AHC

ABN 73 010 544 699

ANNUAL REPORT

30 June 2015

DIRECTORS' REPORT

The Directors present their report, together with the Financial Statements of AHC Limited, for the financial year ended 30 June 2015.

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 28 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 2015 amounted to $3,994,760. This represented a $4,478,339 increase on the results reported for the year ended 30 June 2014. This increase in profit is due to the revaluation of investment property.

DIVIDENDS PAID OR RECOMMENDED

An interim Dividend of $552,101 was paid on 19 December 2014.

REVIEW OF OPERATIONS

General Business

Throughout this past financial year the property sector has once again undergone a significant transformation. In particular the retail sector and demand for secure retail assets such as the shopping centres held by AHC Limited are in possibly the strongest period for more than 10 years.

AHC Limited is well placed to leverage off this resurgence in the property sector to further grow the business.

DIRECTORS' REPORT

Worongary Town Centre- (WTC)

Throughout 2014/2015 financial year, the AHC team was working very hard to secure approvals for future expansion projects at Worongary Town Centre.

We now have approvals in place to undertake a 350m2 Indoor recreation/Gym at the centre as well as an approval in place to construct 700m2 of further retail. This we feel allows the centre some time into the future to add additional services not already offered at the centre.

As the centre is approaching its eleventh full year of operation the company continues to undertake much needed refurbishments around the centre. This is of vital importance we feel as competition for the customer base for the likes of dining customers and service offerings is ever increasing.

AHC Limited prides itself on the aesthetics of the centre in terms of landscaping and also experiences of dining customers. This is an area that competing centres around South East Queensland continue to pour large sums of money into and we need to be wary of the experiences of our customers.

Currently WTC continues its strong trading performance even though some older existing tenants have departed with new vibrant tenants taking their place.

Southside Town Centre - Gympie

The Southside Town Centre is continuing to show strong growth in part due to its high profile location and excellent exposure to passing traffic on the Gympie- Woolooga road, being a main connector road for residents to the south-west of Gympie.

This centre is the sole neighbourhood centre serving a population in excess of some 11,330 persons and is well served for future population growth within the region.

The centre currently retains 12 specialty tenants on top of the Caltex service station and Woolworths supermarket.

The centre recently welcomed the addition of the Southside Medical Centre with established doctors from the Gympie region. Well known vegetable growers Farmer & Sun expanded the existing business from 100m2 to 300m2 and is strongly trading with an organic coffee shop within the business. AHC Limited also received an approval to install a 24hr fitness centre at Southside Town Centre in the only remaining vacant space.

The company is very satisfied on the performance and growth of the Southside Shopping Centre as at 30 June 2015.

Proposed Parkhurst Shopping Centre - Rockhampton

At 30 June 2015 the development was fully approved both in terms of development approval and all operational works applications for a construction commencement.

The AHC Limited team is now working very hard to complete all pre committed leasing documentation in order to satisfy the construction funding commencement requirements. The leasing commitments to date include Woolworths Supermarket & Petrol, BWS Liquor, Lucky Charm News, Priceline Pharmacy and many more in final stages of negotiations.

An announcement of construction commencement should be available in the near term.

DIRECTORS' REPORT

Drury Lane Industrial - Hervey Bay

The company has been vigorously working throughout the year with our consulting engineers to complete the operational works applications - Earthworks, Water, Stormwater, Roadworks, Sewerage, and Landscaping. Etc

Whilst the designs did not obtain completion prior to the close of the financial year we can confirm that all designs and applications to council and transport main roads should be submitted and approvals received prior to the end of 2015.

It has been a long time in the making but the company should be in a position to undertake works within the first half of 2016. Funding the development works has not yet been undertaken.

Howard Residential Estate - Hervey Bay

Most of the 2014/2015 financial year saw AHC completing stage 4 Geotechnical investigation (4 of 4 stages) of the site and in particular identifying the known mine workings and the non mined areas. In conjunction with the consultant Golders we have now obtained an acceptable risk zonation plan allowing some 214 independent dwellings, 46 independent retirement dwellings and 65 bed age care facility as part of a planned manufactured housing estate/lifestyle village.

The Howard development remains a very exciting project for AHC Limited and is well advanced toward the submission of a development application to the local authority in the first half of the 2015/2016 financial year.

FINANCIAL POSITION

The net assets of the company have increased from $26,303,322 at 30 June 2014 to $29,745,981 in 2015.

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 2015.

EVENTS AFTER REPORTING DATE

Southside Town Centre has been offered for sale in an expression of interest campaign closing 2 September 2015.

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 2015/2016 financial year toward the continuing implementation of the following projects:

DIRECTORS' REPORT

- Development of the Industrial Estate at Hervey Bay.
- Development of the land at Howard
- Development of the Parkhurst, Rockhampton Shopping Centre

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 (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:

DIRECTORS' REPORT

NAME OF DIRECTOR	SHARES	OPTIONS	COMMENTS
Ian Roderick MacLeod	601,708	0	Held by I.R. MacLeod as Trustee of the MacLeod Family Trust
Ian Roderick MacLeod	1,041,453	0 0	Yorkmount Pty Ltd and Yorkmount Super of which I R MacLeod is a beneficiary
Sheryl Anne MacLeod	1,235,602	0	Held by S A MacLeod
Sheryl Anne MacLeod	417,559	0	Held by SALQLD Pty Ltd Trustee for S A MacLeod Super Fund of which S A MacLeod is a beneficiary
Rod Lindsay MacLeod	87,909	0	Held by R. L. MacLeod.
	72,900		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.

<u>Employment Contracts of Directors and Senior Executives</u>
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.

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	5	4	-	-	-	-
Wayne Lester	5	5	-	-	-	-
Rod L MacLeod	5	5	1	1	-	-
Sheryl MacLeod	5	5	1	1	-	-
Rod Walsh	5	4	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 2015 has been received and can be found on page 9 of the financial report.

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

ROD L MACLEOD - DIRECTOR **IAN R MACLEOD – DIRECTOR**

Dated this day of 21st August 2015 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 10 – 40, 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 2015 and of the performance for the year ended on that date of the company.

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

ROD L. MACLEOD – DIRECTOR

IAN R MACLEOD - DIRECTOR

Dated this 21st August 2015 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 2015, 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 21st day of August 2015

4 Helensvale Road
Helensvale Qld 4212

AHC LIMITED
ABN 73 010 544 699

STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME AS AT 30 JUNE 2015

	NOTE	2015	2014
		$	$
Revenues	2	8,472,138	8,504,972
Other income	2	(1,369)	4,812
Revaluation of Investment Property		4,309,490	-
Devaluation of Investment Property		-	(1,350,404)
Changes in Inventories of Work In Progress		(1,866,239)	(2,520,696)
Cost of Goods Sold		(49,819)	(120,013)
Borrowing costs expense	3	(2,021,653)	(2,015,084)
Depreciation & Amortisation expense	3	(62,012)	(59,879)
Employee benefits expense		(1,203,547)	(1,083,284)
Rates and Land Taxes		(308,837)	(335,600)
Rent		-	(29,192)
Repairs & Maintenance		(384,096)	(164,751)
Other Expenses		(1,210,361)	(1,199,934)
Profit(loss) before income tax expense		5,673,695	(369,053)
Tax expense	4	(1,678,935)	(114,526)
Net Profit(loss) for the year		3,994,760	(483,579)
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income/(loss) for the year		3,994,760	(483,579)
Profit (loss) attributable to members of the entity		3,994,760	(483,579)
Total comprehensive (loss)/income to members of the entity		3,994,760	(483,579)
Earnings per Share:		Cents per share	Cents per share
Basic earnings/(loss) per share (cents per share)	8	72.36	(8.76)
Diluted earnings/(loss) per share (cents per share)	8	72.36	(8.68)

The accompanying notes form part these financial statements.

AHC LIMITED
ABN 73 010 544 699

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2015

	NOTE	2015	2014
		$	$
ASSETS			
Current Assets:			
Cash and cash equivalents	11	1,764,796	1,258,050
Trade & Other Receivables	12	38,855	60,863
Inventories	13	4,825,017	6,257,065
Other current assets	14	64,701	70,860
TOTAL CURRENT ASSETS		6,693,369	7,646,838
Non-Current Assets:			
Property, plant and equipment	15	5,528,969	4,802,174
Investment Property	23	60,000,000	55,000,000
Deferred tax assets	24	508,983	391,656
TOTAL NON-CURRENT ASSETS		66,037,952	60,193,830
TOTAL ASSETS		72,731,321	67,840,668
LIABILITIES			
Current Liabilities:			
Trade & Other Payables	16	943,938	1,065,575
Borrowings	17	90,568	355,472
Current tax liabilities	25	9,913	5,195
TOTAL CURRENT LIABILITIES		1,044,419	1,426,242
Non-Current Liabilities:			
Borrowings	17	34,799,761	34,763,982
Provisions	19	33,375	35,599
Deferred tax liabilities	25	7,107,785	5,311,523
TOTAL NON-CURRENT LIABILITIES		41,940,921	40,111,104
TOTAL LIABILITIES		42,985,340	41,537,346
Net Assets		29,745,981	26,303,322
Equity:			
Issued Capital	20	1,624,752	1,624,752
Retained Earnings		28,121,229	24,678,570
Total Equity		29,745,981	26,303,322

The accompanying notes form part these financial statements.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2015

	NOTE	2015 $	2014 $
Cash Flows from Operating Activities:			
Receipts from customers		9,194,746	9,635,572
Interest received		50,965	910
Other Income		8,007	21,652
Payment to suppliers and employees		(4,463,407)	(4,296,392)
Finance costs		(2,021,653)	(1,995,084)
Income Tax (paid)		-	-
Net Cash Provided by (Used in) Operating Activities	10	2,768,658	3,366,658
Cash Flows from Investing Activities:			
Purchase of property, plant and equipment		(1,365,327)	(2,986,770)
Proceeds from sale of property plant and equipment			37,000
Net Cash (Used in) Investing Activities		(1,365,327)	(2,949,770)
Cash Flows from Financing Activities:			
Proceeds from borrowings		-	1,623,506
Loans from related party		-	-
Repayment of borrowings to related party		-	-
Repayment of borrowings		(344,484)	(990,555)
Dividend paid by the company		(552,101)	-
Share Buy Back Payment		-	(155,390)
Net Cash Provided by Financing Activities		(896,585)	477,561
Net Increase (Decrease) in Cash Held		506,746	894,449
Cash and cash equivalents at beginning of financial year		1,258,050	363,601
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR	11	1,764,796	1,258,050

The accompanying notes form part of these financial statements.

AHC LIMITED
ABN 73 010 544 699

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2015

	Note	Share Capital Ordinary	Retained Earnings	Asset Revaluation Reserve	Total
Balance at 1 July 2013		1,780,142	25,162,149	-	26,942,291
Shares bought back during the year		(155,390)		-	(155,390)
Loss for the year			(483,579)		(483,579)
Sub-total		1,624,752	24,678,570	-	26,303,322
Dividends recognized for the year		-	-	-	-
Balance at 30 June 2014		1,624,752	24,678,570	-	26,303,322
Balance at 1 July 2014		1,624,752	24,678,570	-	26,303,322
Shares bought back during the year		-	-		-
Profit for the year		-	3,994,760	-	3,994.760
		-	-	-	-
Sub-total		1,624,752	28,673,330	-	30,298,082
Dividends recognized for the year		-	(552,101)	-	(552,101)
Balance at 30 June 2015		1,624,752	28,121,229	-	29,745,981

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 21st August 2015 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 same taxable entity or different taxable entities where it is intended that taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

Inventories

(a) Land for Sale:

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

(b) Constructions Contracts and Work In Progress:

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

Property, Plant & Equipment

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

Property

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

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

Plant & Equipment

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

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

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

Depreciation

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

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

Class of Fixed Asset	Depreciation Rate
Buildings	2.5%
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 2015. Property under construction is booked at cost. Changes to fair value are recognised in profit or loss in the period in which they occur. A net revaluation of investment property 4,309,490 occurred this reporting period.

Leases

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

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

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

Impairment of Assets

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

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

Employee Benefits

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.

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.

<u>Key estimates - impairment</u>
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 2017).

  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 2017).

  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.

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.

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 2017, 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	2015 $	2014 $
Operating Activities		
Sales Revenue	3,207,425	3,553,765
Rent Received	5,205,740	4,928,645
Other Income	8,008	21,652
Interest Received	50,965	910
Revaluation of Assets	4,309,490	-
Devaluation of Assets	-	(1,350,404)
Total Revenue	12,781,628	7,154,568
Other Income/ (Loss)		
- Gain (Loss) on disposal of property, plant & equipment	(1,369)	4,812
		-
Total Other Income/(Loss)	(1,369)	4,812

NOTE 3: PROFIT FOR THE YEAR

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

EXPENSES:

	2015 $	2014 $
Finance Costs		
Other persons / corporations	2,007,275	1,999,829
Finance charges relating to finance lease	14,378	15,255
Related Party		-
Total borrowing costs	2,021,653	2,015,084
Depreciation:		
Property, plant & equipment	13,370	15,776
Leased assets	48,642	44,103
	62,012	59,879

Significant Expenses

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

	2015 $	2014 $
Cleaning and Rubbish Removal	264,389	258,730
Electricity	132,308	172,500
Insurance	113,504	108,664
Legal Fees	163,664	124,273
Bad Debts	63,779	37,549

	2015 $	2014 $
NOTE 4: TAX EXPENSE		
a) The components of tax expense/(income) comprise:		
Current Tax expense/(income)	-	-
Deferred Tax expense/(income) relating to the origination and reversal of temporary differences	1,678,935	114,526
	1,678,935	114,526
b) The prima facie tax on profit/(loss) from ordinary activities before income tax is reconciled to the income tax as follows:		
Prima facie tax payable on profit/(loss) from ordinary activities before income tax at 30% (2014: 30%)	1,702,109	(110,716)
ADD		
Tax effect of:		
Non-deductible depreciation	14,593	13,231
Other non-allowable items	274,438	527,458
	1,991,140	429,973
LESS		
Tax effect of:		
Other deductible items	(312,205)	(315,447)
Income tax expense/(income) attributable to entity	1,678,935	114,526

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	15,838	207,441
Rod Lindsay MacLeod	147,999	14,060		10,489	172,548
Wayne Benson Lester	76,738	9,737	25,262	2,096	113,833
Rodney Joseph Walsh	800	1,520	15,200	-	17,520
Sheryl Anne MacLeod	156,624	16,623	18,356	12,134	203,737

Shareholdings:

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

Directors:	Balance 1.7.14	Net Change	Balance 30.6.15
Mr Ian R MacLeod	1,643,161	-	1,643,161
Mrs Sheryl A MacLeod	1,643,161	10,000	1,653,161
Mr Rod L MacLeod	170,000		170,000
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.

	2015	2014
	$	$
NOTE 6. AUDITOR'S REMUNERATION		
Remuneration of the auditor for:		
- auditing or reviewing the financial report	35,000	25,000
- auditing the rental shop leases	8,000	2,000
	43,000	27,000

NOTE 7. DIVIDENDS PAID OR PROPOSED		
Distributions Paid	**2015**	**2014**
Interim fully franked ordinary dividend of 10 cents per share .	$	$
	552,101	-
Balance of franking account at year end adjusted for franking credits arising from payment of provision for income tax and payment of proposed dividends:	3,351,004	3,587,619

NOTE 8. EARNINGS PER SHARE

	Cents per share	Cents per share
Basic earnings per share	72.36	(8.76)
Diluted earnings per share	72.36	(8.68)
Weighted average number of ordinary shares outstanding during the year used in calculation of diluted EPS	5,521,013	5,571,999
Earnings used in the calculation of basic EPS and diluted EPS	3,994,760	(483,579)

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**	
	2015	**2014**	**2015**	**2014**
	$000's	$000's	$000's	$000's
REVENUE				
External Sales	8,472	8,510	8,572	8,510
Other Segments	-	-	-	-
Total Sales Revenue	8,472	8,510	8,472	8,510
Total Segment Revenue	8,472	8,510	8,472	8,510
Unallocated Revenue			-	-
Total Revenue from Ordinary Activities			8,472	8,510
RESULT				
Segment Result	5,674	(369)	5,674	(369)
Unallocated expenses net of unallocated revenue			-	-
Profit from ordinary activities before income tax expense			5,674	(369)
Income Tax Expense			(1,679)	(115)
Profit from ordinary activities after income tax expense			3,995	(484)
ASSETS				
Segment Assets	72,745	67,855	72,745	67,855
Unallocated Assets			-	-
Total Assets			72,745	67,855
LIABILITIES				
Segment Liabilities	43,000	41,551	43,000	41,551
Unallocated Liabilities			-	-
Total Liabilities			43,000	41,551
OTHER				
Depreciation and amortisation of segment assets	62	60	62	60

	2015 $	2014 $

NOTE 10. CASH FLOW INFORMATION

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

	2015 $	2014 $
Profit after income tax for the year	3,994,760	(483,579)
Non-Cash Items included in Profit or Loss:		
Net (gains)/losses on disposal of property, plant and equipment	1,369	(4,812)
Depreciation & Amortisation expense	62,012	59,879
Revaluation of investment property	(4,309,490)	1,350,404
	(251,349)	921,892
Cash Flows attributable to investing activities	-	-
Net Changes in Working Capital:		
Decrease/(Increase) in current inventories	1,432,047	2,433,336
Decrease /(Increase) in current receivables	22,008	229,442
(Decrease)/Increase in trade and other accounts payable	(124,316)	(401,592)
Increase/(Decrease) Movement in taxes payable	(21,448)	76,582
Increase/(Decrease) in deferred taxes payable	1,678,935	114,526
Increase/(Decrease) in provisions	26,622	2,289
Increase/(Decrease) in prepayments	6,159	(9,816)
Cash Flows from changes in assets and liabilities	3,020,007	2,444,767
Net Cash provided by operating activities	2,768,658	3,366,659

	2015 $	2014 $
Credit Standby Arrangements with Banks:		
Credit facility	34,676,000	34,967,999
Bank overdraft	-	-
Amount utilized	(34,618,999)	(34,962,999)
Amount unutilized	57,001	5,000
Lease Facility	340,000	201,497
Amount utilized	(95,230)	(201,497)
Amount unutilized	244,770	-
Guarantee Facility	344,000	344,000
Amount utilized	(20,000)	(344,000)
Amount unutilized	324,000	NIL

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

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

NOTE 11: CASH and CASH EQUIVALENTS

	2015	2014
	$	$
Cash on hand	250	250
Cash at bank	422,747	736,493
Short term deposits	1,341,799	521,307
	1,764.796	1,258,050

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	1,764,796	1,258,050
Bank overdrafts	-	-
	1,764,796	1,258,050

NOTE 12. TRADE and OTHER RECEIVABLES

Current:		
Trade receivables	53,115	74,993
Provision for impairment	(14,260)	(14,130)
	38,855	60,863

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	-	1,866,239
Land held for resale – at cost:		
Cost of acquisition	2,941,668	2,941,668
Development costs capitalized	1,883,349	1,449,158
Total Inventories	4,825,017	6,257,065

NOTE 14. OTHER CURRENT ASSETS

Current:		
Prepayments	64,701	70,860
Other	-	-
	64,701	70,860

NOTE 15. PROPERTY, PLANT AND EQUIPMENT:

	2015 $	2014 $
INVESTMENT PROPERTY UNDER CONSTRUCTION		
Worongary Shopping Centre		
Improvements at cost	-	60,578
Gympie Service Station		
Investment property under construction at cost	-	-
Rockhampton Freehold Land		
Investment property under construction at cost	5,233,077	4,504,099
Total Land, Buildings and Investment Property Under Construction	5,233,077	4,564,677
PLANT AND EQUIPMENT		
Plant and equipment - at cost	46,856	46,856
Less: Accumulated depreciation	(23,460)	(17,604)
	23,396	29,252
Office furniture, equipment and display furniture - at cost	286,446	290,333
Less: Accumulated depreciation	(256,905)	(259,330)
	29,541	31,003
Leased plant and equipment - at cost	369,798	275,257
Less: Accumulated depreciation	(126,843)	(98,015)
	242,955	177,242
Total Plant and Equipment	295,892	237,497
Total Property, Plant and Equipment	**5,528,969**	**4,802,174**

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

Movements in the Carrying Amounts

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

	Land & Buildings	Plant & Equipment	Leased Plant & Equipment	Investment Property under construction	Total
Balance at 1 July 2013	-	76,031	181,542	5,428,311	5,685,884
Additions	-	-	71,992	2,486,770	2,558,762
Disposals/transfer to investment property	-	-	(32,192)		(32,192)
Capitalised Borrowing Costs				(3,350,404)	(3,350,404)
Depreciation Expense	-	(15,776)	(44,100)	-	(59,876)
Balance at 30 June 2014	-	**60,255**	**177,242**	**4,564,677**	**4,802,174**
Additions	-	6,417	133,360	668,400	808,177
Disposals/transfer To Investment Property	-	-	-		-
Disposals at written down value	-	(365)	(19,005)	-	(19,370)
Depreciation Expense	-	(13,370)	(48,642)	-	(62,012)
Balance at 30 June 2015	-	**52,937**	**242,955**	**5,233,077**	**5,528,969**

NOTE 16. TRADE AND OTHER PAYABLES

	2015 $	2014 $
Current Unsecured:		
Trade payables (including accrued charges)	234,343	288,744
Other accounts payable	22,613	12,297
Deposits received	151,243	192,828
Employee benefits	220,555	191,708
Rent in Advance	297,344	335,991
GST Payable	17,840	44,007
	943,938	1,065,575
Financial liabilities at amortised cost classified as trade and other payables		
Trade and other payables		
Total Current	943,938	1,065,575
Total Non Current	-	-
Less annual leave entitlements	(220,554)	(191,708)
Deposits Received	(151,243)	(192,828)
Rent in Advance	(297,344)	(335,991)
GST Payable	(17,840)	(44,007)
Financial liabilities as trade and other payables	256,957	301,041

	NOTE	2015 $	2014 $
NOTE 17. BORROWINGS			
Current Secured:			
Lease liabilities	21	90,568	55,472
Loans - Other	c)	-	300,000
Total current borrowings		90,568	355,472
Non-Current Secured			
Lease Liability	21	180,762	143,291
Loans - Bank Bills	a),b), c)	34,618,999	34,620,691
Total non-current Borrowings		34,799,761	34,763,982
Total Borrowings		34,890,329	35,119,454

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 Worongary Shopping Centre, 1 Mudgeeraba Road, Worongary.
First Registered Mortgage over property situated at Southside Town Centre, 1 Woolgar Road Gympie.

b. The National Australia bank bills are rolled over monthly and a variable rate of interest is payable on roll over. Bank bills payable have been drawn down as a source primarily, of long-term finance. The National Australia Bank bill arrangement established in 2014, was specific to the development of the company's non-current assets, Worongary Village Shopping Centre and Gympie Southside Shopping Centre. The expiry date for the National Australia Bank Bills is 30 September 2018. Accordingly these bills have been classified as non-current. Covenants over the facility exist including (i) interest cover of no less than 1.5 times measured as net passing rental income after deducting for capital expenditure, rental incentives and all other expenses (relating to the security properties of Worongary and Gympie Shopping Centres) and (ii) capital adequacy to be no less than 58.5% measured annually.

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	2015	2014
Financial Assets			
Cash and cash equivalents	11	1,764,796	1,258,050
Trade and other receivables	12	38,855	60,863
Total Financial Assets		**1,803,651**	**1,318,853**
Financial Liabilities			
Financial liabilities amortised at cost			
- Trade and other payables	16	256,957	301,041
- Borrowings	17	34,890,329	35,119,454
Total Financial Liabilities		**35,147,286**	**35,420,495**

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

2015	Within 1 Year	1 to 5 Years	Over 5 Years	Total
	$000	$000	$000	$000
Financial Assets- cash flows realisable				
Cash and cash equivalents	1765			1,765
Trade receivables	39			39
Total anticipated inflows	**1,804**	-	-	**1,804**
Financial Liabilities due for payment				
Bank Bills	-	34,619	-	34,619
Financial lease liabilities	91	181	-	272
Trade and other payables	257	-	-	257
Bank overdraft	-	-	-	-
Loan	-	-	-	-
Total contractual outflows	**348**	**34,800**	-	**35,148**
Less bank overdraft	-	-		-
Total expected outflows	**348**	**34,800**	-	**35,148**
Net (outflow)/inflow on financial instruments	**1,456**	**(34,800)**	-	**(33,344)**

NOTE 18. FINANCIAL RISK MANAGEMENT (Cont'd)

2014	Within 1 Year $000	1 to 5 Years $000	Over 5 Years $000	Total $000
Financial Assets - cash flows realizable				
Cash and cash equivalents	1,258	-	-	1,258
Trade receivables	61			61
Total anticipated inflows	**1,319**	-	-	**1,319**
Financial Liabilities due for payment				
Bank bills	-	34,621	-	34,621
Financial lease liabilities	55	143	-	198
Trade and other payables	301	-	-	301
Bank Overdraft	-	-	-	-
Loan	300	-	-	300
Total contractual outflows	**656**	**34,764**	-	**35,420**
Less bank overdraft	-	-		-
Total expected outflows	**656**	**34,764**		**35,420**
Net (outflow)/inflow on financial instruments	**663**	**(34,764)**		**(34,101)**

Market Risk

Interest rate risk

Exposure to interest rate risk arises on interest bearing financial assets and financial liabilities recognized at the en 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 2015, 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 consta would be as follows:

	2015	2014
Change in profit	$	$
- Increase in interest rate by 2%	(695,995)	(695,279)
- Decrease in interest rate by 2%	695,995	695,279
Change in equity		
- Increase in interest rate by 2%	(695,995)	(695,279)
- Decrease in interest rate by 2%	695,995	695,279

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 marke rates.

NOTE 18. FINANCIAL RISK MANAGEMENT (Cont'd)

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

		2015		2014	
	Note	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial Assets		$	$	$	$
Cash and cash equivalents	(i)	1,764,796	1,764,796	1,258,050	1,258,050
Loan and receivables	(ii)	53,115	53,115	74,993	74,993
Total Financial Assets		**1,817,911**	**1,817,911**	**1,333,043**	**1,333,043**
Financial Liabilities					
Trade & other payable	(i)	686,981	686,981	764,534	764,534
Borrowings	(iii)	34,890,329	34,890,329	35,119,454	35,119,454
Total Financial Liabilities		**35,577,310**	**35,577,310**	**35,883,988**	**35,883,988**

NOTE 19. PROVISIONS

	Employee Benefits	Other
Opening balance at 1 July 2014	35,599	
Additional provisions	-	-
Amounts used	2,224	
Balance at 30 June 2015	33,375	

Analysis of Total Provisions	**2015**	**2014**
Current		
Non-current	33,375	35,599
Total Provisions	33,375	35,599

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

	2015	2014
	$	$
Ordinary Shares - fully paid	1,624,602	1,624,602
100 B Class Shares - fully paid	50	50
200 Founders Shares - fully paid	100	100
	1,624,752	1,624,752
Breakdown by Number of Shares:	**No.**	**No.**
Ordinary Shares - fully paid	5,520,713	5,520,713
B Class Shares - fully paid	100	100
Founders Shares - fully paid	200	200
	5,521,013	5,521,013
Movements in issued capital		
Fully paid ordinary shares:		
At the beginning of the reporting period	5,521,013	5,595,113
Shares issued during the period	-	-
Shares bought back during the period	-	74,100
At the end of the reporting period	5,521,013	5,521,013

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 2015 and 30 June 2014 are as follows:

	2015 $	2014 $
Total borrowings	34,890,329	35,119,454
Less cash and cash equivalents	(1,764,796)	(1,258,050)
Net debt	33,125,533	33,861,404
Total equity	29,745,981	26,303,322
Total capital	72,745,581	60,168,776
Gearing Ratio	46%	58%

	2015 $	2014 $
NOTE 21. CAPITAL AND LEASING COMMITMENTS		
Finance Leasing Commitments Payable:		
Not later than one year	103,197	68,386
Later than one year but not later than five years	201,338	155,951
	304,535	224,337
Less: Future finance charges	(33,205)	(25,574)
Total Lease Liability	271,330	198,763
Current Lease Liability	90,568	55,472
Non-Current Lease Liability	180,762	143,291
	271,330	198,763

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

Capital Expenditure Commitments

Capital expenditure Parkhurst Rockhampton	23,000,000	
Worongary Shopping Centre Upgrade	1,500,000	650,000
	24,500,000	650,000

NOTE 22. RELATED PARTY TRANSACTIONS

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

Share Transactions of Directors	**No.**	**No.**
Aggregate number of shares held directly, indirectly or beneficially by Directors at balance date		
Ordinary shares	3,718,631	3,714,631
Share Transactions of Directors or Director-Related Entities		
Aggregate number of shares in AHC Limited acquired during the year by Directors or related entities were as follows:	4,000	-

NOTE 23. INVESTMENT PROPERTY

	2015 $	2014 $
Gympie South Side Shopping Centre - at valuation	24,000,000	23,000,000
Service Station - at valuation	-	-
Worongary District Shopping Centre - at valuation	36,000,000	32,000,000
	60,000,000	55,000,000
Balance at beginning of year	55,000,000	52,500,000
Acquisition / Additions / Transfers	690,510	3,850,404
Disposals	-	-
Fair value adjustments - included in Other Income	4,309,490	(1,350,404)
Balance at year end	60,000,000	55,000,000

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 Gympie Shopping Centre and Worongary Town Centre were re-valued in January 2014. Property under construction is booked at cost.

NOTE 24. TAX BALANCES

	2015 $	2014 $
CURRENT		
Income Tax Payable	-	-

	Opening Balance	Charged to Income	Closing Balance
DEFERRED TAX LIABILITY			
Property Plant & Equipment - tax allowance	54,462	(1,289)	53,173
Tangible Assets revaluation	5,360,353	(102,002)	5,258,351
Balance 30 June 2014	**5,414,815**	**(103,291)**	**5,311,524**
Property Plant & Equipment - tax allowance	53,173	19,713	72,886
Tangible Assets revaluation	5,258,351	1,776,547	7,034,898
Balance 30 June 2015	**5,311,524**	**1,796,261**	**7,107,785**
DEFERRED TAX ASSETS			
Provisions	69,329	12,161	81,490
Property Plant & Equipment - Impairment	64,364	(4,735)	59,629
Future Income Tax Benefits attributable to tax loss	363,728	(230,069)	133,659
Other	112,054	4,825	116,879
Balance 30 June 2014	**609,475**	**(217,818)**	**391,657**
Provisions	81,490	11,241	92,731
Property Plant & Equipment - Impairment	56,629	21,770	81,399
Future Income Tax Benefits attributable to tax losses	133,659	111,991	245,650
Other	116,879	(27,676)	89,203
Balance 30 June 2015	**391,657**	**117,326**	**508,983**

NOTE 24. TAX (Cont'd)

DEFERRED TAXES	**2015**	**2014**
Future Income Tax Benefit is made up of the following estimated tax benefits:	$	$
(a) Tax Losses	245,650	133,65
(b) Temporary Differences	263,333	257,99
	508,983	391,65

NOTE 25. TAX LIABILITIES

	2015	2014
Current:		
Income tax	0	0
Payroll Tax	0	0
Fringe Benefits Tax	9,913	5,195
	9,913	5,195
Deferred:		
Income tax - charged directly to retained earnings	2,645,129	848,86
Income tax - charged directly to equity	4,462,656	4,462,65
	7,107,785	5,311,52

NOTE 26. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

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

There are no other contingent liabilities or contingent assets to report as at 30 June 2015.

NOTE 27. EVENTS AFTER REPORTING DATE

Southside Town Centre has been offered for sale in an expression of interest campaign closing 2nd September 2015.

NOTE 28. 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

the independent audit solution

AHC LIMITED ABN 73 010 544 699

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF AHC LIMITED

Report on the Financial Report

We have audited the accompanying financial report of AHC Limited (the company) which comprises the statement of financial position as at 30 June 2015, and the statement of profit and 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 of the company.

Directors' Responsibility for the Financial Report

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

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Matters Relating to the Electronic Presentation of the Audited Financial Report

This auditor's report relates to the financial report of AHC Limited for the year ended 30 June 2015, intended to be included on the company's website. The company's directors are responsible for the integrity of the company's website. We have not been engaged to report on the integrity of the company's website. The auditor's report refers only to the statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial report to confirm the information included in the audited financial report presented on the website.

Independence

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

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AHC LIMITED ABN 73 010 544 699

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF AHC LIMITED

Auditor's Opinion

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

(a) giving a true and fair view of the company's financial position as at 30 June 2015 and of its performance for the year ended on that date; and

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

WPIAS Pty Ltd
Authorised Audit Company No. 440306

LEE-ANN DIPPENAAR BCom CA RCA
DIRECTOR

Dated this 21st day of August 2015

4 Helensvale Road
Helensvale Qld 4212