AHC LIMITED
ABN 73 010 544 699

DIRECTORS' REPORT

The Directors present their report, together with the Financial Statements of AHC Limited, for the financial year ended 30 June 2013.

DIRECTORS

The Directors of AHC Limited in office at any time during or since the end of the year, are as follows:

- Ian Roderick MacLeod
- Wayne Benson Lester
- Rod Lindsay MacLeod
- Rodney Joseph Walsh
- Sheryl Anne MacLeod

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Company Secretary

The following person held the position of company secretary at the end of the financial year:

Mrs Sheryl Anne MacLeod – Bachelor of Business (Accounting). Mrs MacLeod has worked for AHC Limited for the past 25 years. Mrs MacLeod was appointed company secretary on 29 October 1996.

CORPORATE GOVERNANCE STATEMENT

In line with ASX Listing Rule 4.10.3, detailed below is the extent to which the company has complied with the principles of good Corporate Governance and Best Practice outlined in Guidance Note 9A of the ASX Corporate Governance Council. Each principle is addressed in turn.

Principle 1: Lay solid foundations for management and oversight

The role of the Board is to be responsible to shareholders for the overall monitoring of the performance of senior management and the facilitation and efficient utilisation of company resources.

Strategic planning, audit and risk management, system and internal control compliance, codes of conduct, the appointment of officers and directors, and general financial management (including reporting and the monitoring of the company's overall performance) all form part of a documented Board charter.

An annual performance evaluation of the Board and its members, was conducted by the Board for the year ended 30 June 2013.

A questionnaire was distributed to Board members and members of the senior management team in order to obtain feedback on how they thought the Board had performed. The Chairman also speaks to each director individually regarding their role as director.

The results from the questionnaire were collated and developed into a series of recommendations to improve performance. This was presented to the Board at which time an action plan was developed to implement the recommendations and set the performance criteria and goals for the next year.

DIRECTORS' REPORT

Principle 2: Structure the board to add value

Board Composition

The skills and knowledge possessed by the Board is considered to be sufficient to adequately discharge its responsibilities and duties in the best interests of the company as a whole. The Board is composed of four executive directors and one independent non-executive director.

The skills, experience and expertise relevant to the position of each director who is in office at the date of the annual report and their term of office, are detailed below.

Directors' Independence

Rodney Joseph Walsh was appointed as an independent director to the Board at the 2006 Annual General Meeting. In determining whether a non-executive director is independent, the director must not fail any of the following materiality thresholds:

- less than 2% of company shares are held by the director and any entity or individual directly or indirectly associated with the director;
- no sales are made to or purchases made from any entity or individual directly or indirectly associated with the director; and
- none of the directors income or the income of an individual or entity directly or indirectly associated with the director is derived from a contract with any member of the company other than income derived as a director of the company.

Each director has the right to seek independent professional advice in the furtherance of their duties at the company's expense, but written approval must be obtained from the Chairman prior to incurring any expense on behalf of the company.

The majority of the board are not independent directors and the chair is not an independent director, which is not in accord with ASX corporate governance principles 2.1 and 2.2, however given the size and scope of the company's operations, the Board considers that there is no real benefit to be gained by appointing an independent chairman, when in fact by his vested interest as a substantial shareholder he is the driving force in the success of the Company.

The roles of Chairperson and Managing Director however, are exercised by different members of the Board in an effort to facilitate greater independence.

Board Committees

The Board has appointed committees responsible for remuneration, board nomination, and audit and risk management. These committees are established to assist in facilitating best practice and delivering on the Board's charter.

The names of the members of the committees and their attendance at meetings of the committee are detailed below.

Principle 3: Promote ethical and responsible decision-making

The Code of Conduct applies to all employees of the Company. Directors, key executives and employees are expected to comply with the code
The company clarifies its standards of ethical behaviour required by directors, management and employees in a documented Code of Ethics, and the Board actively observes behaviour compliant to them.

DIRECTORS' REPORT

The purpose of the code is to uphold the reputation and integrity of the company through observance of the highest standards of behaviour, and to better manage natural, human, social, and other forms of stakeholder capital. A copy of the Code of Conduct is available on the Company's website.

Policy regarding directors and employees trading in company securities is set by the Audit Committee. The policy restricts directors and employees from acting on material information until it has been released to the market and adequate time has elapsed in order for the information to be reflected in the security's prices.

Principle 4: Safeguard integrity in financial reporting

The Board received written communication from the Managing Director on 28th August 2013 that the company's financial report presents a true and fair view in all material aspects, of the company's financial condition and operational results, and are in accordance with relevant accounting standards. This declaration can be observed on page 12 of the Director's Report.

The Audit Committee is composed of one executive director, one independent non-executive director, and the company secretary. A majority of committee members are not independent as required by ASX corporate governance principle 4.3, however the board considers that the individuals on the committee can make and do make quality and independent judgements in the best interest of the company on all relevant issues, and that the existing membership is appropriate for the effective and efficient operation of the committee. The committee's charter is set out in a formal document depicting responsibilities in fulfilling its oversight of the company's audit and risk management practices.

The committee's responsibilities include the application of correct accounting policy, reporting of financial information to shareholders and the general public, the management of business risk and internal control systems, the audit process, and corporate conduct in regard to business ethics including auditor independence and ongoing compliance with laws and regulations.

The names and qualifications of those appointed to the Audit Committee and their attendance at committee meetings are included in this report.

Principle 5: Make timely and balanced disclosure

The company's Audit and Risk Management Charter ensure written policies in place to ensure responsible compliance with ASX Listing Rules and the Corporations Act 2001. The charter provides procedures to quickly disclose information that a reasonable person would expect to have material effect on the price of the company's securities and is subject to review by the external auditors.

Principle 6: Respect the rights of shareholders

While no formal charter has been written to promote shareholder communications, the Board aims to keep shareholders informed through the timely release of information via Annual Reports, Half Year Reports, the Chairman's address at the Annual General Meeting, and market announcements to the Australian Stock Exchange, and through the company website which links to the ASX website.

The company actively encourages all shareholders to participate at Annual General Meetings to ensure a high level of accountability and the identification of the company's strategies and goals.

Principle 7: Recognise and manage risk

The company's system of risk management and internal control is outlined in the Audit Committee's documented Audit and Risk Management Committee charter and is available on the company website.

DIRECTORS' REPORT

The Audit Committee enacts this charter to identify, assess, monitor, and manage risk, in addition to informing investors of material changes to the company's risk profile.

Duties of the committee include the review of all financial and external reporting, the monitoring of the risk management and internal control structures implemented by management in an effort to provide to the Board a reasonable assurance that the company's assets are safeguarded and that reliable financial records are maintained.

In relation to the external audit process, the committee periodically reviews the audit plan and terms of the audit engagement. Auditor performance is also assessed and recommendations are made to the Board regarding Auditor appointment and remuneration. Auditor independence is also assessed to determine if the level of independence is of the required standard to enable the company to achieve best practice.

The implementation of strategies to mitigate risk both externally and internally is the responsibility of the Board and Management. The board meets on a regular basis to ensure close monitoring of all projects along with all business issues. These include cash flow forecasts, debt management, risk management and project status, sales rates, construction progress as well as the feasibility of future developments.

All staff have a responsibility for the continuous monitoring of risks and operation of controls within their area of responsibility.

On a six monthly basis a formal revision of, and report against, the Strategic Risk Assessment will be provided to the Audit Committee. A formal report will be provided to the Board on an annual basis.

The board has received written assurance from the chief executive officer and the chief financial officer that in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.

Principle 8: Remunerate fairly and responsibly

The agenda of the Remuneration Committee is to enact company policy regarding the terms and conditions for remuneration relating to (i) the appointment and retirement of Board Members, and for (ii) the Chief Executive Officer and other Senior Executives. These are approved by the Nominating Committee following professional advice.

The main responsibilities of this committee are to ensure adequate human resource levels within the company, the selection of appropriate candidates, and the setting and monitoring of employment conditions.

The amount of remuneration for directors and executives, including all monetary and non-monetary components, are detailed in Note 5 to the financial report. All remuneration paid to executives is valued at the cost to the company and expensed. There are no schemes for retirement benefits other than statutory requirements.

The names of the members of the remuneration committee and their attendance at meetings of the committee are detailed below. The remuneration committee does not consist of a majority of independent directors and does not have an independent chair as recommended under ASX corporate governance principle 8.1, however the board considers that the individuals on the committee can make and do make quality and independent judgements in the best interest of the company on all relevant issues, and that the existing membership is appropriate for the effective and efficient operation of the committee.

DIRECTORS' REPORT

PRINCIPAL ACTIVITIES

The principal activities of the company during the financial year were: -

- Property Development for long term asset portfolio creation, and
- Subdivision of land for residential and commercial development.

There were no significant changes in the nature of the company's principal activities during the financial year.

OPERATING RESULTS

The profit of the company after providing for income tax for the twelve months ended 30 June 2013 amounted to $60,541. This represented a $320,210 increase on the results reported for the year ended 30 June 2012.

DIVIDENDS PAID OR RECOMMENDED

Dividends paid or declared for payment during the financial year are as follows:

There was an interim dividend paid on 28 December 2012 for the year ended 30 June 2013.

REVIEW OF OPERATIONS

Worongary Town Centre- (WTC)

As previously reported at the end of 2012, retailing and general economic conditions on the Gold Coast were some of the most difficult in recent memory for small and medium sized business which was reflected in trading figures and public sentiment.

However green shoots began to appear throughout the first half of the past financial year without being outstanding, but the year December 2012 through June 2013 saw traders at Worongary Town Centre report stronger trading figures and growth.

We are now beginning to view renewed vitality amongst traders and trading on the Gold Coast which once again is reflected in the near 100% occupancy at WTC.

The addition of the well known Montezumas Mexican Restaurant at the WTC 'East Street' has given most traders a lift in customer patronage and the centre as a whole another drawcard. The WTC 'Eat Street' is once again 100% leased and is again experiencing stronger patronage.

Southside Town Centre – Gympie

The Southside Town Centre during 2013 has been significantly affected by the impacts of flooding that occurred in Gympie at the commencement of 2013.

Unfortunately Gympie was hit with a double whammy of floods in quick succession which unfortunately pushed many traders in the country community to the brink.

Whilst the Southside Town Centre is not at all flood prone the flooding has an impact on the community and community attitudes. Added to this, one of the main arterial roads to the shopping

DIRECTORS' REPORT

centre was flood damaged and council have undertaken road works that saw this major road closed for more than 6 months.

It is yet to be fully realised the impact that has occurred at Southside Shopping Centre due to the road works but many traders have expressed to AHC the impact being in the range of 20-30% down.

The company commenced construction of a Caltex Service Station and Shop in May 2013 after agreeing to a lease with Caltex Australia. This service station will operate 24 hours/7 days and be a great addition to the centre. We are hopeful that this will increase foot traffic within the centre and provide traders with a welcome boost.

The service station is due to be completed in September 2013.

As at 30 June 2013 the Southside Town Centre currently has around 480m2 of the 2480m2 specialty tenant gross floor area available to lease or approximately 20% of the total specialty space.

Proposed Parkhurst Shopping Centre – Rockhampton

In December 2012 the company completed the purchase of the Parkhurst Rockhampton shopping centre site.

This development contains an existing development approval which will consist of a 3800m2 Supermarket anchored by Woolworths, a Woolworths Petrol facility and around 4000m2 of retail specialty stores and medical centre tenants.

AHC Limited is currently undertaking generally in accordance design changes and the appointment of various consultants to undertake operational work designs for submission to the local authority for approval.

This will be the company's major project for the balance of 2013 and 2014.

Saltwater Estate - Helensvale

The Saltwater development currently consists of only four commercial lots For Sale on the M1 at Helensvale after all residential land was sold and settled last financial year.

What began as an 11 lot commercial development plus 1 commercial lot housing the AHC head office, now only sees 4 lots remaining for sale ranging from 2035m2 - 8351m2 in one line.

5 commercial lots including the AHC Head Office lot were sold prior to 30 June 2013 approximately $8million.

Current marketing agents Colliers International believe that on current inquiry levels a sell off of the four remaining lots is anticipated on or about December 2013.

AHC Limited has obtained a development approval to construct an office building on the corner of Saltwater Avenue and Siganto Drive consisting of approximately 1560m2 GFA. No plans currently exist for the commencement of construction.

Drury Lane Industrial - Hervey Bay

AHC Limited has undertaken extensive design work for various Operational Works applications to be submitted to the local authority consisting of - Earthworks, Sewer, Water reticulation, Stormwater drainage, Road works etc.

DIRECTORS' REPORT

We are very hopeful that these designs can be submitted for approval within the coming months with a view to obtain approvals as quickly as possible.

Design work and consultation with the local authority has been ongoing to reduce construction costs on the development.

Howard Residential Estate - Hervey Bay

The company has undertaken geotechnical testing to confirm the start and finish of mining within the site, these works are ongoing. Significant design and consultant reports require to be completed prior to AHC Limited making application for development Application.

This is a very exciting project for AHC Limited with a possible 200 – 300 lot development. It is extremely possible that this project could be awarded Major Project status with the QLD State Government due to its benefits to the local community.

This is a long term project which will continue to be progressed to development application stage in the near term.

FINANCIAL POSITION

The net assets of the company have decreased from $27,441,261 at 30 June 2012 to $26,942,291 in 2013.

The directors believe the company is in a stable financial position to expand and grow its current operations.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

There were no significant changes in the nature of the activities of the company during the year ended 30 June 2013.

EVENTS AFTER REPORTING DATE

The Directors are not aware of any specific developments, not outlined in this Annual Report, that have may have a significant effect on the Company's state of affairs, its operations, or the results of those operations, in future financial years (refer Note 27 to the financial report).

FUTURE DEVELOPMENTS, PROSPECTS AND BUSINESS STRATEGIES

Strategy and Planning.

To further improve the company's profit and maximise shareholder wealth, AHC intends to focus resources in the 2013/2014 financial year toward the continuing implementation of the following projects:

- Development of the Industrial Estate at Hervey Bay.
- Development of the Gympie South Side Service Station.
- Development of the land at Howard
- Development of the Parkhurst, Rockampton Shopping Centre
- The sell down of the remaining commercial land at Saltwater Estate

These projects, together with the current strategy of continuous improvement and adherence to quality control in existing markets, are expected to facilitate the achievement of the company's long-term goals and the development of new business opportunities.

DIRECTORS' REPORT

ENVIRONMENTAL REGULATION

The company's operations are subject to environmental regulation under the law of the Commonwealth and State legislature. Examples of the company's performance in relation to environmental regulation include (but are not limited to) the following:

- soil barriers to stop run off into drains and sewers, in addition to fitting temporary downpipes to minimise overland water flow.
- The proper disposal of building waste to prevent or minimise harm to the environment.
- The adoption of energy efficient practices in the construction of all homes. Home sites are constructed with a minimum of 5 star rating to comply with relevant local authority assessment. (This rating includes elements such as enviroseal to walls, ceiling batts and sarking, anticon where applicable, gas hot water systems, and applying optimum home siting to suit local conditions.).
- The compliance with Section J energy modelling in accordance with the Building Code of Australia for all commercial construction.
- Compliance with Environmental Acoustics Assessments of Noise Impacts under Environmental Protection (Noise/Policy,2008)

INFORMATION ON DIRECTORS AND EXECUTIVES

Ian Roderick MacLeod	**Chairman (Executive)**	
	Qualifications:	M.B.A. Griffith University, Registered Builder.
	Experience:	Director of the Company since incorporation on 1 November 1984 and has had over 30 years experience with the property development industry.
	Special Responsibilities:	Member of Nominating Committee.
Wayne Benson Lester	**Director (Executive)**	
	Qualifications:	Registered Builder QLD, Master Builder N.Z. Justice of the Peace (Qualified)
	Experience:	Registered Master Builder for over 30 years. Associated with the company since January 1989.
	Special Responsibilities:	Member of the Nominating Committee and the Audit Committee.
Rod Lindsay MacLeod	**Director (Executive) Managing Director and C.E.O**	
	Qualifications:	M.B.A. Griffith University, Registered House Builder
	Experience:	Associated with the company since January 1989
	Special Responsibilities:	Member of Nominating Committee.
Rodney Joseph Walsh	**Non-Executive Director**	
	Qualifications:	Bachelor Commerce University of Queensland
	Experience	35 years in Public Accounting including 20 Years as self employed C.P.A.
	Special	

DIRECTORS' REPORT

Responsibility: Member of the Audit Committee

Sheryl Anne MacLeod — **Director (Executive) Company Secretary and C.F.O**

Qualifications:	Bachelor Business (Accounting) Griffith University
Experience:	Associated with the company since incorporation
Special Responsibility:	Member of Audit Committee since 1995

The particulars of shares held or influenced by the Directors of the Company are as follows:

NAME OF DIRECTOR	SHARES	OPTIONS	COMMENTS
Ian Roderick MacLeod and Sheryl Anne MacLeod	1,533,172	0	Held by I.R. MacLeod & S.A. MacLeod as Trustee of the MacLeod Family Trust of which each is a beneficiary.
	304,138	0	Held by I R MacLeod & S A MacLeod.
	1,449,012	0	Held by Yorkmount Pty Ltd and Yorkmount Super Fund of which I.R MacLeod & S A MacLeod are beneficiaries.
Rod Lindsay MacLeod	162,809	0	Held by R. L. MacLeod.
	9,191	0	Held by Kate MacLeod.
Wayne Benson Lester	252,309	0	Held by W.B. Lester and D.M Lester for the Wayne Lester Super Fund

OPTIONS

There were no options granted over unissued shares or interest during or since the end of the financial year by the company.

REMUNERATION REPORT

This report details the nature and amount of remuneration for each director of AHC Limited and for the executives receiving the highest remuneration.

Remuneration Policy

The remuneration policy of AHC Limited was developed by the remuneration committee and approved by the Board. All executives receive a base salary (which is based on factors such as length of service and experience), superannuation, and fringe benefits. The remuneration committee annually reviews executive packages, which in their current format, are believed to be below industry averages according to independent consultants.

DIRECTORS' REPORT

REMUNERATION REPORT (Cont'd):

Details of Remuneration for Year Ended 30 June 2013

The remuneration for each director and each of the executive officers of the company receiving the highest remuneration during the year was as follows:

	Salary Fees & Commissions	Super Contribution	Salary Sacrifice	Fringe Benefit	Total
Directors					
Ian MacLeod	165,764	15,748	9,216	13,402	204,130
Rod MacLeod	92,500	8,325	-	11,370	112,195
Wayne Lester	75,306	8,280	16,692	6,142	106,420
Rod Walsh	700	1,260	13,300	-	15,260
Sheryl MacLeod	138,509	13,500	11,492	13,779	177,280

Employment Contracts of Directors and Senior Executives

The employment conditions of the Managing Director, Chairman of the Board, the executive directors and specified executives are formalised in contracts of employment. The managing director and all executives are permanent employees of AHC Limited.

The employment contracts stipulate a range of one-to-three month resignation periods. Termination payments are not payable on resignation or dismissal for serious misconduct. In the instance of serious misconduct the company can terminate employment at any time.

MEETING OF DIRECTORS

During the financial year, 6 meetings of directors (including committees) were held. Attendances were:

	Directors Meeting		Audit Committee & Risk Management		Nominating Committee & Remuneration	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Ian MacLeod	5	5	-	-	-	-
Wayne Lester	5	5	-	-	-	-
Rod L MacLeod	5	5	1	1	-	-
Sheryl MacLeod	5	5	1	1	-	-
Rod Walsh	5	5	1	1	-	-

DIRECTORS' REPORT

INDEMNIFYING OFFICERS OR AUDITOR

The company has entered into deeds dated 25 June 1997, with Directors, Ian MacLeod, Wayne Lester and Sheryl MacLeod, whereby the company has agreed to indemnify each relevant officer against any liability whatsoever incurred or arising out of the officer's actions in that capacity, performing the duties of an officer or failing to do so. The term liability includes all claims, actions, losses, damages and expenses. The indemnity does not extend to liability in respect of any negligence, default, breach of duty or breach of trust of which the officer may be guilty in relation to the company or liability brought about or contributed to by the active and deliberate dishonesty, fraud or malicious conduct of the officer.

PROCEEDINGS ON BEHALF OF COMPANY

No person has applied for leave of Court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

The company was not a party to any such proceedings during the year.

NON-AUDIT SERVICES

The board of directors, in accordance with advice from the audit committee, is satisfied that there was no provision of non-audit services by the auditor during the year.

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration for the year ended 30 June 2013 has been received and can be found on page 13 of the financial report.

Signed in accordance with a resolution of the Board of Directors.

ROD L MACLEOD - DIRECTOR

IAN R MACLEOD - DIRECTOR

Dated this day of 28th August 2013 at Oxenford

DIRECTORS' DECLARATION

In accordance with a resolution of the directors of AHC Limited, the directors of the company declare that: -

1. The financial statements and notes as set out on pages 14 – 44, are in accordance with the Corporations Act 2001 and:

   (a) comply with Australian Accounting Standards, and

   (b) give a true and fair view of the financial position as at 30 June 2013 and of the performance for the year ended on that date of the company.

2. In the Directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

ROD L. MACLEOD – DIRECTOR

IAN R MACLEOD - DIRECTOR

Dated this 28th day of August 2013 at Oxenford.

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AHC LIMITED ABN 73 010 544 699

AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF AHC LIMITED

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2013, there have been:

(i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and

(ii) no contraventions of any applicable code of professional conduct in relation to the audit.

WILLIAMS PARTNERS
INDEPENDENT AUDIT SPECIALISTS

Reg L Will

REG L WILLIAMS BCom CPA RCA
PARTNER
Registered Company Auditor No. 165400

Dated this 28th day of August 2013

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AHC LIMITED
ABN 73 010 544 699

STATEMENT OF PROFIT & LOSS AND COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2013

	NOTE	2013	2012
		$	$
Revenues	2	9,831,295	6,880,903
Other income	2	(309,762)	591
Net loss on Revaluation of Property		-	(515,665)
Changes in Inventories of Work In Progress		(3,876,297)	8,184,007
Cost of Goods Sold		(786,435)	(11,116,272)
Borrowing costs expense	3	(2,212,105)	(1,862,733)
Depreciation & Amortisation expense	3	(80,610)	(105,932)
Employee benefits expense		(949,961)	(1,053,061)
Rates and Land Taxes		(281,447)	(165,393)
Rent		(52,691)	-
Repairs & Maintenance		(174,515)	(90,925)
Other Expenses	3	(1,009,568)	(540,709)
Profit(loss) before income tax expense		97,904	(385,189)
Tax expense	4	(37,363)	125,520
Net Profit(loss) for the year		60,541	(259,669)
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income/(loss) for the year		60,541	(259,669)
Profit (loss) attributable to members of the entity		60,541	(259,669)
Total comprehensive (loss)/income to members of the entity		60,541	(259,669)
Earnings per Share:		Cents per share	Cents per share
Basic earnings per share (cents per share)	8	1.08	(4.64)
Diluted earnings per share (cents per share)	8	1.08	(4.64)

The accompanying notes form part of these financial statements.

AHC LIMITED
ABN 73 010 544 699

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2013

	NOTE	2013	2012
		$	$
ASSETS			
Current Assets:			
Cash and cash equivalents	11	363,601	25,463
Trade & Other Receivables	12	304,435	37,889
Inventories	13	8,689,240	12,318,401
Other current assets	14	62,203	5,745
TOTAL CURRENT ASSETS		9,419,479	12,387,498
Non-Current Assets:			
Property, plant and equipment	15	5,685,884	2,705,979
Investment Property	23	52,500,000	52,500,000
Deferred tax assets	24	609,475	335,022
TOTAL NON-CURRENT ASSETS		58,795,359	55,541,001
TOTAL ASSETS		68,214,838	67,928,499
LIABILITIES			
Current Liabilities:			
Trade & Other Payables	16	1,385,896	1,408,086
Borrowings	17	344,172	1,275,369
Current tax liabilities	25	9,883	1,012,111
TOTAL CURRENT LIABILITIES		1,739,951	3,695,566
Non-Current Liabilities:			
Borrowings	17	34,070,339	31,657,189
Provisions	19	47,441	31,483
Deferred tax liabilities	25	5,414,816	5,103,000
TOTAL NON-CURRENT LIABILITIES		39,532,596	36,791,672
TOTAL LIABILITIES		41,272,547	40,487,238
Net Assets		26,942,291	27,441,261
Equity:			
Issued Capital	20	1,780,142	1,780,142
Retained Earnings		25,162,149	25,661,119
Total Equity		26,942,291	27,441,261

The accompanying notes form part these financial statements.

AHC LIMITED
ABN 73 010 544 699

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2013

	NOTE	2013 $	2012 $
Cash Flows from Operating Activities:			
Receipts from customers		10,383,727	7,437,836
Interest received		54,084	57,265
Other Income		346,164	3,614
Payment to suppliers and employees		(4,780,406)	(4,971,574)
Finance costs		(2,212,105)	(1,862,733)
Income Tax (paid)		(1,005,810)	-
Net Cash Provided by (Used in) Operating Activities	10	2,785,654	664,408
Cash Flows from Investing Activities:			
Purchase of property, plant and equipment		(5,420,276)	(11,336,335)
Proceeds from sale of property plant and equipment		2,049,999	58,773
Net Cash (Used in) Investing Activities		(3,370,277)	(11,277,562)
Cash Flows from Financing Activities:			
Proceeds from borrowings		4,205,527	10,983,915
Loans from related party		-	150,000
Repayment of borrowings to related party		(150,000)	
Repayment of borrowings		(2,250,690)	(2,475,971)
Dividend paid by the company		(559,511)	-
Net Cash Provided by Financing Activities		1,245,326	8,657,944
Net Increase (Decrease) in Cash Held		660,703	(1,955,210)
Cash and cash equivalents at beginning of financial year		(297,103)	1,658,107
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR	11	363,601	(297,103)

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2013

	Note	Share Capital Ordinary	Retained Earnings	Asset Revaluation Reserve	Total
Balance at 1 July 2011		1,780,142	25,920,788	-	27,700,930
Loss for the year		-	(259,669)	-	(259,669)
Other comprehensive income for the year		-	-	-	-
Sub-total		1,780,142	25,661,119	-	27,441,261
Dividends recognized for the year		-	-	-	-
Balance at 30 June 2012		1,780,142	25,661,119	-	27,441,261
Balance at 1 July 2012		1,780,142	25,661,119	-	27,441,261
Profit for the year		-	60,541	-	60,541
Other comprehensive income for the year		-	-	-	-
Sub-total		1,780,142	25,721,660	-	27,501,802
Dividends recognized for the year		-	(559,511)	-	(559,511)
Balance at 30 June 2013		1,780,142	25,162,149	-	26,942,291

The accompanying notes form part of these financial statements.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements covers AHC Limited as an individual entity. AHC Limited is a listed public company, incorporated and domiciled in Australia. The financial statements were authorised for issue on 28th August 2013 by the directors of the company.

Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. The Company is a for – profit entity for financial reporting purposes under Australian Accounting Standards.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial statements containing relevant and reliable information about transactions, events and conditions. Material accounting policies adopted in the preparation of the financial statements are presented below and have been consistently applied unless otherwise stated.

Except for the cash flow information, the financial statements have been prepared on an accruals basis and are based on historical costs modified, where applicable, by the measurement at fair value of selected non-current assets, and financial assets and financial liabilities.

Accounting Policies:

Income Tax

The income tax expense/(income) for the year comprises current income tax expense/(income) and deferred tax expense (income).

Current income tax expense charged to profit or loss is the tax payable on taxable income. Current tax liabilities/(assets) are measured at the amounts expected to be paid to /(recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well unused tax losses.

Current and deferred income tax expense/(income) is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss.

Except for business combinations, no deferred income tax is recognised from the initial recognition of an asset or liability, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where: (a) a legally enforceable right of set off exists; and (b) the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

Inventories

(a) Land for Sale:

Land held for development and sale is valued at the lower of cost and net realisable value. Cost includes the cost of acquisition, development, borrowing costs and holding costs until completion of development. Finance costs and holding charges incurred after development is completed are expensed. Profits are brought to account on the signing of an unconditional contract of sale, if significant risk and rewards and effective control over the land are passed on to the buyer at this point.

(b) Constructions Contracts and Work In Progress:

Construction work in progress is measured at cost, plus profit recognised to date less any provision for anticipated future losses. Cost includes both variable and fixed costs relating to specific contracts, and those costs that are attributable to the contract activity in general and that can be allocated on a reasonable basis. Construction profits are recognised on the stage of completion basis. Where losses are anticipated they are provided for in full. Construction revenue has been recognised on the basis of the terms of the contract adjusted for any variations or claims allowable under the contract.

Property, Plant & Equipment

Each class of property, plant and equipment is carried at cost or fair value as indicated, less, where applicable, any accumulated depreciation and impairment losses.

Property

Freehold land and buildings are booked at cost, being the amount for which an asset could be exchanged between knowledgeable willing parties in an arm's length transaction less subsequent depreciation on buildings.

Increases in the carrying amount arising on revaluation of land and buildings are credited to a revaluation reserve in shareholders' equity. Decreases that offset previous increases of the same asset are recognised against revaluation reserves directly in equity; all other decreases are charged to the Profit or Loss.

Plant & Equipment

Plant and equipment are measured on the cost basis and therefore carried at cost less accumulated depreciation and any accumulated impairment. The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows, which will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

The cost of fixed assets constructed within the company includes the cost of materials, direct labour, borrowing costs and appropriate proportion of fixed and variable overheads. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Profit and Loss statement during the financial period in which they are incurred.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Depreciation

The depreciable amount of all fixed assets including building and capitalised lease assets, but excluding freehold land, is depreciated on a straight-line or diminishing value basis over their useful lives to the company commencing from the time the asset is held ready for use. Properties held for investment purposes are not subject to depreciation. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Buildings	2.0%
Plant and equipment	10-20%
Leased plant and equipment	15%

The asset's residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the Profit and Loss in the period in which they arise. When re-valued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

Investment Property

Investment property, comprising shopping centres is held to generate long term investment yields. All tenant leases are on an arm's length basis. Investment property is carried at fair value determined by independent valuers who has recognised and appropriate professional qualifications and recent experience, in the location of investment property being valued. Fair values are determined by the valuer using market information. It is the policy of the company to have an independent valuation every two years, with annual appraisals being made by the directors. It is the Directors opinion that based on rental return and the recent valuation by independent valuers, the investment property is at fair and reasonable value as at 30 June 2013. Property under construction is booked at cost. Changes to fair value are recorded in the comprehensive income statement as Other Income. No impairment has been recognised in respect of the investment property at the end of the reporting period.

Leases

Leases of fixed assets, where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, that are transferred to the company are classified as finance leases. Finance leases are capitalised, recording an asset and a liability equal to the present value of the minimum lease payments, including any guaranteed residual value. Leased assets are depreciated on a straight-line or diminishing value basis over their estimated useful lives or the lease term.

Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period. Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are recognised as expenses in the periods in which they are incurred. Lease incentives under operating leases are recognised as a liability and amortised on a straight line basis over the lease term.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Impairment of Assets

At the end of each reporting period, the company reviews the carrying values of its tangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement.

Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Employee Benefits

Provision is made for the company's liability for employee benefits arising from services rendered by employees to the end of the reporting date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. The amounts expected to be paid to employees for their pro-rata benefits to long service leave and annual leave are accrued annually at current pay rates having regard to experience of employees and qualifying period of service. Long Service Leave is accrued after five years of service.

Contributions are made by the company to employee superannuation funds and are charged as expenses when incurred.

Provisions

Provisions are recognised when the company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of 3 months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities in the statement of financial position.

Revenue and Other Income

Revenue from the sale of properties is recognised upon the signing of contracts. Revenue from contract housing is recognised as and when it becomes receivable. Revenue from the rental of investment properties is recognised on a straight line basis over the period of the lease term so as to reflect a constant periodic rate of return on the net investment, as and when it becomes receivable. Interest revenue is recognised as and when it is received.

All revenue is stated net of the amount of goods and services tax (GST).

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Trade and Other Receivables

Trade and other receivables include amounts due from customers for goods sold and services performed in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Refer to Note 1 Impairment for further discussion on the determination of impairment losses.

Trade and Other Payables

Trade and other payables represent the liabilities for goods and services received by the entity that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in income in the period in which they are incurred.

Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable, to the ATO is included with other receivables or payables in the statement of financial position.

Cash flows are presented in the cash flow statement on a gross basis. The GST components of investing and financing activities, which are receivable from, or payable to the ATO are presented as cash flows arising from operating cash flows included in receipts from customers or payments to suppliers.

Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

When the company applies an accounting policy retrospectively, makes a retrospective restatement or reclassifies items in the financial statements, an additional statement of financial position as at the beginning of the earliest comparative period will be disclosed.

Critical Accounting Estimates and Judgements

The directors evaluate estimates and judgements incorporated into the financial statement based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the company.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Key estimates – impairment
The company assesses impairment at the end of each reporting period by evaluating conditions specific to the company that may be indicative of impairment triggers. Where an impairment trigger exists, the recoverable amount of the asset is assessed using value in use calculations which incorporate a number of key assumptions.

Included in trade receivables at the end of the reporting period is an amount receivable from sales made to Paul Charles Finch during the current financial year amounting to $31,674.62. Paul Charles Finch went into liquidation on 14th June 2013. While there is inherent uncertainty in relation to the outcome of the liquidation, the directors understand that the full amount of the debt is likely to be recoverable from the liquidators, and therefore no provision for impairment has been made.

New Accounting Standards for Application in Future Periods

The AASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to the company. The company has decided not to early adopt any of the new and amended pronouncements. The Company's assessment of the new and amended pronouncements that are relevant to the company but applicable in future reporting periods is set out below:

AASB 9: *Financial Instruments* (December 2010) and AASB 2010–7: *Amendments to Australian Accounting Standards arising from AASB 9 (December 2010).*

These Standards are applicable retrospectively and include revised requirements for the classification and measurement of financial instruments, as well as recognition and derecognition requirements for financial instruments.

The key changes made to accounting requirements include:

- simplifying the classifications of financial assets into those carried at amortised cost and those carried at fair value;
- simplifying the requirements for embedded derivatives;
- removing the tainting rules associated with held-to-maturity assets;
- removing the requirements to separate and fair value embedded derivatives for financial assets carried at amortised cost;
- allowing an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument;
- requiring financial assets to be reclassified where there is a change in an entity's business model as they are initially classified based on: (a) the objective of the entity's business model for managing the financial assets; and (b) the characteristics of the contractual cash flows; and
- requiring an entity that chooses to measure a financial liability at fair value to present the portion of the change in its fair value due to changes in the entity's own credit risk in other comprehensive income, except when that would create an accounting mismatch. If such a mismatch would be created or enlarged, the entity is required to present all changes in fair value (including the effects of changes in the credit risk of the liability) in profit or loss.

These Standards were mandatorily applicable for annual reporting periods commencing on or after 1 January 2013. However, AASB 2012–6: *Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and Transition Disclosures* (issued September 2012) defers the mandatory application date of AASB 9 from 1 January 2013 to 1 January 2015. In light of the change to the mandatory effective date, the company is expected to adopt AASB 9 and AASB 2010–7 for the annual reporting period ending 31 December 2015. Although the directors anticipate that the adoption of AASB 9 and AASB 2010–7 may have a significant impact on the company's financial instruments, it is impracticable at this stage to provide a reasonable estimate of such impact.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

AASB 13: *Fair Value Measurement* and AASB 2011–8: *Amendments to Australian Accounting Standards arising from AASB 13* (applicable for annual reporting periods commencing on or after 1 January 2013).

AASB 13 defines fair value, sets out in a single Standard a framework for measuring fair value, and requires disclosures about fair value measurement.

AASB 13 requires:

- inputs to all fair value measurements to be categorised in accordance with a fair value hierarchy; and
- enhanced disclosures regarding all assets and liabilities (including, but not limited to, financial assets and financial liabilities) to be measured at fair value.

These Standards are expected to result in more detailed fair value disclosures, but are not expected to significantly impact the amounts recognised in the company's financial statements.

AASB 2011–4: *Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements* (applicable for annual reporting periods beginning on or after 1 July 2013).

This Standard makes amendments to AASB 124: *Related Party Disclosures* to remove the individual key management personnel disclosure requirements (including paras Aus29.1 to Aus29.9.3). These amendments serve a number of purposes, including furthering trans-Tasman convergence, removing differences from IFRSs, and avoiding any potential confusion with the equivalent *Corporations Act 2001* disclosure requirements.

This Standard is not expected to significantly impact the Company's financial report as a whole because:

- some of the disclosures removed from AASB 124 will continue to be required under s 300A of the Corporations Act, which is applicable to the Company; and
- AASB 2011–4 does not affect the related party disclosure requirements in AASB 124 applicable to all reporting entities, and some of these requirements require similar disclosures to those removed by AASB 2011–4.

AASB 119: *Employee Benefits* (September 2011) and AASB 2011–10: *Amendments to Australian Accounting Standards arising from AASB 119 (September 2011)* (applicable for annual reporting periods commencing on or after 1 January 2013).

These Standards introduce a number of changes to the presentation and disclosure of defined benefit plans, including:

- removal of the "corridor" approach from AASB 119, thereby requiring entities to recognise all changes in a net defined benefit liability/(asset) when they occur; and
- disaggregation of changes in a net defined benefit liability/(asset) into service cost, net interest expense and remeasurements and recognition of:
  - (i) service cost and net interest expense in profit or loss; and
  - (ii) remeasurements in other comprehensive income.

AASB 119 (September 2011) also includes changes to the criteria for determining when termination benefits should be recognised as an obligation.

AASB 2012–2: *Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities* (applicable for annual reporting periods commencing on or after 1 January 2013).

AASB 2012–2 principally amends AASB 7: *Financial Instruments: Disclosures* to require entities to include information that will enable users of their financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with the entity's recognised financial assets and recognised financial liabilities, on the entity's financial position.

This Standard is not expected to significantly impact the Company's financial statements.

AASB 2012–3: *Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities* (applicable for annual reporting periods commencing on or after 1 January 2014).

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

This Standard adds application guidance to AASB 132: *Financial Instruments: Presentation* to address potential inconsistencies identified in applying some of the offsetting criteria of AASB 132, including clarifying the meaning of "currently has a legally enforceable right of set-off" and that some gross settlement systems may be considered equivalent to net settlement.

This Standard is not expected to significantly impact the company's financial statements.

AASB 2012–5: *Amendments to Australian Accounting Standards arising from Annual Improvements 2009–2011* (applicable for annual reporting periods commencing on or after 1 January 2013).

This Standard amends a number of Australian Accounting Standards as a consequence of the issuance of *Annual Improvements to IFRSs 2009–2011 Cycle* by the International Accounting Standards Board, including:

- AASB 1: *First-time Adoption of Australian Accounting Standards* to clarify the requirements in respect of the application of AASB 1 when an entity discontinues and then resumes applying Australian Accounting Standards;
- AASB 101: *Presentation of Financial Statements* and AASB 134: *Interim Financial Reporting* to clarify the requirements for presenting comparative information;
- AASB 116: *Property, Plant and Equipment* to clarify the accounting treatment of spare parts, stand-by equipment and servicing equipment;
- AASB 132 and Interpretation 2: *Members' Shares in Co-operative Entities and Similar Instruments* to clarify the accounting treatment of any tax effect of a distribution to holders of equity instruments; and
- AASB 134 to facilitate consistency between the measures of total assets and liabilities an entity reports for its segments in its interim and annual financial statements.

This Standard is not expected to significantly impact the company's financial statements.

Going Concern

The financial statements have been prepared on a going concern basis, which contemplates the continuation of normal business operations and the realisation of assets and settlement of liabilities in the normal course of business.

Directors have been continually monitoring the company's business operations and financial performance, and where necessary, instituted appropriate action.

Based on the approved budgeted cash flow forecast to 30 June 2014, which incorporates the renegotiated borrowings and the anticipated commercial land sales, the company has sufficient resources to continue as a going concern and operate within the level of its current borrowing facilities.

AHC LIMITED
ABN 73 010 544 699
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

NOTE 2: REVENUE AND OTHER INCOME	2013 $	2012 $
Operating Activities		
Sales Revenue	4,617,687	3,257,455
Rent Received	4,813,360	3,562,547
Other Income	346,164	3,636
Interest Received	54,084	57,265
Total Revenue	9,831,295	6,880,903
Other Income/ (Loss)		
- Gain (Loss) on disposal of property, plant & equipment	(309,762)	591
- Gain (Loss) on revaluation of investment property	-	(515,665)
Total Other Income/(Loss)	(309,762	(515,074)

NOTE 3: PROFIT FOR THE YEAR

Profit before income tax from continuing operations includes the following specific expenses:

EXPENSES:

	2013	2012
Finance Costs		
Other persons / corporations	2,192,001	1,844,241
Finance charges relating to finance lease	15,729	13,492
Related Party	4,375	5,000
Total borrowing costs	2,212,105	1,862,733
Depreciation:		
Property, plant & equipment	33,157	65,949
Leased assets	47,453	39,983
	80,610	105,932

Significant Expenses

The following significant expense items included in Other Expenses that are relevant in explaining the financial performance:

	2013	2012
Cleaning and Rubbish Removal	253,564	180,713
Electricity	238,197	46,705
Insurance	100,840	106,345
Legal Fees	178,506	92,014
Bad Debts	26,985	-

	2013 $	2012 $
NOTE 4: TAX EXPENSE		
a) The components of tax expense/(income) comprise:		
Current Tax	-	-
Deferred Tax	37,363	(125,520)
	37,363	(125,520)
b) The prima facie tax on profit/(loss) from ordinary activities before income tax is reconciled to the income tax as follows:		
Prima facie tax payable on profit/(loss) from ordinary activities before income tax at 30% (2012: 30%)	29,371	(115,557)
ADD		
Tax effect of:		
Non-deductible depreciation	14,236	11,995
Other non-allowable items	301,158	212,334
	344,765	108,772
LESS		
Tax effect of:		
Other deductible items	(307,402)	(234,292)
Income tax expense/(income) attributable to entity	37,363	(125,520)

NOTE 5. INTERESTS OF KEY MANAGEMENT PERSONNEL

Names and positions held of company key management personnel in office at any time during the financial year are:

Directors

- Ian Roderick MacLeod Chairman – Executive
- Wayne Benson Lester Director – Executive
- Rod Lindsay MacLeod Director – Executive
- Rodney Joseph Walsh Director – Non-Executive
- Sheryl Anne MacLeod Director /Secretary – Executive

NOTE 5: INTERESTS OF KEY MANAGEMENT PERSONNEL (Cont'd)

Key Management Personnel Compensation:

DIRECTORS SUPERANNUATION	SALARY		SALARY SACRIFICE	MOTOR VEHICLE	TOTAL
	$	$	$	$	$
Ian Roderick MacLeod	165,764	15,748	9,216	13,402	204,130
Rod Lindsay MacLeod	92,500	8,325		11,370	112,195
Wayne Benson Lester	75,306	8,280	16,692	6,142	106,420
Rodney Joseph Walsh	700	1,260	13,300	-	15,260
Sheryl Anne MacLeod	138,509	13,500	11,492	13,779	177,280

Shareholdings:

Number of shares held or influenced by company key management personnel:

Directors:	Balance 1.7.12	Net Change	Balance 30.6.13
Mr Ian R MacLeod Jointly with Mrs S A MacLeod	3,286,322	-	3,286,322
Mr Rod L MacLeod	172,000	-	172,000
Mr Wayne B Lester	252,309		252,309
Mr Rod Walsh	-	-	-
Mrs Sheryl A MacLeod Jointly with Mr I R MacLeod	3,286,322	-	3,286,322

Remuneration Practices

The company's policy for determining the nature and amount of emoluments of key management personnel of the company is as follows:

The remuneration structure for key management personnel is based on a number of factors, including length of service, particular experience of the individual concerned, and overall performance of the company. The contracts for service between the company and key management personnel are on a continuing basis, the terms of which are not expected to change in the immediate future. Upon retirement key management personnel are paid employee benefit entitlements accrued to date of retirement. The company may terminate the contracts without cause by providing 12 months written notice or making payment in lieu of notice based on the individuals fixed salary component. Termination payments are generally not payable on resignation or dismissal for serious misconduct. In the instance of serious misconduct the company can terminate employment at any time.

NOTE 6. AUDITOR'S REMUNERATION

	2013	2012
	$	$
Remuneration of the auditor for:		
- auditing or reviewing the financial report	34,000	26,000
- auditing the rental shop leases	2,000	2,000
	36,000	28,000

	2013 $	2012 $
NOTE 7. DIVIDENDS PAID OR PROPOSED		
Distributions Paid		
Interim fully franked ordinary dividend of 10 (2012: NIL) cents per share .	559,511	-
Balance of franking account at year end adjusted for franking credits arising from payment of provision for income tax and payment of proposed dividends:	3,587,619	2,821,600

NOTE 8. EARNINGS PER SHARE	Cents per share	Cents per share
Basic earnings per share	1.08	(4.64)
Diluted earnings per share	1.08	(4.64)
Weighted average number of ordinary shares outstanding during the year used in calculation of diluted EPS	5,595,113	5,595,113
Earnings used in the calculation of basic EPS and diluted EPS	60,541	(259,669)

NOTE 9: OPERATING SEGMENTS

General information

Identification of reportable segments

The Company has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (chief operating decision makers) in assessing performance and determining the allocation of resources.

Reportable segments disclosed are based on aggregating operating segments where the segments are considered to have similar economic characteristics and are also similar with respect to the following:
- the products sold and/or services provided by the segment.

Types of products and services by segment

Commercial and Housing Development

The commercial and housing development segment is responsible for identifying, costing and financing potential development opportunities, developing acquisitions and finding buyers for completed developments.

Basis of accounting for purposes of reporting by operating segments

(a) Accounting policies adopted
Unless stated otherwise, all amounts reported to the Board of Directors, being the chief decision maker with respect to operating segments, are determined in accordance with accounting policies that are consistent to those adopted in the annual financial statements of the company.

(b) Inter-segment transactions
Intersegment transfers are not conducted between segments on an operation basis.

(c) Segments assets
Where an asset is used across multiple segments, the asset is allocated to that segment that receives majority economic value from that asset. In the majority of instances segment assets are clearly identifiable on the basis of their nature and physical location.

(d) Segment liabilities

Liabilities are allocated to segments where there is a direct nexus between the incurrence of the liability and the operations of the segment. Borrowings and tax liabilities are generally considered to relate to the company as a whole and are not allocated. Segment liabilities include trade and other payables and certain direct borrowing.

(e) Unallocated items

There are no items of revenue, expenses, assets and liabilities that are not unallocated to the operating segments.

(f) Segment Performance, Assets and Liabilities

Primary Reporting - Business Segments	**Commercial**		**Housing**		**Economic Entity**	
	2013	**2012**	**2013**	**2012**	**2013**	**2012**
	$000's	$000's	$000's	$000's	$000's	$000's
REVENUE						
External Sales	9,296	6,495	535	386	9,831	6,881
Other Segments	-	-	-	-	-	-
Total Sales Revenue	9,296	6,495	535	386	9,831	6,881
Total Segment Revenue	9,296	6,495	535	386	9,831	6,881
Unallocated Revenue					-	-
Total Revenue from Ordinary Activities					9,831	6,881
RESULT						
Segment Result	79	(236)	19	(149)	98	(385)
Unallocated expenses net of unallocated revenue					-	-
Profit from ordinary activities before income tax expense					98	(385)
Income Tax Expense					(37)	126
Profit from ordinary activities after income tax expense					61	(259)
ASSETS						
Segment Assets	68,196	67,901	19	27	68,215	67,928
Unallocated Assets					-	-
Total Assets					68,215	67,928
LIABILITIES						
Segment Liabilities	41,272	40,406	1	80	41,273	40,486
Unallocated Liabilities					-	-
Total Liabilities					41,273	40,486
OTHER						
Depreciation and amortisation of segment assets	75	98	5	8	80	106

	2013 $	2012 $
NOTE 10. CASH FLOW INFORMATION		
Reconciliation of Cash Flow from Operations with (loss)/ profit after Income Tax		
Profit/(Loss) from ordinary activities after income tax	60,541	(259,669)
Non-Cash Flows in Profit from ordinary activities:		
(Profit) / Loss on sale of non-current assets	309,762	(591)
Depreciation & Amortisation	80,610	105,932
Loss on revaluation of investment property	-	515,665
Cash Flows attributable to investing activities	-	-
Changes in Assets and Liabilities:		
Decrease/(Increase) in current inventories	3,629,161	1,014,777
Decrease / (Increase) in current receivables	(266,546)	101,210
(Decrease)/Increase in trade and other accounts payable	(27,218)	(862,386)
Movement in taxes payable	(995,240)	144,206
Movement in deferred taxes payable	37,363	(125,520)
Movement in provisions	13,679	6,204
Decrease/(Increase) in prepayments	(56,458)	132,404
Cash Flows From Operations	2,785,654	772,232
Non-cash Flows affecting decrease in Inventories		
Office Land transferred out of current inventories	-	(576,835)
Non-Cash Bank Guarantee capitalized in Inventories	-	469,011
	2,785,654	664,408
Credit Standby Arrangements with Banks:		
Credit facility	35,596,000	31,813,000
Bank overdraft	400,000	400,000
Amount utilized	(33,899,964)	(31,804,953)
Amount unutilized	2,096,036	408,047
Lease Facility	201,497	368,645
Amount utilized	(201,497)	(168,645)
Amount unutilized	-	200,000
Guarantee Facility	558,000	1,004,000
Amount utilized	(384,020)	(648,789)
Amount unutilized	173,980	355,211

Bank overdraft facilities are arranged with the Commonwealth Bank of Australia, with the general terms and conditions being set and agreed mutually.

Finance will be provided under all facilities provided the Company has not breached any borrowing requirements and the required financial ratios are met.

NOTE 11: CASH and CASH EQUIVALENTS

	2013	2012
	$	$
Cash on hand	250	250
Cash at bank	158,409	25,213
Short term deposits	204,942	0
	363,601	25,463

Reconciliation of cash:

Cash at the end of financial year as shown in the statement of cash flows is reconciled to items in the statement of financial position as follows:-

Cash and cash equivalents	363,601	25,463
Bank overdrafts	-	(322,566)
	363,601	(297,103)

NOTE 12. TRADE and OTHER RECEIVABLES

Current:		
Trade receivables	304,435	37,889
Provision for impairment	-	-
	304,435	37,889

The company has no significant concentration of credit risk with respect to any single counterparty or group of counterparties other than those receivables specifically provided for and mentioned within Note 12. The class of assets described as "trade and other receivables" is considered to be the main source of credit risk related to the company.

NOTE 13. INVENTORIES

Current:		
Inventories - at cost	4,386,935	8,263,232
Land held for resale – at cost:		
Cost of acquisition	2,941,668	2,941,668
Development costs capitalized	1,360,637	1,113,501
Total Inventories	8,689,240	12,318,401

NOTE 14. OTHER CURRENT ASSETS

Current:		
Prepayments	61,043	4,585
Other	1,160	1,160
	62,203	5,745

	2013 $	2012
NOTE 15. PROPERTY, PLANT AND EQUIPMENT:		
LAND AND BUILDINGS		
Land – at cost	-	576,835
Office, Land & Buildings – at cost	-	1,883,608
Less: Accumulated depreciation	-	(137,017)
	-	2,323,426
INVESTMENT PROPERTY UNDER CONSTRUCTION		
Worongary Shopping Centre		
Improvements at cost	57,778	-
Gympie Service Station		
Investment property under construction at cost	1,377,082	144,088
Rockhampton Freehold Land		
Investment property under construction at cost	3,993,451	-
Total Land, Buildings and Investment Property Under Construction	5,428,311	2,467,514
PLANT AND EQUIPMENT		
Plant and equipment - at cost	46,856	20,491
Less: Accumulated depreciation	(10,450)	(6,620)
	36,406	13,871
Office furniture, equipment and display furniture - at cost	290,333	305,947
Less: Accumulated depreciation	(250,708)	(252,936)
	39,625	53,011
Leased plant and equipment - at cost	295,165	237,753
Less: Accumulated depreciation	(113,623)	(66,170)
	181,542	171,583
Total Plant and Equipment	257,573	238,465
Total Property, Plant and Equipment	5,685,884	2,705,979

NOTE 15. PROPERTY PLANT & EQUIPMENT (Cont'd)

Movements in the Carrying Amounts

Movements in the carrying amounts for each class of property plant & equipment between the beginning and the end of the current financial year.

	Land & Buildings	Plant & Equipment	Leased Plant & Equipment	Investment Property under construction	Total
Balance at 1 July 2011	1,731,814	80,297	124,381	10,536,096	12,472,588
Additions	638,702	18,814	145,852	144,088	947,456
Disposals/transfer to investment property	-	(13,370)	(58,667)	(10,536,096)	(10,608,133)
Depreciation Expense	(47,090)	(18,859)	(39,983)	-	(105,932)
Balance at 30 June 2012	**2,323,426**	**66,882**	**171,583**	**144,088**	**2,705,979**
Additions	53,350	28,965	57,412	5,136,649	5,276,376
Capitalized borrowing cost	-	-	-	147,574	147,574
Disposals	(2,359,105)	(4,330)	-	-	(2,363,435)
Depreciation Expense	(17,671)	(15,486)	(47,453)	-	(80,610)
Balance at 30 June 2013	-	**76,031**	**181,542**	**5,428,311**	**5,685,884**

NOTE 16. TRADE AND OTHER PAYABLES

	2013 $	2012 $
Current Unsecured:		
Trade payables (including accrued charges)	748,264	816,958
Other accounts payable	12,297	11,734
Deposits received	214,110	195,964
Employee benefits	150,272	131,148
Rent in Advance	256,780	233,696
GST Payable	4,173	18,586
	1,385,896	1,408,086
Financial liabilities at amortised cost classified as trade and other payables		
Trade and other payables		
Total Current	1,385,896	1,408,086
Total Non Current	-	-
Less annual leave entitlements	(150,272)	(131,148)
Deposits Received	(214,110)	(195,964)
Rent in Advance	(256,780)	(233,696)
GST Payable	(4,173)	(18,586)
Financial liabilities as trade and other payables	760,561	828,692

	NOTE	2013 $	2012 $
NOTE 17. BORROWINGS			
Current Secured:			
Lease liabilities	21,e)	44,172	33,473
Bank overdraft	a)	-	322,566
Loans – Bank Guarantee	b)	-	469,012
Loans – Other	c)	300,000	300,000
- Related Parties	d)	-	150,000
Credit Card			318
Total current borrowings		344,172	1,275,369
Non-Current Secured			
Lease Liability	21	170,375	163,189
Loans – Bank Bills	a),b), c)	33,899,964	31,494,000
Total non-current Borrowings		34,070,339	31,657,189
Total Borrowings		34,414,511	32,932,558

a. Borrowings with CBA are secured by the following:
   Fixed and floating charge over the assets of AHC limited. First Registered Mortgage over property situated at Worongary Shopping Centre, 1 Mudgeeraba Road, Worongary.
   First Registered Mortgage over property situated at Southside Town Centre, 1 Woolgar Road Gympie.
   First Registered Mortgage over property situated at 810-818 Yaaba Road Parkhurst.
   First Registered Mortgage over property situated at 3/48/49/50/52/53 88 Signato Drive.
   First Registered Mortgage over property situated at Lot 2 Howard Street Howard.

b. The Commonwealth bank bills are rolled over monthly and a variable rate of interest is payable on roll over. Bank bills payable have been drawn down as a source primarily, of long-term finance. The Commonwealth Bank bill arrangement established in 2012, was specific to the development of the company's non-current assets, Worongary Village Shopping Centre and Gympie Southside Shopping Centre. The expiry date for the Commonwealth Bank Bills is 30 September 2015. Accordingly these bills have been classified as non-current. Covenants over the facility exist including (i) interest cover of no less than 1.5 times measured as net passing rental income after deducting for capital expenditure, rental incentives and all other expenses (relating to the security properties of Worongary and Gympie Shopping Centres) and (ii) capital adequacy to be no less than 60% measured annually.

c. Borrowings are secured by an unregistered mortgage given to Archibald Barry Dixon and Pamela Joy Holdsworth as trustees for the Dixon Holdsworth Superannuation Fund over property Lot 2 William Street, Howard, Hervey Bay.

d. Directors Loan from Rod MacLeod is unsecured at 10% simple interest over 12 months paid monthly to be re-paid in 12 months. The loan was repaid on 16th October 2012.

e. Leased liabilities are secured by the underlying leased assets.

NOTE 18. FINANCIAL RISK MANAGEMENT

The company's financial instruments consist mainly of deposits with banks, trade receivable and payable, bills and leases.

The totals for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements are as follows:

	Note	2013	2012
Financial Assets			
Cash and cash equivalents	11	363,601	25,463
Trade and other receivables	12	304,435	37,889
Total Financial Assets		**668,036**	**63,352**
Financial Liabilities			
Financial liabilities amortised at cost			
- Trade and other payables	16	760,561	828,692
- Borrowings	17	34,414,511	32,932,558
Total Financial Liabilities		**35,175,072**	**33,761,250**

Financial Risk Management Policies

The Risk and Audit Committee has been delegated responsibility by the Board of Directors for monitoring and managing financial risk exposures of the Company. The committee's overall risk management strategy seeks to assist the company in meeting its financial targets, whilst minimising potential adverse effects on financial performance.
The finance committee operates under polices approved by the board of directors. Risk management policies are approved and reviewed by the Board on a regular basis. These include the credit risk polices and future cash flow requirements.

Special Financial Risk Exposures and Management

The main risks the company is exposed to through its financial instruments are interest rate risk, credit risk and liquidity risk.

Credit Risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the company.

Credit risk is managed through the maintenance of procedures, which include regular monitoring of the financial stability of significant customers and counterparties, ensuring to the extent possible, that customers and counterparties to transactions are of sound credit worthiness. Such monitoring is used in assessing receivables for impairment. Depending on the division within the company, credit terms are generally 7 – 14 days from the invoice date.

Risk is also minimised through investing surplus funds in financial institutions. The risk may be further managed through obtaining security by way of personal guarantees over assets of sufficient value which can be claimed against in the event of any default.

NOTE 18. FINANCIAL RISK MANAGEMENT (Cont'd)

Credit Risk Exposure

The maximum exposure to credit risk by class or recognised financial assets at balance date, excluding the value of any collateral or other security held, is equivalent to the carrying value and classification of those financial assets (net of any provisions) as presented in the statement of financial position.

The company has no significant concentration of credit risk with any single counterparty or group of counterparties.

Liquidity risk

Liquidity risk arises from the possibility that the company might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The company manages this risk by monitoring forecast cash flows and ensuring that adequate unutilised borrowing facilities are maintained.

The tables below reflect an undiscounted contractual maturity analysis for financial liabilities. Bank overdrafts have been deducted in the analysis as management does not consider that there is any material risk that the bank will terminate such facilities. The bank does however maintain the right to terminate the facilities without notice therefore the balances of overdrafts outstanding at year end could become payable within 12 months.

Cash flows realised from financial assets reflect management's expectation as to the timing of realisation. Actual timing may therefore differ from that disclosed. The timing of cash flows presented in the table to settle financial liabilities reflects the earliest contractual settlement dates and does not reflect management's expectations that banking facilities will be rolled forward.

Financial Liability and Financial Asset Maturity Analysis

2013	Within 1 Year	1 to 5 Years	Over 5 Years	Total
	$000	$000	$000	$000
Financial Assets- cash flows realisable				
Cash and cash equivalents	364			364
Trade receivables	304			304
Total anticipated inflows	**668**	-	-	**668**
Financial Liabilities due for payment				
Bank Bills	-	33,900	-	33,900
Financial lease liabilities	44	170	-	214
Trade and other payables	760	-	-	760
Bank overdraft	-	-	-	-
Loan	300	-	-	300
Total contractual outflows	**1,104**	**34,070**	-	**35,174**
Less bank overdraft	-	-		-
Total expected outflows	**1,104**	**34,070**	-	**35,174**
Net (outflow)/inflow on financial instruments	**(436)**	**(34,070)**	-	**(34,506)**

NOTE 18. FINANCIAL RISK MANAGEMENT (Cont'd)

2012	Within 1 Year $000	1 to 5 Years $000	Over 5 Years $000	Total $000
Financial Assets – cash flows realizable				
Cash and cash equivalents	25	-	-	25
Trade receivables	38			38
Total anticipated inflows	**63**	-	-	**63**
Financial Liabilities due for payment				
Bank bills	-	31,494	-	31,494
Financial lease liabilities	33	163	-	196
Trade and other payables	829	-	-	829
Bank Overdraft	323	-	-	323
Loan	919	-	-	919
Total contractual outflows	**2,104**	**31,657**	-	**33,761**
Less bank overdraft	(323)	-		(323)
Total expected outflows	1,781	31,657		33,438
Net (outflow)/inflow on financial instruments	**(1,718)**	**(31,657)**		**(33,375)**

Interest rate risk

Exposure to interest rate risk arises on financial assets and financial liabilities recognized at the end of the reporting period whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments. The company is also exposed to earnings volatility on floating rate instruments.

The company has performed a sensitivity analysis relating to its exposure to changes in interest rates.
The following sensitivity analysis demonstrates the effect on the current year results and equity which could result from a change in these risks.

Interest Rate Sensitivity Analysis

The effect on profit and equity as a result of changes in the interest rate, with all other variables remaining constant would be as follows:

	2013	2012
Change in profit	$	$
- Increase in interest rate by 2%	(378,000)	(636,330)
- Decrease in interest rate by 2%	378,000	636,330
Change in equity		
- Increase in interest rate by 2%	(378,000)	(636,330)
- Decrease in interest rate by 2%	378,000	636,330

There have been no changes in any of the methods or assumptions used to prepare the above sensitivity analysis from the prior year.

Fair Values

Fair value estimation

The fair values of financial assets and financial liabilities are presented in the following table and can be compared to their carrying amounts as presented in the statement of financial position. Fair value is the amount at which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

The fair values disclosed in the below table have been determined based on the following methodologies:

(i) Cash and cash equivalents, trade and other receivables, and trade and other payables are short-term instruments in nature whose carrying amount is equivalent to fair value. Trade and other payables exclude amounts provided for annual leave, which is outside the scope of AASB 139.

(ii) Term receivables generally reprice to a market interest rate every six months, and fair value therefore approximates carrying amount.

(iii) Discounted cash flow models are used to determine the fair values of loans and advances. Discount rates used on the calculations are based on interest rates existing at the end of the reporting period for similar types of loans and advances. Differences between fair values and carrying amounts largely represent movements in the effective interest rate determined on initial recognition and current market rates.

NOTE 18. FINANCIAL RISK MANAGEMENT (Cont'd)

The fair values of financial assets and financial liabilities equal their carrying values.

	Note	2013 Carrying Amount	2013 Fair Value	2012 Carrying Amount	2012 Fair Value
Financial Assets		$	$	$	$
Cash and cash equivalents	(i)	363,601	363,601	25,463	25,463
Loan and receivables	(ii)	304,435	304,435	37,889	37,889
Total Financial Assets		**668,036**	**668,036**	63,352	63,352
Financial Liabilities					
Trade & other payable	(i)	760,561	760,561	828,692	828,692
Borrowings	(iii)	34,414,511	34,414,511	32,932,558	32,932,558
Total Financial Liabilities		**35,175,072**	**35,175,072**	**33,761,250**	**33,761,250**

NOTE 19. PROVISIONS

	Employee Benefits	Other
Opening balance at 1 July 2012	31,483	-
Additional provisions	15,958	-
Amounts used	-	-
Balance at 30 June 2013	47,441	-

Analysis of Total Provisions	**2013**	**2012**
Non-current	47,441	31,483
	47,441	31,483

Provision for Employee Benefits

Provision for employee benefits represents amounts accrued for annual leave and long service leave.

The current portion for this provision includes the total amount accrued for annual leave entitlements and the amounts accrued for long service leave entitlements that have vested due to employees having completed the required period of service. Based on past experience, the Group does not expect the full amount of annual leave or long service leave balances classified as current liabilities to be settled within the next 12 months. However, these amounts must be classified as current liabilities since the Group does not have an unconditional right to defer the settlement of these amounts in the event employees wish to use their leave entitlement.

The non-current portion for this provision includes amounts accrued for long service leave entitlements that have not yet vested in relation to those employees who have not yet completed the required period of service.

In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based on historical data. The measurement and recognition criteria relating to employee benefits have been discussed in Note 1.

NOTE 20. ISSUED CAPITAL

	2013 $	2012 $
Ordinary Shares - fully paid	1,779,992	1,779,992
100 B Class Shares – fully paid	50	50
200 Founders Shares – fully paid	100	100
	1,780,142	1,780,142
Breakdown by Number of Shares:	**No.**	**No.**
Ordinary Shares - fully paid	5,594,813	5,594,813
B Class Shares – fully paid	100	100
Founders Shares – fully paid	200	200
	5,595,113	5,595,113

Ordinary shares participate in dividends and the proceeds on winding up of the company in proportion to the number of shares held.

At shareholders meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

Capital Management

Management controls the capital of the company in order to maintain a good debt to equity ratio, provide the shareholders with adequate returns and ensure that the company can fund its operations and continue as a going concern.

The company's debt and capital includes ordinary share capital and financial liabilities, supported by financial assets. The external capital requirements are bank covenants, BSA financial requirements and Australian Financial Service License requirements.

Management effectively manages the company's capital by assessing the company's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels and distribution to shareholders.

There have been no changes in the strategy adopted by management to control the capital of the company since the prior year. This strategy is to ensure that the company's gearing ratio remains between 30% and 50%. The gearing ratio for the years ended 30 June 2013 and 30 June 2012 are as follows:

	2013 $	2012 $
Total borrowings	34,414,511	32,932,558
Less cash and cash equivalents	(363,601)	(25,463)
Net debt	34,050,910	32,907,095
Total equity	26,942,291	27,441,261
Total capital	60,993,201	60,348,356
Gearing	56%	55%

	2013 $	2012 $
NOTE 21. CAPITAL AND LEASING COMMITMENTS		
Finance Leasing Commitments Payable:		
Not later than one year	57,882	47,050
Later than one year but not later than five years	183,714	182,557
	241,596	229,607
Less: Future finance charges	(27,050)	(32,945)
Total Lease Liability	214,546	196,662
Current Lease Liability	44,172	33,473
Non-Current Lease Liability	170,374	163,189
	214,546	196,662
(*All finance leases relate to commitments for company vehicles up to four years)		
Operating Lease Commitments Payable:		
Non-cancelable operating lease contracted for but not capitalized in the financial statements		
Not later than 12 months	28,000	-
Between 12 months and 5 years	-	-
Capital Expenditure Commitments		
Capital expenditure projects	650,000	1,700,000

NOTE 22. RELATED PARTY TRANSACTIONS

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.
Transactions with related parties: -

Share Transactions of Directors	No.	No.
Aggregate number of shares held directly, indirectly or beneficially by Directors at balance date		
Ordinary shares	3,710,631	3,708,631
Share Transactions of Directors or Director-Related Entities		
Aggregate number of shares in AHC Limited acquired during the year by Directors or related entities were as follows:	2,000	-
Amount payable to related parties		
Loan from Key management personnel		
Beginning of the year	-	-
Loan Received	-	150,000
Loan Repaid	(150,000)	-
Interest Charged	4,375	5,000
Interest paid	(4,375)	(5000)
End of the year	(150,000)	150,000

NOTE 23. INVESTMENT PROPERTY

	2013 $	2012 $
Gympie South Side Shopping Centre – at valuation	22,500,000	22,500,000
Service Station - at valuation	-	-
Worongary District Shopping Centre – at valuation	30,000,000	30,000,000
	52,500,000	52,500,000
Balance at beginning of year	52,500,000	31,500,000
Acquisition / Additions		21,515,665
Disposals	-	-
Fair value adjustments – included in Other Income	-	-
		(515,665)
Balance at year end	52,500,000	52,500,000

The fair value model is applied to all investment property. It is the policy of the company to have an independent valuation every two years, with annual appraisals being made by the directors. The Gympie Shopping Centre and Worongary Town Centre were re-valued in November 2011. Property under construction is booked at cost.

NOTE 24. TAX

	2013 $	2012 $
CURRENT		
Income Tax Payable	-	1,005,810

	Opening Balance	Charged to Income	Closing Balance
Deferred Tax Liability			
Property Plant & Equipment – tax allowance	37,314	14,161	51,475
Tangible Assets revaluation	4,993,535	57,990	5,051,525
Balance 30 June 2012	**5,030,849**	**72,151**	**5,103,000**
Property Plant & Equipment – tax allowance	51,475	2,987	54,462
Tangible Assets revaluation	5,051,525	308,828	5,360,353
Balance 30 June 2013	**5,103,000**	**311,816**	**5,414,816**
DEFERRED TAX ASSETS			
Provisions	46,701	6,979	53,680
Property Plant & Equipment – Impairment	40,434	18,564	58,998
Future Income Tax Benefits attributable to tax losses	0	152,235	152,235
Other	50,216	19,893	70,109
Balance 30 June 2012	**137,351**	**197,671**	**335,022**
Provisions	53,680	15,649	69,329
Property Plant & Equipment – Impairment	58,998	5,366	64,364
Future Income Tax Benefits attributable to tax losses	152,235	211,493	363,728
Other	70,109	41,945	112,054
Balance 30 June 2013	**335,022**	**274,453**	**609,475**

NOTE 24. TAX (Cont'd)

DEFERRED TAXES	2013	2012
Future Income Tax Benefit is made up of the following estimated tax benefits:	$	$
(a) Tax Losses	363,728	152,235
(b) Temporary Differences	245,747	182,787
	609,475	335,022

NOTE 25. TAX LIABILITIES

Current:		
Income tax	0	1,005,810
Payroll Tax	0	2,278
Fringe Benefits Tax	9,883	4,024
	9,883	1,012,112
Deferred:		
Income tax – charged directly to retained earnings	952,160	640,344
Income tax – charged directly to equity	4,462,656	4,462,656
	5,414,816	5,103,000

NOTE 26. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

The company is involved in legal action with a contractor on the development of the Gympie Southside Shopping Centre. The Directors are of the opinion that in relation to these matters, the circumstance of the cases are such that the ultimate outcome of the litigation matters cannot presently be determined with an acceptable degree of reliability, and accordingly no provision for any asset or liability, as the case may be, that may result, has been made in the financial statements.
There are no other contingent liabilities or contingent assets to report as at 30 June 2013.

NOTE 27. EVENTS AFTER REPORTING DATE

The Annual Report outlines events which have occurred since the end of the 2013 financial year, including:

The Company has subsequently signed and settled contracts for the sale of lots 52 & 53 commercial blocks at Saltwater Estate.

The company subsequently signed a Deed of Variation with the Gold Coast City Council resulting in a payment made on the 15th August 2013 of $152,378.

There are no other events subsequent to reporting date requiring disclosure in the financial report.

NOTE 28. COMPANY DETAILS

The registered office of the company is:
112 Siganto Drive
Oxenford, Qld 4210

The principal place of business is:
112 Siganto Drive
Oxenford, Qld 4210

AHC LIMITED ABN 73 010 544 699

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF AHC LIMITED**

Report on the Financial Report

We have audited the accompanying financial report of AHC Limited (the company) which comprises the statement of financial position as at 30 June 2013, and the statement of profit and loss and comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the company.

Directors' Responsibility for the Financial Report

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

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require 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 company's preparation 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 company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Matters Relating to the Electronic Presentation of the Audited Financial Report

This auditor's report relates to the financial report of AHC Limited for the year ended 30 June 2013, intended to be included on the company's website. The company's directors are responsible for the integrity of the company's website. We have not been engaged to report on the integrity of the company's website. The auditor's report refers only to the statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial report to confirm the information included in the audited financial report presented on the website.

Independence

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

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AHC LIMITED ABN 73 010 544 699

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF AHC LIMITED

Auditor's Opinion

In our opinion the financial report of AHC Limited is in accordance with the Corporations Act 2001, including:

(a) giving a true and fair view of the company's financial position as at 30 June 2013 and of its performance for the year ended on that date; and

(b) complying with Australian Accounting Standards and the Corporations Regulations 2001.

Report on the Remuneration Report

We have audited the remuneration report included in pages 9 and 10 of the directors' report for the year ended 30 June 2013. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with s300A of the Corporations Act 2001. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion the remuneration report of AHC Limited for the year ended 30 June 2013 complies with s300A of the Corporations Act 2001.

WILLIAMS PARTNERS
INDEPENDENT AUDIT SPECIALISTS

Reg L Willi

REG L WILLIAMS BCom CPA RCA
PARTNER
Registered Company Auditor No. 165400

Dated this 28th day of August 2013

4 Helensvale Road
Helensvale Qld 4212

AHC LIMITED
ABN 73 010 544 699
ADDITIONAL INFORMATION FOR LISTED PUBLIC COMPANIES
FOR THE YEAR ENDED 30 JUNE 2013

1. SHAREHOLDING AS AT 7 AUGUST 2013

(a) DISTRIBUTION OF SHAREHOLDERS NUMBER

CATEGORY (SIZE OF HOLDING)	ORDINARY
1 - 1,000	60
1,001 - 5,000	107
5,001 - 10,000	33
10,001 - 100,000	38
100,001 and over	8
	246

(b) THE NUMBER OF SHAREHOLDINGS HELD IN LESS THAN MARKETABLE PARCELS IS FOUR (4)

(c) THE NAMES OF THE SUBSTANTIAL SHAREHOLDERS LISTED IN THE COMPANY'S REGISTER AS AT 7 AUGUST 2013 ARE:

SHAREHOLDER	ORDINARY
Ian R. MacLeod	1,533,172
Yorkmount Pty Ltd and Yorkmount Super Fund	1,449,012
Ian & Sheryl MacLeod	304,138
Farallon Capital Pty Ltd	305,000
Wayne & Donna Lester	252,309
Rod & Kate MacLeod	172,000

The Macleod Family Interests hold 61.8% of the company

(d) VOTING RIGHTS

The voting rights attached to each class of equity security are as follows:

Ordinary Shares

- Each ordinary share is entitled to one vote when a poll is called, otherwise each member present at a meeting or by proxy has one vote on a show of hands.

AHC LIMITED
ABN 73 010 544 699
ADDITIONAL INFORMATION FOR LISTED PUBLIC COMPANIES
FOR THE YEAR ENDED 30 JUNE 2013

(e) 20 LARGEST SHARHOLDERS - ORDINARY SHARES
AS AT 7 AUGUST 2013

NAME	NUMBER OF ORDINARY SHARES HELD	% HELD OF ISSUED ORDINARY SHARES
1. IAN RODERICK & SHERYL MACLEOD MACLEOD FAMILY TRUST TOGETHER WITH YORKMOUNT PTY LTD	3,286,322	58.73
2. FARALLON CAPITAL PTY LTD	305,000	5.45
3. MR WAYNE B & DONNA LESTER	252,309	4.51
4. ROD LINDSAY MACLEOD & KATE MACLEOD	172,000	3.07
5. MARKO NOMINEES	142,733	2.55
6. BRETT JAMES WESTBURY	85,873	1.53
7. ARCHIBALD BARRY DIXON	89,864	1.61
8. PATRICIA ELIZABETH BROOK	80,000	1.43
9. BRUCE A JONES & ARDENA ULIANA	60,000	1.07
10. QSERAMUD NOMINEES PTY LTD	52,000	0.93
11. KATHLEEN M LOCKYER	50,000	0.89
12. SUZY SAW LIN PUI	48,000	0.86
13. GEORGE & THELMA YANNIS, UNLY CHILD CARE CENTRE	43,499	0.78
14. WESTOR ASSET MANAGEMENT LIMITED	34,867	0.62
15. K & L GERVASONI	31,500	0.56
16. MARTIN & NATALIE KLAPPER, KLAPPER SUPERFUND	30,000	0.54
17. MR & MRS M KLAPPER	30,000	0.54
18.. K& K FULTON	29,500	0.53
19. DESMOND MILLER	20,000	0.35
20. HILDEGARD SANDERS	20,000	0.35
	4,863,467	86.90

The MacLeod Family Interests hold 61.8% of the company
The Lester Family Interest hold 4.51% of the company

2. The name of the company Secretary is Sheryl A. MacLeod.

3. The address of the registered office of the Company is 112 Siganto Drive, Oxenford, Queensland, 4212, telephone (07) 5573 2666.

4. The register of securities is held at the office of Link Market Services, Level 15, 324 Queen Street, Brisbane, Queensland, 4000, telephone (07) 3228 4219.

5. **Stock Exchange Listing**
Quotation has been granted for all the ordinary shares of the Company on all Member Exchanges of the Australian Stock Exchange Limited.

6. The company extended the on-market buy-back on the 4 March 2013.