



ABN 73 010 544 699

ANNUAL REPORT

30 June 2018



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 2018.

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 2018 amounted to \$460,914.

DIVIDENDS PAID OR RECOMMENDED

There was a \$0.50 cent fully franked interim dividend paid on 15 September 2017.

REVIEW OF OPERATIONS

Parkhurst Shopping Centre – Rockhampton

The Parkhurst Town Centre to the year ending 30 June 2018 is continuing on its growth trajectory through increased foot traffic and pleasing turnover figures which is reflected in a mostly happy tenant mix. Whilst the centre is not fully leased we now have 19 specialty tenants operating at the centre along with a Puma Service Station.

The company has also recently lodged an application for a Fast Food Drive/Thru outlet on the north west corner of the site fronting Yaamba Road. We have a number of operators interested in this site with more than 12,000 vehicles passing the site every day.

DIRECTORS' REPORT

Parkhurst sits in Rockhampton's northern growth suburbs which is experiencing a surge in residential construction activity and greater activity in the Parkhurst industrial precinct adjacent to the Parkhurst Town Centre. The increase in jobs activity is being reflected in the customer foot traffic now pushing beyond 20,000 and regularly into 23,000 visits per week at the centre.

Central Queensland is very optimistic at present with a renewal of mining activity and full-time jobs being offered in the mining industry. With coal prices reaching new highs not seen since 2012 old mines are being reactivated under new ownership and some 1,500 jobs are being offered.

Whilst the centre is not fully leased as we would have hoped the signs are very encouraging for the year ahead as we are actively working on approximately 6 new tenant inquiries.

Drury Lane Industrial - Hervey Bay

Unfortunately, the site has been plagued by wet weather through most of the construction of the subdivision however it is pleasing to say that we anticipate lodging plans for registration of at least 11 lots by August 2018.

The first stage of 11 lots will provide potential owners highly visible industrial lots on a transport corridor linking the western residential suburbs of Hervey Bay to the East through the Urraween Road connection corridor. This road corridor will provide easy access to the south to Maryborough or easy access to the east to hospitals, the airport and more without much of the congestion currently experienced on Boat Harbour Drive.

Lots will be available from 2,000m² - 4,000m² or larger on amalgamated lots.

Howard Residential Estate - Hervey Bay

The company has obtained initial Operational Works approvals such as external roadworks and tree clearing in early June 2018 and is anticipating the balance of all internal approvals in the short term following recent applications to council.

Upon receipt of the balance applications the site will become shovel ready for development.

Currently no start date on this project is confirmed however any advancement would be via small manageable stages of no more than around 20 homes subject to demand.

General Business

At this point in 2017 we outlined two areas of focus being;

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

On Parkhurst whilst we did not reach our target we are very proud of how the centre is progressing and the feedback we are obtaining surrounding the centre. Woolworths is trading exceptionally well as are most of all specialty tenants. It is a pleasure to visit the centre regularly and talk to happy tenants who are majority owner operators. With 19 specialty tenants currently trading we are actively working on adding another 6 tenants by year end 2018.

At Drury Lane, while ongoing rain dampened our spirits in delaying first stage completion we are satisfied that we will shortly be offering small and larger lots to the market and in turn generating some revenue back into the company.

DIRECTORS' REPORT

All shareholders should be aware that the company is in a very stable position following recent refinancing of the Parkhurst Town Centre to Suncorp Bank.

The board remains focused on improving our existing assets in order to maximise shareholder returns.

FINANCIAL POSITION

The net assets of the company have decreased from \$33,939,639 at 30 June 2017 to \$31,828,873 in 2018.

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 2018.

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 2018/2019 financial year toward the continuing implementation of the following projects:

- Development of the Industrial Estate at Hervey Bay.
- 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)

DIRECTORS' REPORT

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
Sheryl Anne MacLeod	Director (Non-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	273,505	0	Held by I.R. MacLeod as Trustee of the MacLeod Family Trust
Ian Roderick MacLeod	1,369,656	0	Yorkmount Pty Ltd and Yorkmount Super of which I R MacLeod is a beneficiary
Sheryl Anne MacLeod	955,987	0	Held by S A MacLeod

DIRECTORS' REPORT

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	84,409 142,900	0	Held by R. L. MacLeod. 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.

MEETING OF DIRECTORS

During the financial year, 4 meetings of directors (including committees) were held. Attendances were:

	<u>Directors Meeting</u>		<u>Audit Committee & Risk Management</u>		<u>Nominating Committee & Remuneration</u>	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Ian MacLeod	4	4	-	-	-	-
Wayne Lester	4	4	-	-	-	-
Rod L MacLeod	4	4	-	-	-	-
Sheryl MacLeod	4	4	-	-	-	-
Rod Walsh	4	4	-	-	-	-

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 2018 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 3rd Sept 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 2018
 - (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 3rd Sept at Worongary.

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 2018, 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 3rd day of September 2018

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WPIAS Pty Ltd ABN 99 163 915 482
WPIAS is an Authorised Audit Company and a Limited Partnership
Liability limited by a scheme approved under Professional Standards Legislation

**STATEMENT OF PROFIT AND LOSS
 AND OTHER COMPREHENSIVE INCOME
 AS AT 30 JUNE 2018**

	NOTE	2018 \$	2017 \$
Revenues	2	2,574,512	4,411,953
Other income	2	10,910	8,158,403
Revaluation of Investment Property		864,827	1,061,923
Cost of Goods Sold			
Borrowing costs expense	3	(1,088,020)	(1,134,076)
Depreciation & Amortisation expense	3	(55,704)	(76,671)
Employee benefits expense		(967,063)	(1,411,414)
Rates and Land Taxes		(169,483)	(320,135)
Repairs & Maintenance		(49,488)	(120,695)
Other Expenses		(561,337)	(1,139,641)
Profit(loss) before income tax expense		559,154	9,429,647
Tax expense	4	(98,240)	(1,715,733)
Net Profit(loss) for the year		460,914	7,713,914
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income/(loss) for the year		460,914	7,713,914
Profit (loss) attributable to members of the entity		460,914	7,713,914
Total comprehensive (loss)/income to members of the entity		460,914	7,713,914
Earnings per Share:		Cents per share	Cents per share
Basic earnings/(loss) per share (cents per share)	8	8.96	149.98
Diluted earnings/(loss) per share (cents per share)	8	8.96	149.98

The accompanying notes form part these financial statements.

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2018

	NOTE	2018	2017
		\$	\$
ASSETS			
Current Assets:			
Cash and cash equivalents	11	6,587,744	27,077,803
Trade & Other Receivables	12	-	26,812
Inventories	13	645,976	-
Other current assets	14	315,551	233,201
TOTAL CURRENT ASSETS		<u>7,549,271</u>	<u>27,337,816</u>
Non-Current Assets:			
Inventories	13	12,635,760	7,047,568
Property, plant and equipment	15	186,861	235,144
Investment Property	23	34,090,000	32,500,000
Deferred tax assets	24	525,536	134,020
TOTAL NON-CURRENT ASSETS		<u>47,438,157</u>	<u>39,916,732</u>
TOTAL ASSETS		<u>54,987,428</u>	<u>67,254,548</u>
LIABILITIES			
Current Liabilities:			
Trade & Other Payables	16	1,129,010	1,094,792
Borrowings	17	37,560	42,315
Current tax liabilities	24	-	8,363,922
Provisions	19	139,369	168,512
TOTAL CURRENT LIABILITIES		<u>1,305,939</u>	<u>9,669,541</u>
Non-Current Liabilities:			
Borrowings	17	21,172,518	23,452,691
Provisions	19	20,635	17,441
Deferred tax liabilities	24	659,463	175,236
TOTAL NON-CURRENT LIABILITIES		<u>21,852,616</u>	<u>23,645,368</u>
TOTAL LIABILITIES		<u>23,158,555</u>	<u>33,314,909</u>
Net Assets		<u>31,828,873</u>	<u>33,939,639</u>
Equity:			
Issued Capital	20	831,681	831,681
Retained Earnings		<u>30,997,192</u>	<u>33,107,958</u>
Total Equity		<u>31,828,873</u>	<u>33,939,639</u>

The accompanying notes form part these financial statements.

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2018**

	NOTE	2018 \$	2017 \$
Cash Flows from Operating Activities:			
Receipts from customers		2,376,073	4,848,570
Interest received		227,998	62,206
Other Income		-	15,273
Payment to suppliers and employees		(8,036,293)	(7,030,728)
Finance costs		(1,525,592)	(696,504)
Income Tax (paid)		(8,369,330)	(884,704)
Net Cash Provided by / (Used in) Operating Activities	10	<u>(15,327,144)</u>	<u>(3,685,887)</u>
Cash Flows from Investing Activities:			
Proceeds from sale of Plant and equipment		-	36,542
Proceeds from Investment Property		-	45,408,704
Purchase of property, plant and equipment		(47,601)	(16,451,923)
Additions to Investment Property		<u>(725,173)</u>	
Net Cash Provided by / (Used in) Investing Activities		<u>(772,774)</u>	<u>28,993,323</u>
Cash Flows from Financing Activities:			
Proceeds from borrowings		-	14,158,164
Repayment of borrowings to related party		-	-
Repayment of borrowings		(1,818,461)	(21,101,194)
Dividend paid by the company		(2,571,680)	-
Share Buy Back Payment		-	-
Net Cash Provided by / (Used in) Financing Activities		<u>(4,390,141)</u>	<u>(6,943,030)</u>
Net Increase (Decrease) in Cash Held		(20,490,059)	18,364,406
Cash and cash equivalents at beginning of financial year		<u>27,077,803</u>	<u>8,713,397</u>
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR	11	<u>6,587,744</u>	<u>27,077,803</u>

The accompanying notes form part of these financial statements.

**STATEMENT OF CHANGES IN EQUITY
 FOR THE YEAR ENDED 30 JUNE 2018**

	Note	Share Capital Ordinary	Retained Earnings	Total
Balance at 1 July 2016		831,681	25,394,044	26,225,725
Profit attributable to members of the entity			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 2016		831,681	33,107,958	33,939,639
Balance at 1 July 2017		831,681	33,107,958	33,939,639
Profit attributable to members of the entity		-	460,914	460,914
Sub-total		831,681	33,568,872	34,400,553
Dividends recognized for the year		-	(2,571,680)	(2,571,680)
Balance at 30 June 2018		831,681	30,997,192	31,828,873

The accompanying notes form part of these financial statements.

AHC LIMITED
ABN 73 010 544 699
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

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 3rd September 2018 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

AHC LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

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.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

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:

<u>Class of Fixed Asset</u>	<u>Depreciation Rate</u>
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. 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 2016. 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.

AHC LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

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.

AHC LIMITED
ABN 73 010 544 699
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

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.

AHC LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

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.

AHC LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

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 2019, 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.

AHC LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

NOTE 2: REVENUE AND OTHER INCOME	2018 \$	2017 \$
Operating Activities		
Sales Revenue	-	-
Rent Received	2,331,574	4,334,474
Other Income	-	15,273
Interest Received	242,938	62,206
Total Revenue	2,574,512	4,411,953
Other Income/ (Loss)		
- Gain (Loss) on disposal of property, plant & equipment	10,910	8,158,403
Total Other Income/(Loss)	10,910	8,158,403
NOTE 3: PROFIT FOR THE YEAR		
Profit before income tax from continuing operations includes the following specific expenses:		
EXPENSES:		
Finance Costs		
Other persons / corporations	1,077,310	1,123,602
Finance charges relating to finance lease	10,710	10,474
Total borrowing costs	1,088,020	1,134,076
Depreciation:		
Property, plant & equipment	33,624	36,671
Leased assets	22,080	40,000
	55,704	76,671

Significant Expenses

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

Cleaning and Rubbish Removal	198,079	253,876
Electricity	83,969	171,183
Insurance	56,602	106,764
Legal Fees	40,761	109,082
Bad Debts	-	-

AHC LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

	2018	2017
	\$	\$
NOTE 4: TAX EXPENSE		
a) The components of tax expense/(income) comprise:		
Current Tax expense/(income)	-	8,363,922
Deferred Tax expense/(income) relating to the origination and reversal of temporary differences	92,710	(6,648,189)
Under-provision in respect of prior years	5,530	-
	98,240	1,715,733
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%	153,767	2,593,153
ADD		
Tax effect of:		
Non-deductible depreciation	6,072	11,223
Other non-allowable items	3,790	86,258
Under-provision in respect of prior years	5,630	
LESS		
Tax effect of:		
Sale and revaluation of investment property	263,521	(615,070)
Other deductible items	-	(85,087)
Depreciation on investment property	(334,540)	(274,744)
	98,240	1,715,733
Income tax expense/(income) attributable to entity	98,240	1,715,733

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 - Non-Executive

AHC LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

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

Key Management Personnel Compensation:

DIRECTORS	SALARY	SUPER	SALARY SACRIFICE	MOTOR VEHICLE	TOTAL
	\$	\$	\$	\$	\$
Ian Roderick MacLeod	163,977	16,349	8,119	29,884	218,329
Rod Lindsay MacLeod	147,999	14,060	-	28,631	190,690
Wayne Benson Lester	116,629	9,690	16,184	20,090	162,593
Rodney Joseph Walsh	800	1,520	15,200	-	17,520
Sheryl Anne MacLeod	-	-	-	-	-

Shareholdings:

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

Directors:	Balance 30.6.17	Net Change	Balance 30.6.18
Mr Ian R MacLeod	1,643,161	-	1,643,161
Mrs Sheryl A MacLeod	1,653,188	(70,000)	1,583,188
Mr Rod L MacLeod	172,000	(64,000)	236,500
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.

2018	2017
\$	\$

NOTE 6. AUDITOR'S REMUNERATION

Remuneration of the auditor for:

- auditing or reviewing the financial report	35,000	35,000
- auditing the rental shop leases	4,600	4,400
	39,600	39,400

NOTE 7. DIVIDENDS PAID OR PROPOSED

Distributions Paid

Interim fully franked ordinary dividend of \$0.50 per share

	2018	2017
	\$	\$
	2,571,680	-

Balance of franking account at year end adjusted for franking credits arising from payment of provision for income tax and payment of proposed dividends:

	9,257,794	1,869,559
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AHC LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

NOTE 8. EARNINGS PER SHARE	Cents per	Cents per
	Share	share
Basic earnings per share	8.96	149.98
Diluted earnings per share	8.96	149.98
Weighted average number of ordinary shares outstanding during the year used in calculation of diluted EPS	5,143,360	5,143,360
Earnings used in the calculation of basic EPS and diluted EPS	460,914	7,713,914

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.

AHC LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

(f) Segment Performance, Assets and Liabilities

Primary Reporting - Business Segments	Commercial		Economic Entity	
	2018	2017	2018	2017
	\$000's	\$000's	\$000's	\$000's
REVENUE				
External Sales	2,575	4,412	2,575	4,412
Other Segments	-	-	-	-
Total Sales Revenue	<u>2,575</u>	<u>4,412</u>	<u>2,575</u>	<u>4,412</u>
Total Segment Revenue	<u>2,575</u>	<u>4,412</u>	<u>2,575</u>	<u>4,412</u>
Unallocated Revenue			-	-
Total Revenue from Ordinary Activities			<u>2,575</u>	<u>4,412</u>
RESULT				
Segment Result	559	9,430	559	9,430
Unallocated expenses net of unallocated revenue	-	-	-	-
Profit from ordinary activities before income tax expense	<u>559</u>	<u>9,430</u>	<u>559</u>	<u>9,430</u>
Income Tax Expense	<u>(98)</u>	<u>(1,716)</u>	<u>(98)</u>	<u>(1,716)</u>
Profit from ordinary activities after income tax expense	<u>461</u>	<u>7,714</u>	<u>461</u>	<u>7,714</u>
ASSETS				
Segment Assets	<u>54,987</u>	<u>67,254</u>	<u>54,953</u>	<u>67,254</u>
Unallocated Assets			-	-
Total Assets			<u>54,953</u>	<u>67,254</u>
LIABILITIES				
Segment Liabilities	<u>23,159</u>	<u>33,315</u>	<u>23,159</u>	<u>33,315</u>
Unallocated Liabilities			-	-
Total Liabilities			<u>23,159</u>	<u>33,315</u>
OTHER				
Depreciation and amortisation of segment assets	56	77	56	77

AHC LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

	2018	2017
	\$	\$
NOTE 10. CASH FLOW INFORMATION		
a. Reconciliation of Cash Flow from Operations with (loss)/ profit		
Profit after income tax for the year	460,914	7,713,914
Non-Cash Items included in Profit or Loss:		
Net (gains)/losses on disposal of property, Plant & Equipment	(10,910)	(8,085,898)
Depreciation & Amortisation expense	55,704	76,671
Revaluation of investment property	(864,827)	(1,061,923)
Interest capitalized/(expensed)	(437,512)	437,572
Employee benefits expense	20,090	
	<u>(776,541)</u>	<u>(919,664)</u>
Net Changes in Working Capital:		
Decrease/(Increase) in current inventories	(6,234,168)	(1,267,775)
Decrease/(Increase) in current receivables	26,812	376,045
(Decrease)/Increase in trade and other accounts payable	36,263	(2,684,122)
Increase/(Decrease) Movement in taxes payable	(8,363,922)	7,479,218
Increase/(Decrease) in deferred taxes payable	92,711	(6,648,189)
Increase/(Decrease) in provisions	(25,949)	(24,205)
Increase/(Decrease) in other current assets	(82,350)	2,805
Cash Flows from changes in assets and liabilities	<u>(14,550,603)</u>	<u>(2,766,223)</u>
Net Cash provided by operating activities	<u>(15,327,144)</u>	<u>(3,685,887)</u>
b. Non-Cash Financing and Investing Activities		
During the year the company acquired plant and equipment with an aggregate value of \$47,601 (2017 \$127,567) by means of finance leases. These acquisitions are not reflected in the statement of cash flows.		
c. Credit Standby Arrangements with Banks:		
Credit facility	21,000,000	23,240,000
Bank overdraft	-	-
Amount utilized	<u>(21,000,000)</u>	<u>(23,240,00)</u>
Amount unutilized	<u>-</u>	<u>-</u>
Lease Facility	340,000	340,000
Amount utilized	<u>(106,673)</u>	<u>(130,680)</u>
Amount unutilized	<u>233,327</u>	<u>209,320</u>
Guarantee Facility	30,000	170,000
Amount utilized	<u>(30,000)</u>	<u>(91,586)</u>
Amount unutilized	<u>-</u>	<u>15,414</u>

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)

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

NOTE 11: CASH and CASH EQUIVALENTS

	2018	2017
	\$	\$
Cash on hand	550	550
Cash at bank	1,222,194	1,373,842
Short term deposits	5,365,000	25,703,411
	<u>6,587,744</u>	<u>27,077,803</u>

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	6,587,744	27,077,803
Bank overdrafts	-	-
	<u>6,587,744</u>	<u>27,077,803</u>

NOTE 12. TRADE and OTHER RECEIVABLES

Current:

Trade receivables	-	26,812
Provision for impairment	-	-
	<u>-</u>	<u>26,812</u>

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	645,976	-
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Noncurrent:

Inventories at cost	12,635,760	7,047,568
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Total Inventories	<u>13,281,736</u>	<u>7,047,568</u>
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NOTE 14. OTHER CURRENT ASSETS

Current:

Prepayments	10,077	10,176
GST Receivable	54,276	69,094
Other	251,198	153,931
	<u>315,551</u>	<u>233,201</u>

AHC LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

	2018	2017
	\$	\$
NOTE 15. PROPERTY, PLANT AND EQUIPMENT:		
INVESTMENT PROPERTY UNDER CONSTRUCTION		
PLANT AND EQUIPMENT		
Plant and equipment - at cost	7,721	7,721
Less: Accumulated depreciation	<u>(6,150)</u>	<u>(5,758)</u>
	1,571	1,963
Office furniture, equipment - at cost	30,029	28,656
Less: Accumulated depreciation	<u>(16,112)</u>	<u>(12,753)</u>
	13,917	15,903
Motor Vehicles - at Cost	188,946	142,718
Less: Accumulated depreciation	<u>(53,736)</u>	<u>(23,862)</u>
	135,210	118,856
Leased plant and equipment - at cost	75,874	164,626
Less: Accumulated depreciation	<u>(39,711)</u>	<u>(66,204)</u>
	36,163	98,422
Total Property, Plant and Equipment	<u><u>186,861</u></u>	<u><u>235,144</u></u>

AHC LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

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 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
Additions		47,601	-	725,173	772,774
Disposal/ transfers To Investment Property				(725,173)	(725,173)
Disposals at written down value			(40,180)	-	(40,180)
Depreciation Expense		(33,625)	(22,079)	-	(55,704)
Balance at 30 June 2018		150,698	36,163	-	186,861

NOTE 16. TRADE AND OTHER PAYABLES

	2018	2017
	\$	\$
Current Unsecured:		
Trade payables (including accrued charges)	804,919	784,972
Other accounts payable	73,726	70,636
Deposits received	102,936	86,948
Rent in Advance	135,978	140,892
FBT Payable	11,451	11,344
	<u>1,129,010</u>	<u>1,094,792</u>
Financial liabilities at amortised cost classified as trade and other payables		
Trade and other payables		
Total Current	1,128,890	1,094,792
Total Non Current	-	-
Deposits Received	(102,936)	(86,948)
Rent in Advance	(135,978)	(140,892)
FBT Payable	(11,451)	(11,344)
Financial liabilities as trade and other payables	<u>878,525</u>	<u>855,608</u>

AHC LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

	NOTE	2018	2017 \$
NOTE 17. BORROWINGS			
Current Secured:			
Lease liabilities	21;c)	37,560	42,315
Loans - Other			
Total current borrowings		37,560	42,315
Non-Current Secured			
Lease Liability	21;c)	172,518	212,691
Loans - Bank Bills	a),b)	21,000,000	23,240,000
Total non-current Borrowings		21,172,518	23,452,691
Total Borrowings		21,210,078	23,495,006

- a. Borrowings with Suncorp-Metway Limited are secured by the following:
Fixed and floating charge over the assets of AHC limited. First Registered Mortgage over property situated at Parkhurst Rockhampton.

- b. The Suncorp-Metway Limited bank bill is rolled over monthly and a fixed rate of 2.63% interest is payable on roll over. Bank bills payable have been drawn down to refinance existing debt to National Australia Bank in relation to the property situated at Parkhurst Town Centre, 810-818 Yamba Road, Parkhurst. The expiry date for the Suncorp-Metway Limited 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:

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NOTES TO THE FINANCIAL STATEMENTS
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	Note	2018	2017
Financial Assets			
Cash and cash equivalents	11	6,587,744	27,077,803
Trade and other receivables	12	-	26,812
Total Financial Assets		6,587,744	27,104,615
Financial Liabilities			
Financial liabilities amortised at cost			
- Trade and other payables	16	878,525	855,608
- Borrowings	17	21,210,078	23,495,006
Total Financial Liabilities		22,088,603	24,350,614

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 policies 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 policies 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.

AHC LIMITED
ABN 73 010 544 699
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

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

<u>2018</u>	Within 1 Year	1 to 5 Years	Over 5 Years	Total
	\$000	\$000	\$000	\$000
Financial Assets- cash flows realisable				
Cash and cash equivalents	6,588			6,588
Trade receivables	-			-
Total anticipated inflows	6,588	-	-	6,588
Financial Liabilities due for payment				
Bank Bills	-	21,000	-	21,000
Financial lease liabilities	38	173	-	211
Trade and other payables	879	-	-	879
Bank overdraft	-	-	-	-
Loan	-	-	-	-
Total contractual outflows	917	21,173	-	22,090
Less bank overdraft	-	-	-	-
Total expected outflows	917	21,173	-	22,090
Net (outflow)/inflow on financial instruments	5,671	(21,173)	-	(15,502)

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

NOTE 18. FINANCIAL RISK MANAGEMENT (Cont'd)

<u>2017</u>	Within 1 Year \$000	1 to 5 Years \$000	Over 5 Years \$000	Total \$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

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

Market Risk

Interest rate risk

Exposure to interest rate risk arises on interest bearing financial assets and financial liabilities recognised 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 2018, 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:

	2018	2017
	\$	\$
Change in profit		
- Increase in interest rate by 2%	(420,000)	(464,800)
- Decrease in interest rate by 2%	420,000	464,800
Change in equity		
- Increase in interest rate by 2%	(420,000)	(464,800)
- Decrease in interest rate by 2%	420,000	464,800

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.

AHC LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

NOTE 18. FINANCIAL RISK MANAGEMENT (Cont'd)

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

	Note	2018		2017	
		Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial Assets		\$	\$	\$	\$
Cash and cash equivalents	(i)	6,587,744	6,587,744	27,077,803	27,077,803
Loan and receivables	(ii)	-	-	26,812	26,812
Total Financial Assets		6,587,744	6,587,744	27,104,615	27,104,615
Financial Liabilities					
Trade & other payable	(i)	878,525	878,525	855,608	855,608
Borrowings	(iii)	21,210,078	21,210,078	23,495,006	23,495,006
Total Financial Liabilities		22,088,603	22,088,603	24,350,614	24,350,614

NOTE 19. PROVISIONS

	Employee Benefits	Other
Opening balance at 1 July 2017	185,953	-
Additional provisions	76,805	-
Amounts used	(102,754)	-
Balance at 30 June 2018	<u>160,004</u>	<u>-</u>
Analysis of Total Provisions	2018	2017
Current	139,369	168,512
Non-current	20,635	17,441
Total Provisions	<u>160,004</u>	<u>185,953</u>

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.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

NOTE 20. ISSUED CAPITAL

	2018	2017
	\$	\$
Ordinary Shares - fully paid	831,531	831,531
100 B Class Shares - fully paid	50	50
200 Founders Shares - fully paid	100	100
	<u>831,681</u>	<u>831,681</u>
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
	<u>5,143,360</u>	<u>5,143,360</u>
Movements in issued capital		
Fully paid ordinary shares:		
At the beginning of the reporting period	5,143,360	5,143,360
Shares issued during the period	-	-
Shares bought back during the period	-	-
At the end of the reporting period	<u>5,143,360</u>	<u>5,143,360</u>

AHC LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

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 2018 and 30 June 2017 are as follows:

	2018	2017
	\$	\$
Total borrowings	21,210,078	23,495,006
Less cash and cash equivalents	<u>(6,587,744)</u>	<u>(27,077,803)</u>
Net debt/(Cash)	14,622,334	(3,582,797)
Total equity	<u>31,828,873</u>	<u>33,939,639</u>
Total capital	<u>46,451,207</u>	<u>30,356,842</u>
Gearing Ratio	31%	N/A

AHC LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

	2018	2017
	\$	\$
NOTE 21. CAPITAL AND LEASING COMMITMENTS		
Finance Leasing Commitments Payable:		
Not later than one year	37,560	42,315
Later than one year but not later than five years	196,388	223,412
	<u>233,948</u>	<u>265,727</u>
Less: Future finance charges	(23,870)	(10,721)
Total Lease Liability	<u>210,078</u>	<u>255,006</u>
Current Lease Liability	37,560	42,315
Non-Current Lease Liability	<u>172,518</u>	<u>212,691</u>
	<u>210,078</u>	<u>255,006</u>
 (*All finance leases relate to commitments for company vehicles up to four years)		

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.

	No.	No.
Share Transactions of Directors		
Aggregate number of shares held directly, indirectly or beneficially by Directors at balance date		
Ordinary shares	3,715,158	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:

AHC LIMITED
ABN 73 010 544 699
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

	2018	2017
	\$	\$
NOTE 23. INVESTMENT PROPERTY		
Parkhurst Town Centre – at valuation	34,090,000	32,500,000
	<u>34,090,000</u>	<u>32,500,000</u>
Balance at beginning of year	32,500,000	36,000,000
Acquisition / Additions / Transfers	725,173	33,041,673
Revaluation	864,827	1,061,923
Disposals	-	(37,603,596)
Balance at year end	<u>34,090,000</u>	<u>32,500,000</u>

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 February 2018 for reliance by Suncorp Metway Limited for first mortgage security purposes. The Directors have adopted this value as at 30 June 2018.

NOTE 24. TAX BALANCES

	2018	2017
	\$	\$
CURRENT		
Income Tax Payable	-	8,363,922
	Opening Balance	Charged to Income
	Closing Balance	
DEFERRED TAX LIABILITY		
Property Plant & Equipment – tax allowance	64,673	(37,607)
Tangible Assets revaluation	6,843,646	(6,695,476)
Balance 30 June 2017	6,908,319	(6,733,083)
Property Plant & Equipment – tax allowance	27,066	(17,121)
Tangible Assets revaluation	148,170	501,348
Balance 30 June 2018	175,236	484,227
DEFERRED TAX ASSETS		
Provisions	74,550	(12,868)
Property Plant & Equipment – Impairment	74,904	(41,311)
Other	69,460	(30,715)
Balance 30 June 2017	218,914	(84,894)
Provisions	61,682	(7,107)
Property Plant & Equipment – Impairment	33,593	(20,665)
Future income tax benefits attributable to tax losses	-	406,889
Other	38,745	12,399
Balance 30 June 2018	134,020	391,516

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

NOTE 25. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There are no contingent liabilities or contingent assets to report as at 30 June 2018.

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
(Page 1 of 3)**

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 2018, 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 2018 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 2018, 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 there 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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AHC LIMITED
ABN 73 010 544 699

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF AHC LIMITED
(Page 2 of 3)**

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 2018, 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 skepticism 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 Company's internal control.

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AHC LIMITED
ABN 73 010 544 699

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF AHC LIMITED
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- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by directors and management.
- 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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, 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 Company 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 3rd day of September 2018

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