
Jason Ryan	2,500	-	-	237	-	2,737
Quinnton Cowen*	2,500	-	-	237	-	2,737
Stephen Jones	2,500	-	-	237	-	2,737
Andrew Kemp**	13,200	-	-	-	-	13,200

Remuneration report (continued)

Name	Short-term employee benefits			Post-employment benefits	Long-term benefits	Total
	Cash salary and fees	Cash bonus	Non-monetary benefits	Superannuation	Annual and long service leave	
Other Key Management Personnel						
Managing Director - Jamie McGeachie*	61,081	-	3,957	-	-	65,038
Manager - Jason Ryan	72,500	-	-	6,888	-	79,388
Manager - Quintnton Cowen*	42,473	-	-	3,972	-	46,445
Manager - Stephen Jones	25,245	-	-	-	-	25,245
Total key management personnel compensation	224,749	-	3,957	11,571	-	240,277

* Key management personnel are remunerated by McGeachie Group Pty Ltd a related entity of director Jamie McGeachie.

** Includes GST

(c) Director's shareholding

The following table sets out the director's relevant interest in shares of the Company or a related body corporate as at the date of this report. There have been no changes since the prior year.

Director	Ordinary Shares
Jamie McGeachie	\$2,527,367

Redeemable Preference Shares

Details of redeemable preference shares held directly, indirectly or beneficially by key management personnel are as follows:

Key management personnel	\$
Managing Director - Jamie McGeachie	485,000
Manager - Jason Ryan	400,000
Manager - Quintnton Cowen	190,000
Manager - Stephen Jones	25,000
Non-Executive Director - Andrew Kemp	841,000
Total	<u>1,941,000</u>

Redeemable preference shares held by key management personnel have been granted on the same basis as other holders.

Interest-bearing Notes

Details of interest bearing notes held directly, indirectly or beneficially by key management personnel are as follows:

Key management personnel	\$
Managing Director - Jamie McGeachie	1,195,000


Interest bearing notes held by key management personnel have been granted on the same basis as other holders.

Auditor

Jessups Accountants and Business Advisors continues in office in accordance with section 327 of the Corporations Act 2001.

This report is made in accordance with a resolution of directors, pursuant to section 306(3) (a) of the Corporations Act 2001.

On behalf of the directors



Jamie Edward McGeachie
Director



Quinton Cowen
Director

Townsville
2 March 2016

AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF INVESTORS CENTRAL LIMITED AND CONTROLLED ENTITY

I declare that, to the best of my knowledge and belief, during the half year ended 31 December 2015 there have been no contraventions of:

- i. The auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- ii. any applicable code of professional conduct in relation to the audit.

Jessups



Rodger Dunstan
Director

Dated:

2 MARCH 2016

1/19 Stanley Street
Townsville QLD 4810

Investors Central Limited
Consolidated statement of comprehensive income
For the half-year 31 December 2015

	Notes	31 December 2015 \$	31 December 2014 \$
Interest income	2	4,972,316	3,181,133
Fee Income		2,167,477	1,551,948
Sundry income		3,833	3,165
Revenue from continuing operations		7,143,626	4,736,246
Interest expense		(3,189,453)	(2,026,222)
Employee benefits expense		(678,938)	(458,201)
Depreciation and amortisation expense		(33,340)	(30,010)
Doubtful and bad debts expense		(798,369)	(356,539)
Accountancy fees		(15,345)	(32,380)
Advertising expenses		(269,074)	(232,406)
Management fees		(294,809)	(198,466)
Consultancy fees		(113,593)	(95,776)
Other expenses		(443,081)	(217,246)
Total expenses		(5,836,002)	(3,647,246)
Profit before income tax		1,307,624	1,089,000
Income tax expense		(394,199)	(331,282)
Profit for the period		913,425	757,718
Other comprehensive income for the period		-	-
Total comprehensive income for the period		913,425	757,718
Profit is attributable to:			
Owners of Investors Central Limited		913,425	757,718
Total comprehensive income for the period is attributable to:			
Owners of Investors Central Limited		913,425	757,718

Investors Central Limited
Consolidated balance sheet
As at 31 December 2015

	Notes	31 December 2015 \$	30 June 2015 \$
ASSETS			
Current assets			
Cash and cash equivalents		6,188,773	6,439,613
Loans and other receivables	3	13,529,068	11,418,280
Current tax receivables		74	42
Other current assets		1,401	13,407
Total current assets		19,719,316	17,871,342
Non-current assets			
Loans and other receivables	3	34,286,359	25,495,048
Property, plant and equipment		99,128	88,412
Deferred tax assets		1,344,843	1,079,777
Intangible assets		195,380	157,483
Total non-current assets		35,925,710	26,820,720
Total assets		55,645,026	44,692,062
LIABILITIES			
Current liabilities			
Trade and other payables		908,379	851,465
Borrowings	4	12,584,889	10,109,999
Deferred revenue		2,887,704	2,374,368
Provisions		63,243	48,825
Total current liabilities		16,444,215	13,384,657
Non-current liabilities			
Borrowings	4	34,347,964	27,369,033
Provisions		21,432	20,382
Total non-current liabilities		34,369,396	27,389,415
Total liabilities		50,813,611	40,774,072
Net assets		4,831,415	3,917,990
EQUITY			
Contributed equity		2,527,367	2,527,367
Other reserves		(1,420,082)	(1,420,082)
Retained earnings		3,724,130	2,810,705
Total equity		4,831,415	3,917,990

Investors Central Limited
Consolidated statement of changes in equity
For the half-year 31 December 2015

	Contributed equity	Other reserves	Retained earnings	Total equity
	\$	\$	\$	\$
Balance at 1 July 2014	<u>2,527,367</u>	<u>(1,420,082)</u>	<u>1,339,826</u>	<u>2,447,111</u>
Profit for the period	-	-	757,718	757,718
Total comprehensive income for the period	<u>-</u>	<u>-</u>	<u>757,718</u>	<u>757,718</u>
Balance at 31 December 2014	<u>2,527,367</u>	<u>(1,420,082)</u>	<u>2,097,544</u>	<u>3,204,829</u>
Balance at 1 July 2015	<u>2,527,367</u>	<u>(1,420,082)</u>	<u>2,810,705</u>	<u>3,917,990</u>
Profit for the period	-	-	913,425	913,425
Total comprehensive income for the period	<u>-</u>	<u>-</u>	<u>913,425</u>	<u>913,425</u>
Balance at 31 December 2015	<u>2,527,367</u>	<u>(1,420,082)</u>	<u>3,724,130</u>	<u>4,831,415</u>

Investors Central Limited
Consolidated statement of cash flows
For the half-year 31 December 2015

	Notes	31 December 2015 \$	31 December 2014 \$
Cash flows from operating activities			
Receipts from customers (inclusive of goods and services tax)		1,473,595	1,162,683
Payments to suppliers and employees (inclusive of goods and services tax)		(2,024,712)	(1,180,157)
Interest received		4,967,118	3,201,266
Interest paid		(3,008,880)	(1,867,478)
		<u>1,407,121</u>	<u>1,316,314</u>
(increase)/decrease in operating assets:			
New customer loans		(17,271,753)	(11,900,506)
Repayment of customer loans		6,959,429	3,865,155
		<u>(10,312,324)</u>	<u>(8,035,351)</u>
Net cash from operating activities before income tax		(8,905,203)	(6,719,037)
Income tax paid		(659,297)	(458,959)
Net cash (outflow) from operating activities		(9,564,500)	(7,177,996)
Cash flows from investing activities			
Acquisition of property, plant and equipment		(21,651)	(10,081)
Acquisition of intangible assets		(60,301)	(22,134)
Net cash (outflow) from investing activities		(81,952)	(32,215)
Cash flows from financing activities			
Proceeds from issues of preference shares		9,558,175	8,714,499
Payment for transaction costs related to share issue		(17,563)	(111,283)
Net increase/(decrease) in payable to preference share holders		(145,000)	-
Net increase/(decrease) in payable to note holders		-	(500,000)
Net cash inflow from financing activities		9,395,612	8,103,216
Net (decrease) increase in cash and cash equivalents		(250,840)	893,005
Cash and cash equivalents at the beginning of the financial year		6,439,613	5,046,867
Cash and cash equivalents at end of period		6,188,773	5,939,872

1 Basis of preparation of half-year report

These general purpose financial statements for the half-year reporting period ended 31 December 2015 have been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

The historical cost basis has been used.

These half-year financial statements do not include all the notes of the type normally included in annual financial statements and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial statements. Accordingly, these half-year financial statements are to be read in conjunction with the annual financial statements for the year ended 30 June 2015 of Investors Central Limited.

The same accounting policies and methods of computation have generally been followed in these half-year financial statements as compared with the most recent annual financial statements.

(a) Segment reporting

The consolidated entity operates in one business and geographical segment, being a used automotive lending business in Australia.

2 Interest Income

	31 December 2015	31 December 2014
	\$	\$
<i>Interest income</i>		
Cash and cash equivalents	43,285	56,729
Loans and advances to customers	4,929,031	3,124,404
	4,972,316	3,181,133

3 Trade and other receivables

	31 December 2015	30 June 2015
	\$	\$
Current loans receivable	13,955,878	11,418,280
Non-current loans receivable	35,368,012	26,677,828
Gross loans receivable	49,323,890	38,096,108
Provision for impairment	(1,508,463)	(1,182,780)
Net loans receivable	47,815,427	36,913,328

(a) Contractual maturity analysis

	31 December 2015	30 June 2015
	\$	\$
Not longer than 3 months	3,641,400	2,764,821
Longer than 3 months and not longer than 1 year	10,314,477	8,653,460
Longer than 1 year but not longer than 5 years	35,226,479	26,629,556
Longer than 5 years	141,534	48,271
Gross loans receivable	49,323,890	38,096,108

3 Trade and other receivables (continued)

(b) Impaired trade receivables

Movements in the provision for impairment of receivables are as follows:

	31 December 2015	30 June 2015
	\$	\$
Opening Balance	1,182,780	656,074
Provision for impairment recognised during the period	325,683	526,706
Closing Balance	1,508,463	1,182,780

(c) Past due but not impaired

	2015		2014	
	Carrying amount	Past Due	Carrying amount	Past Due
	\$	\$	\$	\$
< 90 days	9,065,629	438,431	5,787,659	289,426
90 to 180 days	1,362,857	294,284	1,202,086	262,809
> 180 days	981,607	560,264	773,196	419,599
	11,410,093	1,292,979	7,762,941	971,834

(d) Credit quality - security held against loans

	31 December 2015	30 June 2015
	\$	\$
Secured by mortgage over motor vehicle	49,323,890	38,069,108
Value of collateral held at fair value	34,768,420	26,500,417

The value of collateral held was determined by reference to the wholesale value of motor vehicles held as collateral at date of loan origination reduced by 22.5% for each year since loan origination to the 30 June 2013. From the 1st of July 2013 the reduction rate of collateral held was increased to 32.5%.

The company may not have sufficient security over the borrower's assets to recover the full amount of the loan and/or interest repayments payable to it under the loan. In most cases, borrowers will provide their motor vehicle as security for their loan. If a borrower fails to make their loan repayments, the company may be forced to take possession of the motor vehicle. Normally, the company would seek to immediately sell the vehicle via wholesale second hand motor vehicle markets. Often motor vehicles are sold via wholesale second hand markets at significantly less than the price at which they are sold by car dealers. In addition, motor vehicles are depreciating assets, and therefore, the value of motor vehicles will also erode over time. Accordingly, if the company is forced to take possession of the motor vehicle and sell it on wholesale motor vehicle markets, the company may receive less for the vehicle than the amount owing under the loan.

4 Borrowings

	31 December 2015	30 June 2015
	\$	\$
Current		
Interest bearing notes - unsecured	9,435,991	8,680,000
Redeemable preference shares	3,148,898	1,429,999
	12,584,889	10,109,999
Non-Current		
Interest bearing notes - unsecured	-	755,991
Redeemable preference shares	34,573,306	26,879,030
Less costs related to share issue	(225,342)	(265,988)
	34,347,964	27,369,033
Contractual maturity analysis- unsecured interest bearing notes		
Not longer than 1 year	10,120,993	-
Contractual maturity analysis- redeemable preference shares		
Not longer than 1 year	8,392,371	5,269,179
Longer than 1 year and not longer than 2 years	8,971,142	7,129,301
Longer than 2 years and not longer than 3 years	14,307,213	10,987,516
Longer than 3 years and not longer than 4 years	14,546,816	8,301,198
Longer than 4 years and not longer than 5 years	8,595,555	9,508,344
	54,813,097	41,195,538

(a) Unsecured notes

Unsecured notes have been issued with fixed terms of 12 - 36 months and interest paid between 14 and 18% per annum, dependent on the amount of the note.

(b) Redeemable preference shares

Redeemable preference shares have been issued with fixed terms of 12 - 60 months and interest paid between 9 and 16% per annum dependent on the fixed investment term and the principal investment amount.

Preference shareholders have the right to receive notice of and to attend any meeting of Shareholders but will only be entitled to vote in the following circumstances:

- (a) On a proposal which affects the rights attached to Preference Shares, to reduce the share capital of the Company, to wind up the Company or for the disposal of the whole of the property, business and undertaking of the Company;
- (b) On a resolution to approve the terms of a buy-back agreement;
- (c) During a period in which money owing on preference shares is in arrears; or
- (d) During the winding up of the Company.

5 Contingencies

(a) Contingent liabilities

There have been no changes in contingent liabilities or contingent assets since the previous annual reporting period, 30 June 2015

6 Related party transactions

(a) Transactions with other related parties

In addition to the disclosures in the remuneration report included in the Directors report, the following transactions occurred with related parties:

	31 December 2015 \$
<i>Other transactions</i>	
McGeachie Group Pty Ltd, a company associated with Jamie McGeachie a director of the company, provided corporate services, administration, accounting, rent and business operation support services.	169,448

7 Events occurring after the reporting period

No matter or circumstance has occurred subsequent to period end that has significantly affected, or may significantly affect, the operations of the group, the results of those operations or the state of affairs of the group or economic entity in subsequent financial periods.

8 Company details


The registered office of the company is C/o 73 - 81 Lannercost Street, Ingham QLD 4850.

**Investors Central Limited
Directors' declaration
31 December 2015**

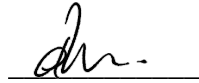
In the directors' opinion:

- (a) the interim financial statements and notes set out on pages 6 to 13 are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and
 - (ii) giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and of its performance for the half-year on that date, 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.

This declaration is made in accordance with a resolution of directors.



Jamie Edward McGeachie
Director



Quinton Cowen
Director

Townsville
2 March 2016

**INDEPENDENT AUDIT REPORT TO THE MEMBERS OF
INVESTORS CENTRAL LIMITED AND CONTROLLED ENTITY**

Report on the Financial Report

I have audited the accompanying financial report of Investors Central Limited and controlled entity (the consolidated entity), which comprises the consolidated balance sheet as at 31 December 2015, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half year then ended, notes comprising a summary of significant accounting policies, other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half year's end.

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 and for 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 misstatement, whether due to fraud or error. In Note 2, the directors also state, in accordance with Accounting Standard AASB101: Presentation of Financial Statements, that the financial statements comply with International Financial Reporting Standards.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, 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 entity's preparation and fair presentation of the financial report 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 entity'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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Independence

In conducting my audit, I have complied with the independence requirements of the Corporations Act 2001. I confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of Investors Central Limited, would be in the same terms if provided to the directors as at the date of this auditor's report.

Auditor's Opinion

In my opinion the financial report of Investors Central Limited and the controlled entity is in accordance with the Corporations Act 2001, including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and of its performance for the half year ended on that date; and
- (b) complying with Australian Accounting Standards (including Australian Accounting Interpretations), International Financial Reporting Standards and the Corporations Regulations 2001.

Dated:

2 MARCH 2016

1/19 Stanley Street
TOWNSVILLE QLD 4810



R. Dunstan
(Registered Company Auditor)
RCA No.: 6834