AHC

ABN 73 010 544 699

ANNUAL REPORT

30 June 2017

parkhurst
TOWN CENTRE

DIRECTORS' REPORT

The Directors present their report, together with the Financial Statements of AHC Limited, for the financial year ended 30 June 2017.

DIRECTORS

The Directors of AHC Limited in office at any time during or since the end of the financial 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 30 years. Mrs MacLeod was appointed Company Secretary on 29 October 1996.

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 2017 amounted to $7,713,914

DIVIDENDS PAID OR RECOMMENDED

There was no dividend paid to 30 June 2017.

REVIEW OF OPERATIONS

Worongary Town Centre

After purchasing the Worongary Town Centre site in 2012 and completing construction of the initial stage of the shopping centre in 2004, some 15 years later it was time to say goodbye.

After coming to the conclusion that the property had reached its full potential after adding a further 700m2 extension, a coffee kiosk and a dance studio in the basement and totalling around 7,000m2 of retail space the property was sold and settled on 26th June 2017 for $46.3M on a yield of approximately 6.00%

DIRECTORS' REPORT

Whilst the Worongary Town Centre remains an A-Grade asset and demand for this type of asset is remaining strong with very tight yields, the property was ageing and requiring ongoing capital expenditure into the future, for this reason it was deemed the right time to sell, being in the best interest of all shareholders.

Parkhurst Shopping Centre - Rockhampton

The Parkhurst Town Centre opened to the public on 15th November 2016 and since then all signs are pointing towards steady growth.

We know that foot traffic numbers into the centre are consistently improving from 10,400 entrants on week one to currently 18,000 entrants a week visiting the shopping centre.

New shops are now starting to open up with new tenants including -Brumby's Bakery, Kerry's Barber Shop, Jolt Café and Nina's Fashion to name a few all adding to a stable tenancy mix.

Recent funding announcements by the Federal, State & Local government is a welcome sign in Central Queensland which had been doing it tough. However over $330M is being spent directly around the Parkhurst Town Centre and we believe through increased jobs in the local area this will feed directly back into retailers of the centre.

Drury Lane Industrial - Hervey Bay

In approximately October 2016 the company commenced civil works on the industrial project to initiate a substantial commencement phase as agreed under the Infrastructure Agreement between both AHC Limited and the Fraser Coast Regional Council.

Upon satisfaction of the substantial commencement and in accordance with the Infrastructure Agreement the council commenced works on delivering agreed infrastructure in the form of a significant culvert crossing and water main infrastructure servicing the site.

Currently works are ongoing and is being prepared for an approximate completion on or about late December 2017 (weather permitting) in order for AHC Limited to comply with the Infrastructure Agreement.

It is anticipated that registered industrial lots will be available for sale in early 2018.

Limited small scale industrial lots exist in the Hervey Bay area and AHC Limited will deliver 19 lots in Stage 1.

Howard Residential Estate - Hervey Bay

Due to the growth and popularity of this type of development (RV Parks and lifestyle villages), AHC Limited has commissioned the commencement of Operational Works designs with a view to have this development shovel ready in early 2018.

Of significant importance, the company has agreed terms with the Fraser Coast Regional Council for the council to deliver a sewerage connection to the site in late 2018. Fraser Coast Regional Council has obtained additional funding from the state along with funding from AHC to build and operate a new sewerage treatment plant within Howard which will add additional capacity to Howard as well as our own development.

This agreement voids any ongoing operation and maintenance of the developments own sewerage facility which would have been constructed on the site and is a win for the project in our view.

This is a significant boost to the development and for Howard in general.

DIRECTORS' REPORT

General Business

With the Worongary Town Centre now sold the company's major focus in the near term is twofold.

- Parkhurst - Fully Leasing the Parkhurst Town Centre by 30 June 2018
- Drury Lane - Completion of Stage 1 with registered lots by March 2018

As previously stated the Parkhurst Town Centre is steadily growing which was to be expected due to the very strong demographic in the primary trade area and strong housing growth in the immediate surrounds. Strong trading by existing specialty stores is fuelling other operators to follow suit which encourages us that we will meet our target by 30 June 2018.

Drury Lane industrial has been a 10- year slog at times after purchasing the site originally in 2007 but we can now see some light at the end of the tunnel and it is hoped the development will provide steady cash flow over consecutive years in the future.

With a council constructed culvert crossing at the southern end of the property, Drury Lane in its own right will provide a much anticipated connection to Urraween Road, which will in turn provide commuter relief from the main thoroughfare of Boat Harbour Drive.

This means significantly improved visual passing traffic exposure to the business owners within the industrial estate.

Of course we remain interested in pursuing other developments in the future however we will be measured in any new purchase which will more than likely be of smaller scale projects before any large scale projects such as big box shopping centres occur again.

FINANCIAL POSITION

The net assets of the company have increased from $26,225,725 at 30 June 2016 to $33,939,639 in 2017.

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 2017

EVENTS AFTER REPORTING DATE

There have been no significant events after reporting date.

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 2017/2018 financial year toward the continuing implementation of the following projects:

- Development of the Industrial Estate at Hervey Bay.

DIRECTORS' REPORT

- Development of the land at Howard

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.

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:

- Sediment and erosion control 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.
- On site water quality treatment devices.
- 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 Responsibility: Member of the Audit Committee

DIRECTORS' REPORT

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	324,787	0	Held by I.R. MacLeod as Trustee of the MacLeod Family Trust
Ian Roderick MacLeod	1,318,374	0	Yorkmount Pty Ltd and
		0	Yorkmount Super of which I R MacLeod is a beneficiary
Sheryl Anne MacLeod	1,025,987	0	Held by S A MacLeod
Sheryl Anne MacLeod	627,201	0	Held by SALQLD Pty Ltd Trustee for S A MacLeod Super Fund of which S A MacLeod is a beneficiary
Rod Lindsay MacLeod	34,409	0	Held by R. L. MacLeod.
	128,400		Held by R.L & K.L. MacLeod Super Fund
	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.

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.

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DIRECTORS' REPORT

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	6	5	-	-	-	-
Wayne Lester	6	6	-	-	-	-
Rod L MacLeod	6	6	1	1	-	-
Sheryl MacLeod	6	5	1	1	-	-
Rod Walsh	6	6	1	1	-	-

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 2017 has been received and can be found on page 8 of the financial report.

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

ROD L MACLEOD - DIRECTOR

WAYNE B LESTER - DIRECTOR

Dated this day of 28th August 2017 at Worongary

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 9 – 39, 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 2017

   (c) 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

WAYNE B LESTER – DIRECTOR

Dated this 28th August 2017 at Worongary.

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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 2017, 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.

WPIAS Pty Ltd
Authorised Audit Company No. 440306

LEE-ANN DIPPENAAR BCom CA RCA
DIRECTOR

Dated this 28th day of August 2017

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WPIAS Pty Ltd ABN 99 163 915 482
An Authorised Audit Company

AHC LIMITED
ABN 73 010 544 699

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME AS AT 30 JUNE 2017

	NOTE	2017	2016
		$	$
Revenues	2	4,411,953	4,477,187
Other income	2	8,158,403	4,295,896
Revaluation of Investment Property		1,061,923	-
Cost of Goods Sold			(524,479)
Borrowing costs expense	3	(1,134,076)	(1,358,437)
Depreciation & Amortisation expense	3	(76,671)	(76,226)
Employee benefits expense		(1,411,414)	(1,323,372)
Rates and Land Taxes		(320,135)	(268,647)
Repairs & Maintenance		(120,695)	(270,081)
Other Expenses		(1,139,641)	(1,182,707)
Profit(loss) before income tax expense		9,429,647	3,769,134
Tax expense	4	(1,715,733)	(975,306)
Net Profit(loss) for the year		7,713,914	2,793,828
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income/(loss) for the year		7,713,914	2,793,828
Profit (loss) attributable to members of the entity		7,713,914	2,793,828
Total comprehensive (loss)/income to members of the entity		7,713,914	2,793,828
Earnings per Share:		Cents per share	Cents per share
Basic earnings/(loss) per share (cents per share)	8	149.98	54.32
Diluted earnings/(loss) per share (cents per share)	8	149.98	52.18

The accompanying notes form part these financial statements.

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2017

	NOTE	2017	2016
		$	$
ASSETS			
Current Assets:			
Cash and cash equivalents	11	27,077,803	8,713,397
Trade & Other Receivables	12	26,812	133,359
Inventories	13	7,047,568	5,779,793
Other current assets	14	233,201	359,214
TOTAL CURRENT ASSETS		34,385,384	14,985,763
Non-Current Assets:			
Property, plant and equipment	15	235,144	16,897,969
Investment Property	23	32,500,000	36,000,000
Deferred tax assets	24	134,020	218,914
TOTAL NON-CURRENT ASSETS		32,869,164	53,116,883
TOTAL ASSETS		67,254,548	68,102,646
LIABILITIES			
Current Liabilities:			
Trade & Other Payables	16	1,094,792	3,979,798
Borrowings	17	42,315	68,759
Current tax liabilities	24	8,363,922	884,704
Provisions	19	168,512	193,655
TOTAL CURRENT LIABILITIES		9,669,541	5,126,916
Non-Current Liabilities:			
Borrowings	17	23,452,691	29,825,183
Provisions	19	17,441	16,503
Deferred tax liabilities	24	175,236	6,908,319
TOTAL NON-CURRENT LIABILITIES		23,645,368	36,750,005
TOTAL LIABILITIES		33,314,909	41,876,921
Net Assets		33,939,639	26,225,725
Equity:			
Issued Capital	20	831,681	831,681
Retained Earnings		33,107,958	25,394,044
Total Equity		33,939,639	26,225,725

The accompanying notes form part these financial statements.

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STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2017

	NOTE	2017 $	2016 $
Cash Flows from Operating Activities:			
Receipts from customers		4,848,570	4,701,045
Interest received		62,206	105,096
Other Income		15,273	-
Payment to suppliers and employees		(7,030,728)	(2,039,302)
Finance costs		(696,504)	(1,358,437)
Income Tax (paid)		(884,704)	-
Net Cash Provided by (Used in) Operating Activities	10	(3,685,870)	1,408,402
Cash Flows from Investing Activities:			
Proceeds from sale of Plant and equipment		36,542	3,142
Proceeds from Investment Property		45,408,704	28,300,000
Purchase of property, plant and equipment		(16,451,923)	(11,404,365)
Net Cash Provided by Investing Activities		28,993,323	16,898,777
Cash Flows from Financing Activities:			
Proceeds from borrowings		14,158,164	8,539,561
Repayment of borrowings to related party		-	-
Repayment of borrowings		(21,101,194)	(13,584,055)
Dividend paid by the company		-	(5,521,013)
Share Buy Back Payment		-	(793,071)
Net Cash Provided by Financing Activities		(6,943,030)	(11,358,578)
Net Increase (Decrease) in Cash Held		18,364,406	6,948,601
Cash and cash equivalents at beginning of financial year		8,713,397	1,764,796
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR	11	27,077,803	8,713,397

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2017

	Note	Share Capital Ordinary	Retained Earnings	Total
Balance at 1 July 2015		1,624,752	28,121,229	29,745,981
Shares bought back during the year		(793,071)	-	(793,071)
Profit for the year			2,793,828	2,793,828
Sub-total		831,681	30,915,057	31,746,738
Dividends recognized for the year		-	(5,521,013)	(5,521,013)
Balance at 30 June 2016		831,681	25,394,044	26,225,725
Balance at 1 July 2016		831,681	25,394,044	26,225,725
Shares bought back during the year		-	-	-
Profit for the year		-	7,713,914	7,713,914
		-	-	-
Sub-total		831,681	33,107,958	33,939,639
Dividends recognized for the year		-	-	-
Balance at 30 June 2017		831,681	33,107,958	33,939,639

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 public company, incorporated and domiciled in Australia. The financial statements were authorised for issue on 28th August 2017 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 and interpretations 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. The amounts presented in the financial statements have been rounded off to the nearest dollar unless stated otherwise.

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

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

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	2.5%
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. Property under construction is booked at cost. Changes to fair value are recognised in profit or loss in the period in which they occur.

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

Short-term employee benefits

Provision is made for the Company's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short- term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The Company's obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as a part of current trade and other payables in the statement of financial position. The Company's obligations for employees' annual leave and long service leave entitlements are recognised as provisions in the statement of financial position.

Other long-term employee benefits

Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Upon the re-measurement of obligations due to change in assumptions for other long- term employee benefits, the net change in the obligation is recognised in profit or loss as a part of employee benefits expense in the periods in which the changes occur.

The Company's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the Company does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current provisions.

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.

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

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).

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.

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

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.

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.

New Accounting Standards for Application in Future Periods

Accounting Standards and Interpretations issued by the AASB that are not yet mandatorily applicable to the Group, together with an assessment of the potential impact of such pronouncements on the Group when adopted in future periods, are discussed below:

- AASB 9: *Financial Instruments* and associated Amending Standards (applicable for annual reporting periods commencing on or after 1 January 2018).

  These Standards will be applicable retrospectively (subject to the comment on hedge accounting below) and include revised requirements for the classification and measurement of financial instruments, revised recognition and derecognition requirements for financial instruments and simplified requirements for hedge accounting.

  The key changes made to the Standard that may affect the Company on initial application include certain simplifications to the classification of financial assets, simplifications to the accounting of embedded derivatives, and the irrevocable election to recognise gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. AASB 9 also introduces a new model for hedge accounting that will allow greater flexibility in the ability to hedge risk, particularly with respect to hedges of non- financial items. Should the entity elect to change its hedge policies in line with the new hedge accounting requirements of AASB 9, the application of such accounting would be largely prospective.

AASB 15: *Revenue from Contracts with Customers* (applicable to annual reporting periods commencing on or after 1 January 2018) as deferred by AASB 2015 – 8. Amendments to Australian Accounting Standards – Effective Dates of AASB 15)

When effective, this Standard will replace the current accounting requirements applicable to revenue with a single, principles-based model. Except for a limited number of exceptions, including leases, the new revenue model in AASB 15 will apply to all contracts with customers as well as non-monetary exchanges between entities in the same line of business to facilitate sales to customers and potential customers.

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

The core principle of the Standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for the goods or services. To achieve this objective, AASB 15 provides the following five-step process:

- identify the contract(s) with a customer;
- identify the performance obligations in the contract(s);
- determine the transaction price;
- allocate the transaction price to the performance obligations in the contract(s); and
- recognise revenue when (or as) the performance obligations are satisfied.

This Standard will require retrospective restatement, as well as enhanced disclosures regarding revenue.

Although the directors anticipate that the adoption of AASB 15 may have an impact on the company's financial statements, it is impracticable at this stage to provide a reasonable estimate of such impact.

AASB 16: Leases (applicable to annual reporting periods beginning on or after 1 January 2019).
When effective, this Standard will replace the current accounting requirements applicable to leases in AASB 117: Leases and related Interpretations. AASB 16 introduces a single lessee accounting model that eliminates the requirement for leases to be classified as operating or finance leases.

The main changes introduced by the new Standard include:

- recognition of a right-to-use asset and liability for all leases (excluding short-term leases with less than 12 months of tenure and leases relating to low-value assets);
- depreciation of right-to-use assets in line with AASB 116: *Property, Plant and Equipment* in profit or loss and unwinding of the liability in principal and interest components;
- variable lease payments that depend on an index or a rate are included in the initial measurement of the lease liability using the index or rate at the commencement date;
- by applying a practical expedient, a lessee is permitted to elect not to separate non-lease components and instead account for all components as a lease; and
- additional disclosure requirements.

The transitional provisions of AASB 16 allow a lessee to either retrospectively apply the Standard to comparatives in line with AASB 108 or recognise the cumulative effect of retrospective application as an adjustment to opening equity on the date of initial application.

Although the directors anticipate that the adoption of AASB 16 will impact the Group's financial statements, it is impracticable at this stage to provide a reasonable estimate of such impact

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 2018, which incorporates the renegotiated borrowings, the company has sufficient resources to continue as a going concern and operate within the level of its current borrowing facilities.

NOTE 2: REVENUE AND OTHER INCOME	2017 $	2016 $
Operating Activities		
Sales Revenue	-	524,479
Rent Received	4,334,474	3,847,612
Other Income	15,273	-
Interest Received	62,206	105,096
Total Revenue	4,411,953	4,477,187
Other Income/ (Loss)		
- Gain (Loss) on disposal of property, plant & equipment	8,158,403	4,295,896
		-
Total Other Income/(Loss)	8,158,403	4,295,896

NOTE 3: PROFIT FOR THE YEAR

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

EXPENSES:

Finance Costs		
Other persons / corporations	1,123,602	1,342,976
Finance charges relating to finance lease	10,474	15,461
Total borrowing costs	1,134,076	1,358,437
Depreciation:		
Property, plant & equipment	36,671	13,253
Leased assets	40,000	62,973
	76,671	76,226

Significant Expenses

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

Cleaning and Rubbish Removal	253,876	203,100
Electricity	171,183	70,962
Insurance	106,764	100,920
Legal Fees	109,082	168,707
Bad Debts	-	53,994

	2017 $	2016 $
NOTE 4: TAX EXPENSE		
a) The components of tax expense/(income) comprise:		
Current Tax expense/(income)	8,363,922	884,703
Deferred Tax expense/(income) relating to the origination	(6,648,189)	90,603
and reversal of temporary differences	1,715,733	975,306
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 27.5% (2016: 30%)	2,593,153	1,130,740
ADD		
Tax effect of:		
Non-deductible depreciation	11,223	23,144
Other non-allowable items	86,258	22,622
	2,690,634	1,176,506
LESS		
Tax effect of:		
Sale and revaluation of investment property	(615,070)	-
Other deductible items	(85,087)	(201,200)
Depreciation on investment property	(274,744)	-
Income tax expense/(income) attributable to entity	1,715,733	975,306

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	SALARY	SUPER	SALARY SACRIFICE	MOTOR VEHICLE	TOTAL
	$	$	$	$	$
Ian Roderick MacLeod	156,624	16,623	18,356	33,994	225,597
Rod Lindsay MacLeod	147,500	14,060	-	32,569	194,129
Wayne Benson Lester	82,120	9,690	24,752	-	116,562
Rodney Joseph Walsh	700	1,330	13,300	-	15,330
Sheryl Anne MacLeod	179,409	15,472	14,826	29,072	238,779

Shareholdings:

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

Directors:	Balance 1.7.16	Net Change	Balance 30.6.17
Mr Ian R MacLeod	1,643,161	-	1,643,161
Mrs Sheryl A MacLeod	1,653,188	-	1,653,188
Mr Rod L MacLeod	172,000	-	172,000
Mr Wayne B Lester	252,309	-	252,309
Mr Rod Walsh	-	-	-

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

	2017	2016
	$	$
Remuneration of the auditor for:		
- auditing or reviewing the financial report	35,000	35,000
- auditing the rental shop leases	4,400	4,600
	39,400	39,600

NOTE 7. DIVIDENDS PAID OR PROPOSED

Distributions Paid	**2017**	**2016**
Interim fully franked ordinary dividend of $1.00 (dollar) per share .	$	$
	-	5,521,013
Balance of franking account at year end adjusted for franking credits arising from payment of provision for income tax and payment of proposed dividends:	1,869,559	984,856

NOTE 8. EARNINGS PER SHARE

	Cents per Share	Cents per share
Basic earnings per share	149.98	54.32
Diluted earnings per share	149.98	52.18
Weighted average number of ordinary shares outstanding during the year used in calculation of diluted EPS	5,353,920	5,353,920
Earnings used in the calculation of basic EPS and diluted EPS	2,793,828	2,793,828

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		Economic Entity	
	2017	2016	2017	2016
	$000's	$000's	$000's	$000's
REVENUE				
External Sales	4,412	4,477	4,412	4,477
Other Segments	-	-	-	-
Total Sales Revenue	4,412	4,477	4,412	4,477
Total Segment Revenue	4,412	4,477	4,412	4,477
Unallocated Revenue			-	-
Total Revenue from Ordinary Activities			4,412	4,477
RESULT				
Segment Result	9,430	3,769	9,430	3,769
Unallocated expenses net of unallocated revenue			-	-
Profit from ordinary activities before income tax expense			9,430	3,769
Income Tax Expense			(1,716)	(975)
Profit from ordinary activities after income tax expense			7,714	2,794
ASSETS				
Segment Assets	67,254	68,103	67,254	68,103
Unallocated Assets			-	-
Total Assets			67,254	68,103
LIABILITIES				
Segment Liabilities	33,315	41,877	33,315	41,877
Unallocated Liabilities			-	-
Total Liabilities			33,315	41,877
OTHER				
Depreciation and amortisation of segment assets	77	76	77	76

NOTE 10. CASH FLOW INFORMATION

a. Reconciliation of Cash Flow from Operations with (loss)/ profit

	2017 $	2016 $
Profit after income tax for the year	7,713,914	2,793,828
Non-Cash Items included in Profit or Loss:		
Net (gains)/losses on disposal of property, Plant & Equipment	(8,085,898)	(4,295,896)
Depreciation & Amortisation expense	76,671	76,226
Revaluation of investment property	(1,061,923)	-
Interest capitalised	437,572	-
	(919,664)	(1,425,842)
Cash Flows attributable to investing activities	-	-
Net Changes in Working Capital:		
Decrease/(Increase) in current inventories	(1,267,775)	(954,776)
Decrease /(Increase) in current receivables	376,045	(440,737)
(Decrease)/Increase in trade and other accounts payable	(2,684,122)	3,246,502
Increase/(Decrease) Movement in taxes payable	7,479,218	884,703
Increase/(Decrease) in deferred taxes payable	(6,648,189)	90,603
Increase/(Decrease) in provisions	(24,205)	(43,771)
Increase/(Decrease) in prepayments	2,805	51,720
Cash Flows from changes in assets and liabilities	(2,766,223)	2,834,244
Net Cash provided by operating activities	(3,685,887)	1,408,402

b. Non-Cash Financing and Investing Activities

During the year the company acquired plant and equipment with an aggregate value of $127,567 (2016 $48,107) by means of finance leases. These acquisitions are not reflected in the statement of cash flows.

c. Credit Standby Arrangements with Banks:

	2017 $	2016 $
Credit facility	23,240,000	47,371,000
Bank overdraft	-	170,000
Amount utilized	(23,240,000)	(29,644,264)
Amount unutilized	-	17,896,736
Lease Facility	340,000	340,000
Amount utilized	(130,680)	(154,688)
Amount unutilized	209,320	185,312
Guarantee Facility	107,000	170,000
Amount utilized	(91,586)	(134,700)
Amount unutilized	15,414	35,300

Finance will be provided under all facilities provided the Company has not breached any borrowing requirements and the required financial ratios are met. (refer Note 17b)

NOTE 11: CASH and CASH EQUIVALENTS

	2017	2016
	$	$
Cash on hand	550	250
Cash at bank	1,373,842	664,496
Short term deposits	25,703,411	8,048,651
	27,077,803	8,713,397

Reconciliation of cash:
Cash and cash equivalents balance as shown in the statement of financial position can be reconciled to that shown in the statement of cash flows as follows:-

Cash and cash equivalents	27,077,803	8,713,397
Bank overdrafts	-	-
	27,077,803	8,713,397

NOTE 12. TRADE and OTHER RECEIVABLES

Current:		
Trade receivables	26,812	133,359
Provision for impairment	-	-
	26,812	133,359

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	-	-
Land held for resale – at cost:		
Cost of acquisition	2,941,668	2,941,668
Development costs capitalized	4,105,900	2,838,125
Total Inventories	7,047,568	5,799,793

NOTE 14. OTHER CURRENT ASSETS

Current:		
Prepayments	10,176	12,981
GST Receivable	69,094	343,233
Other	153,931	3,000
	233,201	359,214

NOTE 15. PROPERTY, PLANT AND EQUIPMENT:

	2017 $	2016 $
INVESTMENT PROPERTY UNDER CONSTRUCTION		
Worongary Town Centre Improvements at Cost	-	519,607
Parkhurst Town Centre – Freehold Land Investment property under construction at cost	-	16,079,692
Total Land, Buildings and Investment Property Under Construction	-	16,599,299
PLANT AND EQUIPMENT	7,721	79,656
Plant and equipment - at cost	(5,758)	(28,456)
Less: Accumulated depreciation		
	1,963	51,200
	28,656	77,281
Office furniture, equipment - at cost	(12,753)	(58,868)
Less: Accumulated depreciation		
	15,903	18,413
Motor Vehicles – at Cost	142,718	15,152
Less: Accumulated depreciation	(23,862)	(1,674)
	118,856	13,478
Leased plant and equipment - at cost	164,626	338,637
Less: Accumulated depreciation	(66,204)	(123,058)
	98,422	215,579
Total Plant and Equipment	**235,144**	**298,670**
Total Property, Plant and Equipment	**235,144**	**16,897,969**

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 30 June 2015	-	**52,937**	**242,955**	**5,233,077**	**5,528,969**
Additions	-	53,296	75,873	11,366,222	11,495,391
Disposals/transfer To Investment Property	-	-	-	-	
Disposals at written down value	-	(9,889)	(40,276)	-	(50,165)
Depreciation Expense	-	(13,253)	(62,973)	-	(76,226)
Balance at 30 June 2016	-	83,091	215,579	16,599,299	16,897,969
Additions		137,120	-	17,079,747	17,216,867
Disposal/transfers To Investment Property				(33,679,046)	(33,679,046)
Disposals at written down value		(46,818)	(77,157)	-	(123,975)
Depreciation Expense		(36,671)	(40,000)	-	(76,671)
Balance at 30 June 2017		**136,722**	**98,422**	-	**235,144**

NOTE 16. TRADE AND OTHER PAYABLES

	2017 $	2016 $
Current Unsecured:		
Trade payables (including accrued charges)	784,972	3,439,882
Other accounts payable	70,636	81,536
Deposits received	86,948	215,503
Rent in Advance	140,892	231,533
FBT Payable	11,344	11,344
	1,094,792	3,979,798
Financial liabilities at amortised cost classified as trade and other payables		
Trade and other payables		
Total Current	1,094,792	3,979,798
Total Non Current	-	-
Deposits Received	(86,948)	(215,503)
Rent in Advance	(140,892)	(231,533)
FBT Payable	(11,344)	(11,344)
Financial liabilities as trade and other payables	855,608	3,521,418

	NOTE	2017	2016
			$
NOTE 17. BORROWINGS			
Current Secured:			
Lease liabilities	**21; c)**	42,315	68,759
Loans - Other			
Total current borrowings		42,315	68,759
Non-Current Secured			
Lease Liability	**21; c)**	212,691	180,919
Loans - Bank Bills	a),b)	23,240,000	29,644,264
Total non-current Borrowings		23,452,691	29,825,183
Total Borrowings		23,495,006	29,893,942

a. Borrowings with NAB are secured by the following:
Fixed and floating charge over the assets of AHC limited. First Registered Mortgage over property situated at Parkhurst Rockhampton (2016: Fixed and floating charge over the assets of AHC limited. First Registered Mortgage over property situated at Worongary Shopping Centre, 1 Mudgeeraba Road, Worongary.)

b. The National Australia bank bill are rolled over monthly and a fixed rate of 2.69% interest is payable on roll over. Bank bills payable have been drawn down as a source primarily, of long-term finance. The National Australia Bank bill arrangement established in 2015, was specific to the development of the company's non-current asset of Parkhurst Town Centre. The expiry date for the National Australia Bank Bills is 10th December 2019. Accordingly this bill has 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 property of Parkhurst Town Centre).

c. 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: Financial Instruments: Recognition and Measurement as detailed in the accounting policies to these financial statements are as follows:

	Note	2017	2016
Financial Assets			
Cash and cash equivalents	11	27,077,803	8,713,397
Trade and other receivables	12	26,812	133,359
Total Financial Assets		**27,104,615**	**8,846,756**
Financial Liabilities			
Financial liabilities amortised at cost			
- Trade and other payables	16	855,608	3,521,418
- Borrowings	17	23,495,006	29,893,942
Total Financial Liabilities		**24,350,614**	**33,415,360**

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

The maximum exposure to credit risk by class or recognised financial assets at the end of the reporting period, 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.

Trade and other receivables that are neither past due nor impaired are considered to be of high credit quality. All cash and cash equivalents are held with large reputable financial institutions within Australia and therefore credit risk is considered minimal.

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 is not currently exposed to any significant liquidity risk on the basis that the realisable value of financial assets is significantly greater than the financial liabilities due for settlement. 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

2017	Within 1 Year	1 to 5 Years	Over 5 Years	Total
	$000	$000	$000	$000
Financial Assets- cash flows realisable				
Cash and cash equivalents	27,078			27,078
Trade receivables	27			27
Total anticipated inflows	**27,105**	-	-	**27,105**
Financial Liabilities due for payment				
Bank Bills	-	23,240	-	23,240
Financial lease liabilities	42	213	-	255
Trade and other payables	856	-	-	856
Bank overdraft	-	-	-	-
Loan	-	-	-	-
Total contractual outflows	**898**	**23,453**	-	**24,351**
Less bank overdraft	-	-		-
Total expected outflows	**898**	**23,453**	-	**24,351**
Net (outflow)/inflow on financial instruments	**26,207**	**(23,453)**	-	**2,754**

NOTE 18. FINANCIAL RISK MANAGEMENT (Cont'd)

2016	Within 1 Year $000	1 to 5 Years $000	Over 5 Years $000	Total $000
Financial Assets - cash flows realizable				
Cash and cash equivalents	8,713	-	-	8,713
Trade receivables	133			133
Total anticipated inflows	**8,846**	-	-	**8,846**
Financial Liabilities due for payment				
Bank bills	-	29,644	-	29,644
Financial lease liabilities	69	181	-	250
Trade and other payables	3,521	-	-	3,521
Bank Overdraft	-	-	-	-
Loan	-	-	-	-
Total contractual outflows	**3,590**	**29,825**	-	**33,415**
Less bank overdraft	-	-		-
Total expected outflows	**3,590**	**29,825**		**35,415**
Net (outflow)/inflow on financial instruments	**5,256**	**(29,825)**		**(24,569)**

Market Risk

Interest rate risk

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

Interest rate risk is managed using a mix of fixed and floating rate instruments. At 30 June 2017, the Company had no interest-bearing financial liabilities and approximately 80% of group interest-bearing financial assets have fixed interest rates.

The Company also manages interest rate risk by ensuring that, whenever possible, payables are paid within any pre-agreed credit terms.

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:

	2017	2016
Change in profit	$	$
- Increase in interest rate by 2%	(464,800)	(594,420)
- Decrease in interest rate by 2%	464,800	594,420
Change in equity		
- Increase in interest rate by 2%	(464,800)	(594,420)
- Decrease in interest rate by 2%	464,800	594,420

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	2017 Carrying Amount	2017 Fair Value	2016 Carrying Amount	2016 Fair Value
Financial Assets		$	$	$	$
Cash and cash equivalents	(i)	27,077,803	27,077,803	8,713,397	8,713,397
Loan and receivables	(ii)	26,812	26,812	133,359	133,359
Total Financial Assets		**27,104,615**	**27,104,615**	**8,846,756**	**8,846,756**
Financial Liabilities					
Trade & other payable	(i)	855,608	855,608	3,521,418	3,521,418
Borrowings	(iii)	23,495,006	23,495,006	29,893,942	29,893,942
Total Financial Liabilities		**24,350,614**	**24,350,614**	**33,415,360**	**33,415,360**

NOTE 19. PROVISIONS

	Employee Benefits	Other
Opening balance at 1 July 2016	210,158	
Additional provisions	70,745	-
Amounts used	(94,950)	
Balance at 30 June 2017	185,953	

Analysis of Total Provisions	**2017**	**2016**
Current	168,512	193,655
Non-current	17,441	16,503
Total Provisions	185,953	210,158

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 Company 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 Company 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

	2017	2016
	$	$
Ordinary Shares - fully paid	831,531	831,531
100 B Class Shares - fully paid	50	50
200 Founders Shares - fully paid	100	100
	831,681	831,681
Breakdown by Number of Shares:	**No.**	**No.**
Ordinary Shares - fully paid	5,143,060	5,143,060
B Class Shares - fully paid	100	100
Founders Shares - fully paid	200	200
	5,143,360	5,143,360
Movements in issued capital		
Fully paid ordinary shares:		
At the beginning of the reporting period	5,143,360	5,521,013
Shares issued during the period	-	-
Shares bought back during the period	-	(377,653)
At the end of the reporting period	5,143,360	5,143,360

NOTE 20. ISSUED CAPITAL (Con'd)

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 2017 and 30 June 2016 are as follows:

	2017 $	2016 $
Total borrowings	23,495,006	29,893,942
Less cash and cash equivalents	(27,077,803)	(8,713,397)
Net debt/(Cash)	(3,582,797)	21,180,545
Total equity	33,939,639	26,225,725
Total capital	30,356,842	47,406,270
Gearing Ratio	N/A	45%

	2017 $	2016 $
NOTE 21. CAPITAL AND LEASING COMMITMENTS		
Finance Leasing Commitments Payable:		
Not later than one year	42,315	80,368
Later than one year but not later than five years	223,412	196,731
	265,727	277,099
Less: Future finance charges	(10,721)	(27,421)
Total Lease Liability	255,006	249,678
Current Lease Liability	42,315	68,759
Non-Current Lease Liability	212,691	180,919
	255,006	249,678

(*All finance leases relate to commitments for company vehicles up to four years)

Capital Expenditure Commitments

Capital expenditure Parkhurst Rockhampton	-	23,000,000
	-	23,000,000

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.

During the prior year the company constructed a house for Director, Rod Macleod. This transaction resulted in Sales of $524,479, Cost of Goods Sold of $524,479 and a balance payable as at 30th June 2016 of $133,359 which has been recorded in Trade Debtors.

Share Transactions of Directors	**No.**	**No.**
Aggregate number of shares held directly, indirectly or beneficially by Directors at balance date		
Ordinary shares	3,720,658	3,720,658
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:		2,027

NOTE 23. INVESTMENT PROPERTY

	2017 $	2016 $
Worongary District Shopping Centre - at valuation	-	36,000,000
Parkhurst Town Centre - at valuation	32,500,000	-
	32,500,000	36,000,000
Balance at beginning of year	36,000,000	60,000,000
Acquisition / Additions / Transfers	33,041,673	-
Revaluation	1,061,923	-
Disposals	37,603,596	24,000,000
Balance at year end	32,500,000	36,000,000

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 Parkhurst Town Centre was valued in May 2017. Property under construction is booked at cost.

NOTE 24. TAX BALANCES

	2017 $	2016 $
CURRENT		
Income Tax Payable	8,363,922	884,704

	Opening Balance	Charged to Income	Closing Balance
DEFERRED TAX LIABILITY			
Property Plant & Equipment - tax allowance	72,886	(8,213)	64,673
Tangible Assets revaluation	7,034,898	(191,252)	6,843,646
Balance 30 June 2016	**7,107,784**	**(199,465)**	**6,908,319**
Property Plant & Equipment - tax allowance	64,673	(37,607)	27,066
Tangible Assets revaluation	6,843,646	(6,695,476)	14,817
Balance 30 June 2017	**6,908,319**	**(6,733,083)**	**(175,236)**
DEFERRED TAX ASSETS			
Provisions	92,731	(18,181)	74,550
Property Plant & Equipment - Impairment	81,399	(6,495)	74,904
Future Income Tax Benefits attributable to tax loss	245,650	(245,650)	0
Other	89,203	(19,743)	69,460
Balance 30 June 2016	**508,983**	**(290,069)**	**218,914**
Provisions	74,550	(12,868)	61,682
Property Plant & Equipment - Impairment	74,904	(41,311)	33,593
Other	69,460	(30,715)	38,745
Balance 30 June 2017	**218,914**	**(84,894)**	**134,020**

NOTE 24. TAX BALANCES (Cont'd)

DEFERRED TAXES	2017	2016
Future Income Tax Benefit is made up of the following estimated tax benefits:	$	$
(a) Tax Losses	0	0
(b) Temporary Differences	134,020	218,914
	134,020	218,914

NOTE 25. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

On 26 June 2017 Worongary Town Centre was sold. The Contract of Sale provides for rental guarantees and seller warranties totalling $146,290 to be held in Trust. These amounts have been included in the calculation of the gain on sale recognised in the Statement of Profit or Loss and other comprehensive income and as other current assets as at 30 June 2017 (refer Note 14). Whether these amounts will be received in full is uncertain.

There are no other contingent liabilities or contingent assets to report as at 30 June 2017.

NOTE 26. EVENTS AFTER REPORTING DATE

No significant events have occurred after reporting date.

NOTE 27. COMPANY DETAILS

The registered office of the company is:
Shop 25 - 27 Worongary Shopping Centre
1 Mudgeeraba Road
Mudgeeraba Qld 4213

The principal place of business is:
Shop 25 - 27 Worongary Shopping Centre

1 Mudgeeraba Road
Mudgeeraba Qld 4213

AHC LIMITED
ABN 73 010 544 699

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF AHC LIMITED
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Report on the Audit of the Financial Report

Opinion

We have audited the financial report of AHC Limited (the Company), which comprises the statement of financial position as at 30 June 2017, the statement of profit or loss and other 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.

In our opinion, the accompanying 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 2017 and of its financial performance for the year then ended; and

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

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the Corporations Act 2001 which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Information Other Than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended 30 June 2017, but does not include the financial report and our auditor's report thereon. Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon. In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that here is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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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 2017, 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.

Responsibility of the Directors for the Financial Report

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

In preparing the financial report, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstance, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. However, we will communicate to you in writing concerning any significant deficiencies in internal control relevant to the audit of the financial report should we identify any during the audit.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by directors and management.

AHC LIMITED
ABN 73 010 544 699

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF AHC LIMITED
(Page 3 of 3)

- Conclude on the appropriateness of directors and management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exits, we are required to draw attention in our auditor's report to the related disclosure in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transaction and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

WPIAS Pty Ltd
Authorised Audit Company No. 440306

LEE-ANN DIPPENAAR BCom CA RCA
DIRECTOR

Dated this 28th day of August 2017

4 Helensvale Road
Helensvale Qld 4212