



INVESTORS
CENTRAL

HALF YEAR REPORT
31 DECEMBER 2021

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 2021 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 subsidiaries. The financial statements are presented in the 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 2021.

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 1 July 2018)

Principal activities

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

- public and private capital raising to fund the continued expansion of our predominantly automotive lending businesses, Fin One Pty Ltd, Finance One Commercial Pty Ltd (trading as Finance One) and our debt collection businesses, Strategic Collections Pty Ltd and Commercial Credit Control Pty Ltd;
- provision of a suite of consumer and commercial loans; and
- provision of debt purchasing and debt collection services.

Review of operations

The profit from ordinary activities after income tax amounted to \$2,966,000 (2020: \$3,480,000).

Profit was down marginally on the prior period, the main reasons being:

- the group has been building its infrastructure to facilitate growth with increased costs in IT, the expanded Brisbane office/team, marketing and compliance; and
- expenses related to the acquisition of our debt collection business, Commercial Credit Control Pty Ltd.

Strategically the Group had made the decision to accelerate growth this year. Costs have been incurred in stepping up operations and as expected there was a lag in revenue generation. The growth in new business written and revenue generation was noticeable from November 2021 and has continued into the second half. The Group remains in a strong financial position and is very much focused on growth in sound quality business.

Significant changes in the state of affairs

On 11 August 2021, Investors Central Limited acquired 100% of the issued shares of Strategic Collections Pty Ltd. Strategic Collections Pty Ltd then acquired 100% of the issued shares in Commercial Credit Control Pty Ltd, a debt collection business, details of which are set out in Note 10. In addition, the group commenced securitisation of discrete pools of assets as set out in Note 11. Other than the above 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 2021 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 2021 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. The Board assesses the appropriateness of remuneration packages given levels and 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 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 budget 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 provides incentive to maintain downward pressure on operating costs.

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 2021

	Short-term employee benefits			Post-employment benefits	Long-term benefits		Total \$
	Cash salary & fees \$	Cash bonus** \$	Non-monetary benefits \$	Super-annuation** \$	Long service leave \$	LTI** \$	
Managing Director Jamie McGeachie ^	165,206	-	6,480	-	-	-	171,686
Manager Quinnton Cowen *	96,290	54,509	-	15,030	2,292	3,938	172,059
Manager Stephen Jones*	66,484	36,968	-	10,595	711	2,501	117,259
Non-Exec.Director Andrew Kemp ^	30,250	-	-	-	-	-	30,250
Non-Exec.Director Joseph McShanag	25,000	-	-	2,500	-	-	27,500
Total key management personnel compensation	383,230	91,477	6,480	28,125	3,003	6,439	518,754

b. Details of remuneration (cont)

31 December 2020

	Short-term employee benefits			Post-employment benefits	Long-term benefits		Total \$
	Cash salary & fees \$	Cash bonus** \$	Non-monetary benefits \$	Super-annuation** \$	Long service leave \$	LTI** \$	
Managing Director Jamie McGeachie [^]	165,206	-	2,525	-	-	-	167,731
Manager Quinnton Cowen [*]	85,433	29,066	-	13,637	1,312	3,791	133,239
Manager Stephen Jones [*]	60,321	19,263	-	13,278	696	2,551	96,109
Non-Exec.Director Andrew Kemp [^]	30,250	-	-	-	-	-	30,250
Non-Exec.Director Joseph McShanag	25,114	-	-	2,386	-	-	27,500
Total key management personnel compensation	366,324	48,329	2,525	29,301	2,008	6,342	454,829

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

**Amounts have been included in the above table on an accrual basis and have been recorded at 100 per cent of the maximum potential payment.

[^] 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 December 2021 Ordinary shares	30 June 2021 Ordinary shares
Managing Director Jamie McGeachie	2,527,367	2,527,367

ii. Redeemable preference shares

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

	31 December 2021 \$'000	30 June 2021 \$'000
Managing Director - Jamie McGeachie ^{#^}	6,048	5,481
Manager - Quinnton Cowen [#]	625	570
Manager - Stephen Jones [#]	403	303
Non-Executive Director - Andrew Kemp [^]	1,495	1,495
Non-Executive Director - Joseph McShanag ^{#^}	5,311	4,806
	13,882	12,655

[#] Redeemable preference shares held by key management personnel have been granted pursuant to the Employee Prospectus and are current as at 31 December 2021.

[^] Redeemable preference shares held by key management personnel have been granted pursuant to the Company Prospectus and are current as at 31 December 2021.

Auditor

Jessups 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
13 April 2022



JESSUPS

INDEPENDENCE DECLARATION

TO THE DIRECTORS OF INVESTORS CENTRAL LTD
FOR THE HALF YEAR ENDED 31 DECEMBER 2021

We declare that, to the best of our knowledge and belief, in relation to the review of Investors Central Ltd for the half-year ended 31 December 2021, 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 any applicable code of professional conduct in relation to the audit.

Yours faithfully
Jessups

Darren Thamm
Partner

Dated in Townsville this 13th day of April 2022

Condensed consolidated statement of profit or loss & other comprehensive income

for the half year 31 December 2021

	Notes	31 Dec 2021 \$ '000	31 Dec 2020 \$ '000
Interest income	3, 4	26,504	21,528
Fee income	4	8,473	5,012
Government grants		-	1,466
Other income		64	27
Total income		35,041	28,033
Interest expense		(13,625)	(12,035)
Loss allowance and bad debts expense		(3,966)	(4,179)
Employee benefits expense		(5,407)	(3,124)
Loan establishment fees		(2,336)	(1,571)
Management fees		(1,281)	(256)
Advertising expenses		(1,251)	(273)
Consultancy fees		(792)	(405)
Depreciation and amortisation expense		(406)	(297)
Accounting fees		(40)	(33)
Other expenses		(1,612)	(960)
Total expenses		(30,716)	(23,133)
Profit Before Income Tax		4,325	4,900
Income tax expense		(1,359)	(1,420)
Profit for the period		2,966	3,480
Other comprehensive income for the period, net of tax		-	-
Total comprehensive income for the period		2,966	3,480
Profit is attributable to: Owners of Investors Central Limited		2,966	3,480
Total comprehensive income for the year is attributable to: Owners of Investors Central Limited		2,966	3,480

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 financial position

for the half year 31 December 2021

	Notes	31 Dec 2021 \$ '000	30 Jun 2021 \$ '000
ASSETS			
Current Assets			
Cash and cash equivalents		39,970	40,124
Loans and other receivables	5	75,321	66,434
Other current assets		1,175	393
Total current assets		116,466	106,951
Non-current assets			
Loans and other receivables	5	190,180	159,791
Property, plant and equipment		1,334	1,368
Deferred tax assets		4,597	4,476
Intangible assets		1,841	-
Right-of-use assets		2,961	1,579
Total non-current assets		200,913	167,214
Total assets		317,379	274,165
LIABILITIES			
Current liabilities			
Trade and other payables		5,493	3,764
Borrowings	6	56,724	51,519
Deferred revenue		8,038	7,024
Provisions		399	304
Other current liabilities		649	-
Lease liabilities		829	284
Total current liabilities		72,132	62,895
Non-current liabilities			
Borrowings	6	211,512	181,127
Provisions		226	101
Lease liabilities		2,167	1,307
Total non-current liabilities		213,905	182,535
Total liabilities		286,037	245,430
Net assets		31,342	28,735
EQUITY			
Contributed equity		2,527	2,527
Other reserves		(1,420)	(1,420)
Retained earnings		30,235	27,628
Total equity		31,342	28,735

The above condensed consolidated statement of financial position should be read in conjunction with the accompanying notes.

Condensed consolidated statement of changes in equity for the half year 31 December 2021

	Notes	Share Capital \$ '000	Business combination under common control \$ '000	Retained earnings \$ '000	Total equity \$ '000
Balance at 1 July 2020		2,527	(1,420)	22,764	23,871
Profit for the year		-	-	3,480	3,480
Total comprehensive income for the period		-	-	3,480	3,480
Transactions with owners in their capacity as owners:					
Dividends provided for or paid	2	-	-	(482)	(482)
Balance at 31 December 2020		2,527	(1,420)	25,762	26,869
Balance at 1 July 2021		2,527	(1,420)	27,628	28,735
Profit for the year		-	-	2,966	2,966
Total comprehensive income for the period		-	-	2,966	2,966
Transactions with owners in their capacity as owners:					
Dividends provided for or paid	2	-	-	(359)	(359)
Balance at 31 December 2021		2,527	(1,420)	30,235	31,342

The above condensed consolidated statement of changes of equity should be read in conjunction with the accompanying notes.

Condensed consolidated statement of cash flows

for the half year 31 December 2021

	Notes	31 Dec 2021 \$'000	31 Dec 2020 \$'000
Cash flows from operating activities			
Interest received		26,162	20,984
Interest paid		(12,566)	(11,944)
Receipts from customers (inclusive of GST)		8,097	5,843
Payments to suppliers and employees		(9,617)	(5,121)
		12,076	9,762
(Increase)/decrease in operating assets			
New customer loans		(87,145)	(36,605)
Repayment of customer loans		42,304	33,519
		(44,841)	(3,086)
Net cash (outflow) from operating activities before income tax		(32,765)	6,676
Income tax paid		(85)	(2,002)
Net cash (outflow) from operating activities		(32,850)	4,674
Cash flows from investing activities			
Payment for acquisition of subsidiary, net of cash acquired	10	(1,966)	-
Acquisition of property, plant and equipment		(119)	(150)
Net cash (outflow) from investing activities		(2,085)	(150)
Cash flows from financing activities			
Proceeds from issues of preference shares		22,758	9,592
Proceeds from issues of securitised notes		33,740	-
Payment for transaction costs related to share and securitised notes issued		(1,680)	(219)
Lease payments		(254)	(157)
Dividends paid to Company's shareholders	2	(359)	(482)
Repayment of preference shares		(13,350)	(9,821)
Repayment of securitised notes		(6,074)	-
Net cash inflow (outflow) from financing activities		34,781	(1,087)
Net (decrease) increase in cash and cash equivalents		(154)	3,437
Cash and cash equivalents at the beginning of the financial year		40,124	38,949
Cash and cash equivalents at end of period		39,970	42,386

The above condensed consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Notes to the Condensed Consolidated Financial Statements for the half year 31 December 2021

1. BASIS OF PREPARATION OF HALF YEAR REPORT

This condensed consolidated interim financial report for the half-year reporting period ended 31 December 2021 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 2021 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, a non-bank lender writing consumer and commercial loans throughout Australia. The lending is predominantly for used automobiles. The consolidated entity has minor operations in the debt collection industry which are not material for reporting purposes.

b. New and amended standards adopted by the Group

A number of new or amended standards became applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these standards.

2. DIVIDENDS

a. Ordinary shares

	Half-year	
	31 December 2021 \$ '000	31 December 2020 \$ '000
Dividends provided for or paid during the half-year	359	482

3. INTEREST INCOME

	31 December 2021 \$ '000	31 December 2020 \$ '000
From continuing operations		
Cash and cash equivalent interest income	33	122
Loans and advances to customers interest income	26,471	21,406
	26,504	21,528

Notes to the Condensed Consolidated Financial Statements for the half year 31 December 2021

4. REVENUE FROM CONTRACTS WITH CUSTOMERS

The Group derives revenue over time and at a point in time as follows:

	Interest income \$ '000	Fee income \$ '000	Total \$ '000
2021			
Over time	26,504	5,426	31,930
At a point in time	-	3,047	3,047
	26,504	8,473	34,977
2020			
Over time	21,528	3,602	25,130
At a point in time	-	1,410	1,410
	21,528	5,012	26,540

5. LOANS AND OTHER RECEIVABLES

	31 December 2021			30 June 2021		
	Current \$ '000	Non-current \$ '000	Total \$ '000	Current \$ '000	Non-current \$ '000	Total \$ '000
Loans receivable	77,160	200,588	277,748	70,004	168,662	238,666
Provision for impairment	(4,336)	(10,408)	(14,744)	(5,687)	(8,871)	(14,558)
	72,824	190,180	263,004	64,317	159,791	224,108
Other receivables	14	-	14	10	-	10
Accrued interest	2,483	-	2,483	2,107	-	2,107
	75,321	190,180	265,501	66,434	159,791	226,225

a. Contractual maturity analysis

	31 December 2021 \$ '000	30 June 2021 \$ '000
Not longer than 3 months	19,426	17,620
Longer than 3 months and not longer than 1 year	57,735	52,384
Longer than 1 year but not longer than 5 years	196,588	165,692
Longer than 5 years	3,999	2,970
	277,748	238,666

Notes to the Condensed Consolidated Financial Statements for the half year 31 December 2021

5. LOANS AND OTHER RECEIVABLES (CONT)

b. Impairment loans and advances

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 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 2021					
Expected loss rate	1.42%	9.38%	17.57%	43.09%	
Gross carrying amount (\$'000)	231,399	16,604	11,435	18,310	277,748
Loss allowance provision (\$'000)	3,285	1,558	2,010	7,891	14,744
At 30 June 2021					
Expected loss rate	1.28%	8.09%	18.62%	46.83%	
Gross carrying amount (\$'000)	194,528	14,926	10,018	19,194	238,666
Loss allowance provision (\$'000)	2,496	1,207	1,866	8,989	14,558

c. Credit quality - security held against loans

	31 December 2021 \$ '000	30 June 2021 \$ '000
Secured by mortgage over motor vehicles and other assets	275,351	235,085
Value of collateral held at fair value	195,739	162,893
Unsecured loans	2,397	3,581

The value of collateral held was determined by reference to the wholesale value of motor vehicles and other assets held as collateral at date of loan origination reduced by 32.5% for each year since loan origination.

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 motor vehicle as security for their loan. If a borrower fails to make their loan repayments, the Group may be forced to take possession of the motor vehicle. Normally, the Group 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 Group takes possession of the motor vehicle and sell it on wholesale motor vehicle markets, the Group may receive less for the vehicle than the amount owing under the loan.

Notes to the Condensed Consolidated Financial Statements for the half year 31 December 2021

6. BORROWINGS

	31 December 2021			30 June 2021		
	Current \$ '000	Non- current \$ '000	Total \$ '000	Current \$ '000	Non- current \$ '000	Total \$ '000
Secured						
Securitised notes [^]	9,428	18,237	27,665	-	-	-
Deferred debt issue costs	-	(1,393)	(1,393)	-	-	-
Total secured borrowings	9,428	16,844	26,272	-	-	-
Unsecured						
Redeemable preference shares	47,296	195,263	242,559	51,519	181,632	233,151
Costs related to share issue	-	(595)	(595)	-	(505)	(505)
Total unsecured borrowings	47,296	194,668	241,964	51,519	181,127	232,646
Total borrowings	56,724	211,512	268,236	51,519	181,127	232,646

[^] Securitised notes are at a floating rate, amortising, secured, limited recourse, pass-through debt securities issued in registered form.

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 2021							
Non-derivatives							
Redeemable preference shares	50,880	80,769	141,759	14,608	4,699	292,715	242,559
Securitised notes [^]	9,428	10,250	7,987	-	-	27,665	27,665
Total non-derivatives	60,308	91,019	149,746	14,608	4,699	320,380	270,224
At 30 June 2021							
Non-derivatives							
Redeemable preference shares	53,457	68,771	110,702	38,223	11,449	282,602	233,151

[^] Securitised notes are at a floating rate, amortising, secured, limited recourse, pass-through debt securities issued in registered form. Due to the nature of the notes, forecast interest calculations have not been included in the maturity analysis.

6. BORROWINGS (CONT)

b. Redeemable preference shares

Redeemable preference shares have been issued with fixed terms of 3 - 60 months and interest paid between 2.75 and 14.35% p.a. (June 2021: 2.75 and 16% p.a.) 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:

- 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

The table below sets out the combined assets of Fin One Pty Ltd, Finance One Commercial Pty Ltd and Investors Central Limited. These assets are either owned by Investors Central Limited or, in the case of Fin One Pty Ltd and Finance One Commercial Pty Ltd, are subject to a general security interest registered over the assets in favour of Investors Central Limited.

In addition, the table discloses the Redeemable Preference Shares liability at 31 December 2021.

	31 December 2021 \$ '000	30 June 2021 \$ '000
Assets		
Loan book ^	179,662	238,666
Cash at Bank ^	32,899	40,124
Securitised Notes held by Finance One	79,160	-
Securitised Notes held by Finance One	291,721	278,790
Liabilities		
Redeemable preference shares	242,559	233,150

^ excludes securitised amounts

7. CONTINGENCIES

The Group had no contingent liabilities at 31 December 2021 (30 June 2021: nil).

8. 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 2021 \$	31 December 2020 \$
Interest paid to directors on preference shares held	861,737	725,618
McGeachie Group Pty Ltd, McGeachie Property Pty Ltd and JEM Management Pty Ltd, companies associated with Jamie McGeachie a director of the company, provided corporate services, administration, accounting, business operation support services and rent.	1,445,183	541,048

9. 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.

10. BUSINESS COMBINATION

On 11 August 2021, Investors Central Limited acquired 100% of the issued shares of Strategic Collections Pty Ltd for \$71,549. Strategic Collections Pty Ltd then acquired 100% of the issued shares in Commercial Credit Control Pty Ltd, a debt collection business, for consideration of \$2,367,685.

Details of the purchase consideration, the net assets acquired and goodwill are as follows:

Purchase consideration	\$'000
Cash Paid	2,439

The assets and liabilities recognised as a result of the acquisition are as follows:

	Fair value \$'000
Cash and cash equivalents	473
Loans and other receivables	633
Other assets	37
Property, plant and equipment	1
Right-of-use assets	243
Current tax asset	11
Trade and other payables	(248)
Contract liabilities	(17)
Employment benefit obligations	(167)
Borrowings	(179)
Lease liabilities	(243)
Net deferred tax assets	54
Net identifiable assets acquired	598
Add: goodwill	1,841
	2,439

b. Purchase consideration - cash outflow

	31 December 2021 \$	31 December 2020 \$
Outflow of cash to acquire subsidiaries, net of cash acquired		
Cash consideration	2,439	-
Less: cash balances acquired	(473)	-
Net outflow of cash - investing activities	1,966	-

11. FUNDING – SECURITISED NOTES

On 18 August 2021 the group established the IC Trust Series 2021-1, issuing A, B and C class notes to wholesale investors. The trust acquired a discrete pool of consumer auto loans of approximately \$25 million from Fin One Pty Ltd, for net proceeds of approximately \$22.75 million, with Fin One Pty Ltd holding D class notes of \$2.25 million. This facility provided diversification of funding source for the group and access to lower cost funding. The facility has no direct recourse to Investors Central Limited.

On 17 December 2021 the group established a second special purpose vehicle, the IC Trust Series 2021-2 and made a first draw under the facility of \$10.34 million. Fin One Pty Ltd and Finance One Commercial Pty Ltd assigned the rights of a specified pool of existing consumer and commercial loans to Perpetual Corporate Trust Ltd as an independent trustee, to raise approximately \$73 million from sophisticated investors issuing class A, B, C & D Notes over a seven-month period from December 2021 to June 2022. The facility is secured with a pool of loans with a total value as at 31 October 2021 of approximately \$85 million. Fin One Pty Ltd and Finance One Commercial Pty Ltd will initially hold all the A & D Notes with these being sold to investors each month from January 2022. As with the IC Trust Series 2021-1, this facility has no direct recourse to Investors Central Limited.

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 2021 and of its performance for the half year on that date, and
- b. there are reasonable grounds to believe that the Investors Central Limited 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
13 April 2021



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INDEPENDENT AUDITOR'S REVIEW REPORT

TO THE MEMBERS OF INVESTORS CENTRAL LTD
FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

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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 2021, 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 2021 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 2021 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 13th day of April 2022

Corporate Information



COMPANY

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COMPANY DIRECTORS

Executive Directors

Jamie McGeachie
Quinnton Cowen
Stephen Jones

Non-Executive Directors

Andrew Kemp
Joseph McShanag

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AUDITORS

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SOLICITORS

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