



INVESTORS
CENTRAL

HALF YEAR REPORT
31 DECEMBER 2019

Investors Central Limited
ACN 143 097 385

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This interim financial 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 2019 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*.

These financial statements are the consolidated financial statements of the consolidated entity consisting of Investors Central Limited and its subsidiary. The financial statements are presented in Australian currency.

Investors Central Limited is a company limited by shares, incorporated and domiciled in Australia.

Its registered office is:

Investors Central Limited
 C/- Carey Accountants
 141 Sturt Street,
 Townsville, Queensland, 4810.

Its principal place of business is:

Investors Central Limited
 49 Dalrymple Road,
 Garbutt, Queensland, 4814.

Directors Report



DIRECTORS REPORT

Your directors present their report on the consolidated entity (hereafter referred to as the "Group") consisting of Investors Central Limited and the entities it controlled at the end of, or during, the half-year ended 31 December 2019.

Directors

The following persons held office as directors of Investors Central Limited during the financial period:

Executive Directors

Jamie Edward McGeachie (appointed 13 April 2010)
Quinnton Cowen (appointed 18 December 2012)
Stephen Paul Jones (appointed 18 December 2012)

Non-Executive Directors

Andrew Peter Kemp (appointed 22 August 2014)
Joseph Michael McShanag (appointed 01 July 2018)

Principal activities

During the period the principal continuing activities of the Group consisted of:

- a. public capital raising to fund the continued expansion of our lending business, Fin One Pty Ltd trading as Finance One, and
- b. provision of Consumer and Commercial loans including vehicle, personal, mobile plant and other equipment loans by Finance One.

There was no significant change in the nature of the activity of the Group during the period.

Review of operations

The profit from ordinary activities after income tax amounted to \$3,313,000 (2018: \$2,378,000).

Significant changes in the state of affairs

There have been no significant changes in the state of affairs of the Group during the period.

Matters subsequent to the end of the financial period

No matter or circumstance has arisen since 31 December 2019 that has significantly affected the Group's operations, results or state of affairs, or may do so in future years.

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 2019 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 Remuneration Committee recommends the cash incentive to be paid to the individuals for approval by the Board. 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 had entered into performance based agreements with Executive Directors or Senior Management which included short-term incentives (STI) and long-term incentives (LTI). Both the short-term incentive (STI) and long-term incentive (LTI) are an 'at risk' bonus provided in the form of cash. Both the STI and LTI together equate to a maximum of 25% of KMP base yearly salary (excludes super and leave accruals). No options were issued to Directors or senior executives during the financial period in respect of remuneration.

Short-term incentive bonus

The financial performance objectives are growth in 'net profit before tax' compared to the previous budget year and is paid on a quarterly basis in arrears. The yearly STI accounts for 60% of the total performance linked bonus available in each year.

Long-term incentive bonus

This incentive scheme is payable based on achieving key ratios for both Gross Revenue and EBIT over an average Net Loan Book position. The LTI accounts for 40% of the total performance linked remuneration available in each year and is split into two equal segments called LTI-Short and LTI-Long.

Fifty per cent of any benefit earned is payable each year (LTI-Short), with the remainder (LTI-Long) being accrued and payable at the end of a four-year period. This method of assessment was chosen as it aligns the Group's objectives in maintaining a strong return on assets after providing for doubtful debts and keeps operating costs in line with the Company's growth.

b. Details of remuneration

The following tables show details of the remuneration received by the directors and the key management personnel of the Group for the current and previous financial period.

31 December 2019

	Short-term employee benefits			Post-employment benefits	Long-term benefits		Total \$
	Cash salary & fees \$	Cash bonus \$	Non-monetary benefits \$	Super-annuation \$	Annual & long service leave \$	LTI \$	
Managing Director Jamie McGeachie#^	159,617	-	1,660	-	-	-	161,277
Manager Quinnton Cowen*	84,812	17,980	-	12,538	1,547	3,455	120,332
Manager Stephen Jones	66,370	10,800	-	7,536	842	2,450	87,998
Non-Exec.Director Andrew Kemp^	30,250	-	-	-	-	-	30,250
Non-Exec.Director Joseph McShanag	25,000	-	-	2,375	-	-	27,375
Total key management personnel compensation	366,049	28,780	1,660	22,449	2,389	5,905	427,232

b. Details of remuneration (cont)

31 December 2018

	Short-term employee benefits			Post-employment benefits	Long-term benefits	Total \$
	Cash salary & fees \$	Cash bonus \$	Non-monetary benefits \$	Super-annuation \$	Annual & long service leave \$	
Managing Director Jamie McGeachie*^	155,920	-	5,482	-	-	161,402
Manager Quinnton Cowen*	85,706	9,194	-	8,966	1,135	105,001
Manager Stephen Jones	64,675	8,505	-	7,311	687	81,178
Non-Exec.Director Andrew Kemp^	27,500	-	-	-	-	27,500
Non-Exec.Director Joseph McShanag	25,000	-	-	2,375	-	27,375
Total key management personnel compensation	358,801	17,699	5,482	18,652	1,822	402,456

Jamie McGeachie is remunerated by JEM Management Pty Ltd a related entity of director Jamie McGeachie.

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

^ Amounts inclusive of GST.

c. Director's shareholding

i. Ordinary shares

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.

	31 Dec 2019 '000	30 Jun 2019 '000
Managing Director Jamie McGeachie	2,527	2,527

Redeemable preference shares

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

	31 Dec 2019 '000	30 Jun 2019 '000
Managing Director Jamie McGeachie	4,313	4,395
Manager - Quinnton Cowen	460	424
Manager - Stephen Jones	215	198
Non-Executive Director - Andrew Kemp	1,520	1,490
Non-Executive Director - Joseph McShanag#	2,846	2,234
	9,354	8,741

The prior year balance included amounts incorrectly attributed to individuals related to the key management personnel who do not meet the definition of close family members. The 2019 comparative information has been adjusted for these errors.

Auditor

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

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 7.

Rounding of amounts

The Group is of a kind referred to in ASIC Legislative Instrument 2016/191, relating to the 'rounding off' of amounts in the directors' report. Amounts in the directors' report have been rounded off in accordance with the instrument to the nearest dollar.

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



Quinnton Cowen
Director

Townsville
11 March 2020



JESSUPS

INDEPENDENCE DECLARATION

**TO THE DIRECTORS OF INVESTORS CENTRAL LTD
FOR THE HALF-YEAR ENDED 31 DECEMBER 2019**

We declare that, to the best of our knowledge and belief, in relation to the audit of Investors Central Ltd for the half-year ended 31 December 2019, there have been :

- no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- no contraventions of any applicable code of professional conduct in relation to the audit.

Yours faithfully
Jessups

A handwritten signature in black ink, appearing to be 'D Thamm', written in a cursive style with a long horizontal stroke extending to the right.

Darren Thamm
Partner

Dated in Cairns this 9th day of March 2020

Condensed consolidated statement of profit or loss & other comprehensive income for the half year 31 December 2019

	Notes	31 Dec 2019 \$ '000	31 Dec 2018 \$ '000
Interest income	4, 5	21,786	16,149
Fee income	5	5,460	4,846
Other income		57	77
Revenue from continuing operations		27,303	21,072
Interest expense		(11,659)	(9,480)
Loss allowance and bad debts expense		(3,285)	(2,219)
Employee benefits expense		(3,067)	(2,477)
Loan establishment fees		(1,793)	(1,394)
Management fees		(394)	(584)
Advertising expenses		(588)	(531)
Consultancy fees		(379)	(300)
Depreciation and amortisation expense		(222)	(95)
Accounting fees		(32)	(25)
Other expenses		(1,145)	(725)
Profit before income tax		4,739	3,242
Income tax expense		(1,426)	(864)
Profit for the period		3,313	2,378
Other comprehensive income for the period, net of tax		-	-
Total comprehensive income for the period		3,313	2,378
Profit is attributable to: Owners of Investors Central Limited		3,313	2,378
Total comprehensive income for the year is attributable to: Owners of Investors Central Limited		3,313	2,378

The above condensed consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

Condensed consolidated balance sheet for the half year 31 December 2019

	Notes	31 Dec 2019 \$ '000	30 Jun 2019 \$ '000
ASSETS			
Current Assets			
Cash and cash equivalents		31,979	25,529
Loans and other receivables	6	52,209	39,136
Other current assets		326	77
Total current assets		84,514	64,742
Non-current assets			
Loans and other receivable	6	145,444	129,653
Property, plant and equipment		1,519	1,255
Deferred tax assets		5,122	4,357
Intangible assets		62	80
Right-of-use assets		1,847	-
Total non-current assets		153,994	135,345
Total assets		238,508	200,087
LIABILITIES			
Current liabilities			
Trade and other payables		4,172	2,995
Borrowings	7	41,542	33,462
Deferred revenue		6,813	5,766
Provisions		210	195
Total current liabilities		52,737	42,418
Non-current liabilities			
Borrowings	7	162,696	139,482
Provisions		78	55
Lease liabilities		1,852	-
Total non-current liabilities		164,626	139,537
Total liabilities		217,363	181,955
Net assets		21,145	18,132
EQUITY			
Contributed equity		2,527	2,527
Other reserves		(1,420)	(1,420)
Retained earnings		20,038	17,025
Total equity		21,145	18,132

The above condensed consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

Condensed consolidated statement of changes in equity for the half year 31 December 2019

	Share Capital \$ '000	Business combination under common control \$ '000	Retained earnings \$ '000	Total equity \$ '000
Balance at 1 July 2018	2,527	(1,420)	12,204	13,311
Change in accounting policy	-	-	(321)	(321)
Restated total equity at the beginning of the financial period	2,527	(1,420)	11,883	12,990
Profit for the year	-	-	2,378	2,378
Total comprehensive income for the period	-	-	2,378	2,378
Balance at 31 December 2018	2,527	(1,420)	14,261	15,368
Balance at 1 July 2019	2,527	(1,420)	17,025	18,132
Profit for the year	-	-	3,313	3,313
Total comprehensive income for the period	-	-	3,313	3,313
Transactions with owners in their capacity as owners:				
Dividends provided for or paid	-	-	(300)	(300)
Balance at 31 December 2019	2,527	(1,420)	20,038	21,145

The above condensed consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

Condensed consolidated statement of cash flows for the half year 31 December 2019

	Notes	31 Dec 2019 \$'000	31 Dec 2018 \$'000
Cash flows from operating activities			
Interest received		21,071	15,797
Interest paid		(11,337)	(9,066)
Receipts from customers (inclusive of GST)		4,895	3,936
Payments to suppliers and employees		(5,360)	(4,207)
		9,269	6,460
(Increase)/decrease in operating assets			
New customer loans		(58,108)	(49,382)
Repayment of customer loans		26,036	19,636
		(32,072)	(29,746)
Net cash (outflow) from operating activities before income tax		(22,803)	(23,286)
Income tax paid		(1,718)	(1,366)
Net cash (outflow) from operating activities		(24,521)	(24,652)
Cash flows from investing activities			
Acquisition of property, plant and equipment		(365)	(119)
Acquisition of intangible assets		-	(44)
Net cash (outflow) from investing activities		(365)	(163)
Cash flows from financing activities			
Proceeds from issues of preference shares		34,602	31,289
Payment for transaction costs related to share issue		(163)	(148)
Lease payments		(97)	-
Dividends paid to Company's shareholders	3	(300)	-
Payments to preference share holders		(2,706)	(1,183)
Net cash inflow from financing activities		31,336	29,958
Net increase in cash and cash equivalents		6,450	5,143
Cash and cash equivalents at the beginning of the financial year		25,529	18,858
Cash and cash equivalents at end of period		31,979	24,001

The above condensed consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

1. BASIS OF PREPARATION OF HALF YEAR REPORT

This condensed consolidated interim financial report for the half-year reporting period ended 31 December 2019 have been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting and the Corporations Act 2001*.

These condensed consolidated interim financial report do 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 2019 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*. The historical cost basis has been used.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the adoption of new and amended standards as set out below.

a. Segment reporting

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

b. New and amended standards adopted by the Group

A number of new or amended standards became applicable for the current reporting period and the Group had to change its accounting policies and make retrospective adjustments as a result of adopting AASB 16 *Leases*.

The impact of the adoption of the leasing standard and the new accounting policies are disclosed in note 2 below. The other standards did not have any impact on the Group's accounting policies and did not require retrospective adjustments.

2. CHANGES IN ACCOUNTING POLICIES

This note explains the impact of the adoption of AASB 16 *Leases* on the Group's financial statements and discloses the new accounting policies that have been applied from 1 July 2019 below.

The Group has adopted AASB 16 retrospectively from 1 July 2019, but has not restated comparatives for the 2018 reporting period, as permitted under the specific transitional provisions in the standard. The reclassifications adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 1 July 2019.

a. Adjustments recognised on adoption of AASB 16

On adoption of AASB 16, the Group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of AASB 117 *Leases*. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 July 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 July 2019 was 3.88%.

Right-of use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the condensed consolidated balance sheet as at 30 June 2019. There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application.

2. CHANGES IN ACCOUNTING POLICIES (cont)

a. Adjustments recognised on adoption of AASB 16 (cont)

The recognised right-of-use assets relate to the following types of assets:

	31 December 2019 \$ '000	31 December 2018 \$ '000
Properties	1,847	1,944

The change in accounting policy affected the following items in the condensed consolidated balance sheet on 1 July 2019:

- right-of-use assets - increased by \$1,943,800
- lease liabilities - increase by \$1,943,800

The net impact on retained earnings on 1 July 2019 was nil.

(i) Practical expedients applied

In applying AASB 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics
- reliance on previous assessments on whether leases are onerous
- the accounting for operating leases with a remaining lease term of less than 12 months as at 1 July 2019 as short-term leases
- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application, and
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

b. The Group's leasing activities and how these are accounted for

The Group leases an office. Rental contracts are typically made for fixed periods of 3 to 5 years but may have extension options as described below. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Until the 2018 financial year, leases of property, plant and equipment were classified as either finance or operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease.

From 1 July 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate
- amounts expected to be payable by the lessee under residual value guarantees
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

2. CHANGES IN ACCOUNTING POLICIES (CONT)

b. The Group's leasing activities and how these are accounted for (continued)

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration needs.

(i) Extension and termination options

Extension and termination options are included in a number of property and equipment leases across the Group. These terms are used to maximise operational flexibility in terms of managing contracts. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor. None of the total lease payments made in 2019 were optional.

Critical judgements in determining the lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). Potential future cash outflows of \$1,506,097 have not been included in the lease liability because it is not reasonably certain that the leases will be extended (or not terminated).

3. DIVIDENDS

a. Ordinary shares

	Half-year	
	31 December 2019 \$ '000	31 December 2018 \$ '000
Dividends provided for or paid during the half-year	300	-

4. INTEREST INCOME

	31 December 2019 \$ '000	31 December 2018 \$ '000
From continuing operations		
Cash and cash equivalent interest income	114	181
Loans and advances to customers interest income	21,672	15,968
	21,786	16,149

5. REVENUE FROM CONTRACTS WITH CUSTOMERS

The Group derives revenue from contracts with customers over time and at a point in time as follows:

	Interest income \$ '000	Fee income \$ '000	Total \$ '000
2019			
Over time	21,786	4,054	25,840
At a point in time	-	1,406	1,406
	21,786	5,460	27,246
2018			
Over time	16,149	3,683	19,832
At a point in time	-	1,163	1,163
	16,149	4,846	20,995

6. LOANS AND OTHER RECEIVABLES

	31 December 2019			30 June 2019		
	Current \$ '000	Non-current \$ '000	Total \$ '000	Current \$ '000	Non-current \$ '000	Total \$ '000
Loans receivable	54,044	151,692	205,736	41,188	134,320	175,508
Provision for impairment	(3,749)	(6,248)	(9,997)	(3,637)	(4,667)	(8,304)
	50,295	145,444	195,739	37,551	129,653	167,204
Other receivables	20	-	20	27	-	27
Accrued interest	1,894	-	1,894	1,558	-	1,558
	52,209	145,444	197,653	39,136	129,653	168,789

a. Contractual maturity analysis

	31 December 2019 \$ '000	30 June 2019 \$ '000
Not longer than 3 months	13,509	10,886
Longer than 3 months and not longer than 1 year	40,534	30,302
Longer than 1 year but not longer than 5 years	146,887	128,898
Longer than 5 years	4,806	5,422
	205,736	175,508

6. LOANS AND OTHER RECEIVABLES (CONT)

b. Impaired trade receivables

The Group applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for loans receivable.

To measure the expected credit losses, loans receivable have been grouped based on shared credit risk characteristics and the days past due. The expected loss rates are based on the payment profiles of sales over a period of 48 months before 31 December 2019 or 30 June 2019 respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

On that basis, the loss allowance was determined as follows for receivables:

	Current	More than 30 days past due	More than 60 days past due	More than 120 days past due	Total
At 31 December 2019					
Expected loss rate	.44%	1.93%	19.01%	50.14%	
Gross carrying amount (\$'000)	169,330	13,586	7,873	14,947	205,736
Loss allowance provision (\$'000)	744	262	1,497	7,494	9,997
At 30 June 2019					
Expected loss rate	.43%	2.14%	20.70%	53.08%	
Gross carrying amount (\$'000)	144,990	11,879	7,616	11,023	175,508
Loss allowance provision (\$'000)	621	255	1,1577	5,851	8,304

Movements in the loss allowance are as follows:

	31 December 2019 \$ '000	30 June 2019 \$ '000
At 1 July	8,304	5,241
Adjustment on initial recognition of AASB 9	-	457
Remeasurement of loss allowance	1,693	2,606
At period end	9,997	8,304

c. Credit quality - security held against loans

	31 December 2019 \$ '000	30 June 2019 \$ '000
Secured by mortgage over motor vehicles/equipment	207,734	175,442
Value of collateral held at fair value	144,195	119,653

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. From 1 July 2013 the reduction rate of collateral held has increased to 32.5%.

6. LOANS AND OTHER RECEIVABLES (cont)

c. Credit quality - security held against loans (cont)

The Group 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 secured property as security for their loan. If a borrower fails to make their loan repayments, the Group may be forced to take possession of the secured property. Normally, the Group would seek to immediately sell the secured property via wholesale second hand markets. Often secured property are sold via wholesale second hand markets at significantly less than the price at which they are sold by retailers. In addition, secured property are depreciating assets, and therefore, the value of the secured property will also erode over time. Accordingly, if the Group is forced to take possession of the secured property and sell it on markets, the Group may receive less for the vehicle than the amount owing under the loan. wholesale markets, the Group may receive less for the vehicle than the amount owing under the loan.

7. BORROWINGS

	31 December 2019			30 June 2019		
	Current \$ '000	Non- current \$ '000	Total \$ '000	Current \$ '000	Non- current \$ '000	Total \$ '000
Unsecured						
Redeemable preference shares	41,542	163,141	204,683	33,462	139,826	173,288
Costs related to share issue	-	(445)	(445)	-	(344)	(344)
Total unsecured borrowings	41,542	162,696	204,238	33,462	139,482	172,944

a. Contractual maturity analysis

Contractual maturities of financial liabilities	Not longer than 1 year \$ '000	Between 1 & 2 years \$ '000	Between 2 & 3 years \$ '000	Between 3 & 4 years \$ '000	Between 4 & 5 years \$ '000	Total contractual cash flows \$ '000	Carrying amount \$ '000
At 31 December 2019							
Non-derivatives							
Redeemable preference shares	43,954	55,308	50,751	61,082	57,035	268,130	204,683
At 30 June 2019							
Non-derivatives							
Redeemable preference shares	35,781	41,923	49,981	38,202	64,251	230,138	173,288

b. Redeemable preference shares

Redeemable preference shares have previously been issued with fixed terms of 3 – 60 months with interest rates ranging from 3.75% to 16% p.a. depending on the year issued, 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:

- 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;
- During a period in which money owing on preference shares is in arrears; or
- On a resolution to approve the terms of a buy-back agreement;
- During the winding up of the Company.

8. CONTINGENCIES

The Group had no contingent liabilities at 31 December 2019 (30 June 2019: nil).

9. 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 2019	31 December 2018
	\$	\$
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.	370,874	426,115
McGeachie Property Trust, a trust associated with Jamie McGeachie a director of the company, provided the Townsville leased premises for the business operations.#	157,136	122,418

The 2018 comparative information was misstated and has been adjusted for these errors.

10. 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.

Directors Declaration

In the directors' opinion:

- a. the interim financial statements and notes set out on pages 8 to 18 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 2019 and of its performance for the half year on that date, and
- b. there are reasonable grounds to believe that the Group 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



Quinnton Cowen
Director

Townsville
11 March 2020



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INDEPENDENT AUDITOR'S REVIEW REPORT

TO THE MEMBERS OF INVESTORS CENTRAL LTD
FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

TOWNSVILLE

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Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Investors Central Limited and its subsidiaries (the Group), which comprises the condensed consolidated statement of financial position as at 31 December 2019, the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Responsibilities of the Directors for the Half-Year Financial Report

The directors of the Group 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 internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and 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 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 Investors Central Ltd's financial position as at 31 December 2019 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 Investors Central Ltd, 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 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.



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Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Investors Central Ltd, would be in the same terms if given to the directors as at the time of this auditor's review report.

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 Investors Central Ltd is not in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of Investors Central Ltd's financial position as at 31 December 2019 and of its financial performance for the half-year then ended; and
- complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Yours faithfully

Jessups

Darren Thamm

Partner

Dated this 11th day of March 2020

Corporate Information



COMPANY

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COMPANY DIRECTORS

Executive Directors

Jamie McGeachie
Quinnton Cowen
Stephen Jones

Non-Executive Directors

Andrew Kemp
Joseph McShanag

SHARE REGISTRY

COMPUTERSHARE INVESTOR SERVICES PTY LIMITED
Level 1, 200 Mary Street
Brisbane Qld 4000

AUDITORS

JESSUPS ACCOUNTANTS AND BUSINESS ADVISORS
Level 1, 19 Stanley Street
Townsville Qld 4810

SOLICITORS

NEW ERA LAWYERS
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