



ABN 73 010 544 699

HALF-YEARLY REPORT

31 December 2015

AHC LIMITED ABN 73 010 544 699
INTERIM FINANCIAL REPORT

DIRECTORS' REPORT

Your Directors submit the financial report of AHC Limited for the half-year ended 31 December 2015.

The names of the Directors and Executives who held office during or since the end of the half-year are: -

DIRECTORS

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

Company Secretary

- Sheryl Anne MacLeod

DIVIDENDS PAID

An interim Dividend of \$5,521,013 was paid on 9th December 2015.

REVIEW OF OPERATIONS

Low Volume Market, all queries about share sales and purchases should be made to:

Company Secretary
AHC Limited
PO Box 34
Oxenford Qld 4210
(07) 55 732666

Worongary Town Centre

At the end of 2015, Worongary Town Centre appeared to be receiving its best customer patronage in the centre's history, with a bustling supermarket and busy car park.

Following a recent Coles refurbishment, the additions of a Priceline Pharmacy, Lotus Massage and Supa Saver Discount store to the centre forecourt and the refurbishments to the Eat Street precinct are all having an input to the ongoing success of the Worongary Town Centre and the centre remaining fresh.

The company had also gained approval from Gold Coast City Council to add approximately 700m² of retail space to the centre which we have already secured more than 50% of pre-leasing including a veterinarian clinic, early learning centre and a fitness centre.

The centre expansion plans will commence in the first quarter of 2016.

Southside Town Centre – Gympie

Due to unprecedented demand for retail assets the company made the decision to sell the Southside Shopping Centre in mid November 2015. The company was extremely pleased with the sale outcome which was settled for \$28.3M representing a yield of 6.5%.

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Parkhurst Shopping Centre - Rockhampton

Late December 2015 saw AHC Limited officially break ground at the Parkhurst Shopping Centre (Rockhampton) with major earthworks on the centre building pad getting underway.

As the year closed out the company had undertaken site tree clearing and demolition of all existing buildings, roads and alike from the former caravan park.

Commencement of earthworks, external water main upgrades and completion of the external stormwater discharge were completed in December 2015. The company is now well underway towards our third completed shopping centre development.

Leasing has progressed strongly with Woolworths Supermarket, Priceline Pharmacy, Lucky Charm Newsagent, BWS Bottleshop, Medical Centre and a Service Station all part of the early lease commitments at the end of 2015. Now that commencement at the site is highly visible to the community many small and higher profile leasing enquiries are being fielded.

Drury Lane Industrial - Hervey Bay

In December 2015 the company received draft conditions of approval for all remaining site operational works permits. The site will effectively be shovel-ready in early 2016.

After many years the company anticipates undertaking a commencement of this industrial land subdivision and obtaining registered lots for sale by the end of 2016.

Howard Residential Estate - Hervey Bay

Following extensive planning and consultation with the AHC project team the company submitted a development application with the Fraser Coast Regional Council for a 212 lot lifestyle RV park, a 75 bed aged care facility and up to 40 independent living units. This is a development that has the support of the council and is providing significant excitement for the company, shareholders and the community of Howard.

This development has many positives including an adjacent golf course, the Burrum River in close proximity, tilt train within walking distance of the site as well as the country feel Howard township and community centre all within walking distance.

General Business

Following the sale of the Southside Shopping Centre this allowed the board of AHC Limited to release a generous \$1.00 per share dividend in December 2015 not previously seen at any time in the company history.

With development approvals across Parkhurst, Worongary, Drury Lane (Hervey Bay) and Howard all anticipated to be in place and shovel ready in 2016 the proceeds of the sale of Southside Shopping Centre will ultimately be reinvested into all of these shovel ready projects to continue the growth of the business and shareholder wealth.

AUDITOR'S INDEPENDENCE DECLARATION

AHC LIMITED ABN 73 010 544 699
INTERIM FINANCIAL REPORT

DIRECTORS' REPORT

The auditor's independence declaration under 307C of the Corporations Act 2001 is set out on page 5 for the half-year ended 31 December 2015.

This report is signed in accordance with a resolution of the Board of Directors.

Director

ROD LINDSAY MACLEOD
MANAGING DIRECTOR

Dated this 1st day of March 2016

**AHC LIMITED ABN 73 010 544 699
INTERIM FINANCIAL REPORT**

**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, in relation to the review for the half-year ended 31 December 2015 there have been:

- (a) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review, and
- (b) no contraventions of any applicable code of professional conduct in relation to the review.

WILLIAMS PARTNERS
INDEPENDENT AUDIT SPECIALISTS

REG WILLIAMS
PARTNER

12 Helensvale Road
Helensvale

Dated the 29th day of February 2016

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2015**

	Half-year Ended 31 December 2015 \$	Half-year Ended 31 December 2014 \$
Revenues	2,344,402	4,672,181
Other Income	40,665	16,364
Net Profit on revaluation of investment property	-	4,650,669
Gain on disposal of property plant & equipment	3,143	(1,369)
Gain on disposal of investment property	4,300,000	
Changes in Inventories	-	(1,240,141)
Cost of Goods Sold	(70,712)	(51,628)
Borrowing costs expense	(866,255)	(1,040,949)
Depreciation & Amortisation	(37,443)	(28,901)
Employee Benefits Expense	(624,758)	(575,603)
Rates and Taxes	(186,785)	(203,623)
Repairs & Maintenance	(238,078)	(190,828)
Rent	-	-
Other Expenses	<u>(940,771)</u>	<u>(647,586)</u>
Profit before income tax expense	3,723,408	5,358,586
Income tax (expense)/revenue	<u>(927,048)</u>	<u>(1,399,221)</u>
Profit for the period	<u>2,796,360</u>	<u>3,959,365</u>
Other comprehensive income for the period, net of tax	-	-
Total comprehensive income for the period	<u>2,796,360</u>	<u>3,959,365</u>
Profit attributable to members of the entity	<u>2,796,360</u>	<u>3,959,365</u>
Total comprehensive income attributable to members of the Entity	<u>2,796,360</u>	<u>3,959,365</u>
Earnings per Share:	Cents per share	Cents per share
Basic earnings per share (cents per share)	50.65	71.71
Diluted earnings per share (cents per share)	50.65	71.71
	As at 31 December	As at 30 June

The accompanying notes form part of these financial statements.

**STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2015**

	2015 \$	2015 \$
Current Assets		
Cash and cash equivalents	9,155,857	1,764,796
Trade & Other Receivables	-	38,855
Inventories	5,706,333	4,825,017
Other current assets	6,452	64,701
TOTAL CURRENT ASSETS	14,868,642	6,693,369
Non-Current Assets		
Property, plant and equipment	6,485,363	5,528,969
Deferred tax assets	280,853	508,983
Investment Property	36,000,000	60,000,000
TOTAL NON-CURRENT ASSETS	42,766,216	66,037,952
TOTAL ASSETS	57,634,858	72,731,321
Current Liabilities		
Trade & Other Payables	1,305,562	723,384
Borrowings	87,678	90,568
Current tax liabilities	992,648	9,913
Provisions	174,047	220,554
TOTAL CURRENT LIABILITIES	2,559,935	1,044,419
Non-Current Liabilities		
Deferred tax liability	6,834,499	7,107,785
Provisions	16,502	33,375
Borrowings	21,202,594	34,799,761
TOTAL NON-CURRENT LIABILITIES	28,053,595	41,940,921
TOTAL LIABILITIES	30,613,530	42,985,340
Net Assets	27,021,328	29,745,981
Equity		
Issued Capital	1,624,752	1,624,752
Retained Earnings	25,396,576	28,121,229
Total Equity	27,021,328	29,745,981

The accompanying notes form part of these financial statements.

**STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2015**

	Half-year Ended 31 December 2015 \$	Half-year Ended 31 December 2014 \$
Cash Flows from Operating Activities		
Receipts from customers	2,458,983	5,222,133
Interest received	40,665	8,364
Other income	-	8,000
Payment to suppliers and employees	(2,430,567)	(1,708,167)
Borrowing costs	(866,255)	(1,070,147)
Income tax refund(paid)	-	-
Net Cash Provided by (Used in) Operating Activities	<u>(797,174)</u>	<u>2,460,183</u>
Cash Flows from Investing Activities		
Proceeds from sale of plant and equipment	30,909	-
Proceeds from the sale of Investment Property	28,300,000	-
Purchase of property plant & equipment	(1,021,603)	(742,702)
Net Cash Provided by (Used in) Investing Activities	<u>27,309,306</u>	<u>(742,702)</u>
Cash Flows from Financing Activities		
Repayment of borrowings	(13,600,058)	(320,924)
Dividend paid	(5,521,013)	(552,102)
Share Buy Back Payment	-	-
Net Cash Provided by (Used in) Financing Activities	<u>(19,121,071)</u>	<u>(873,026)</u>
Net Increase (Decrease) in Cash Held	7,391,061	844,455
Cash and cash equivalents at beginning of period	<u>1,764,796</u>	<u>1,258,050</u>
Cash and cash equivalents at the end of period	<u>9,155,857</u>	<u>2,102,505</u>

The accompanying notes form part of these financial statements.

**STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2015**

	Note	Share Capital Ordinary	Retained Earnings	Asset Revaluati on Reserve	Total
Balance at 1.7.2014		1,624,752	24,678,570	-	26,303,322
Shares bought back during the year					-
Profit attributable to members of the entity			3,959,365		3,959,365
Sub-total		1,624,752	28,637,935	-	30,262,687
Dividends paid or provided for		-	(552,102)		(552,102)
Balance at 31.12.2014		1,624,752	28,085,833	-	29,710,585
Balance at 1.7.2015		1,624,752	28,121,229	-	29,745,981
Shares bought back during the year		-			-
Profit attributable to members of the entity		-	2,796,360	-	2,796,360
Total other comprehensive income for the period		-	-	-	-
Sub-total		1,624,752	30,917,589	-	32,542,341
Dividends paid or provided for		-	(5,521,013)	-	(5,521,013)
Balance at 31.12.2015		1,624,752	25,396,576	-	27,021,328

The accompanying notes form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED
31 DECEMBER 2015**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Basis of Preparation

These general purpose interim financial statements for the half-year reporting period ended 31 December 2015 have been prepared in accordance with requirements of the Corporations Act 2001 and Australian Accounting Standard AASB 134: Interim Financial Reporting. The company is a for-profit entity for financial reporting purposes under Australia Accounting Standards.

This interim financial report is intended to provide users with an update on the latest financial statements of AHC Limited. As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the company. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the company for the year ended 30 June 2015, together with any public announcements made during the following half-year.

b. Accounting Policies

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements. The company has considered the implications of new or amended Accounting Standards, but determined that their application to the financial statement is either not relevant or not material.

c. Critical Accounting Estimates and Significant Judgments Used in Applying Accounting Policies

The critical estimates and judgments are consistent with those applied and disclosed in the 30 June 2015 annual report.

NOTE 2: 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.

Based on the approved budgeted cash flow forecast the company has sufficient resources to continue as a going concern. This is dependent on realisation of cash flows as contemplated in the forecast, including timing of revenue streams, containment of expenditure.

The directors have prepared the financial statements on the going concern basis, as it is their intent to meet payment obligations from cash flows received in the normal course of business.

NOTE 3: RESULTS FOR THE PERIOD

The company reports an after tax operating profit of \$2,796,360 which represents a decrease on the profit by \$1,163,005 reported in the prior corresponding December period. The 2014 profit recognized various land sales in that particular financial period.

NOTE 4: DIVIDENDS

Half-year Ended Half-year Ended

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED
31 DECEMBER 2015

	31 December 2015	31 December 2014
Distributions paid/provided for:		
Interim fully franked ordinary dividend paid on 9th December 2015 \$1.00 per share franked at the rate of 30%	5,551,013	552,102

NOTE 5: CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There has been no change in contingent liabilities since the last annual reporting period.

NOTE 6: EVENTS AFTER THE END OF THE INTERIM PERIOD

On the 20th January 2016 the company entered into a share buy-back the result was 377,653 shares were bought back at \$2.10 per share.

NOTE 7: OPERATING SEGMENTS

AHC Ltd is a property developer specializing in the commercial construction and management of shopping centres.

NOTE 8: FAIR VALUE MEASUREMENT

a. Valuation techniques

In the absence of an active market for an identical asset or liability, the Company selects and uses one or more valuation techniques to measure the fair value of the asset or liability. The Company selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the Company are consistent with one or more of the following valuation approaches:

- *Market approach*: valuation techniques that use prices and other relevant information generated by market transactions for identical or similar assets or liabilities.
- *Income approach*: valuation techniques that convert estimated future cash flows or income and expenses into a single discounted present value.
- *Cost approach*: valuation techniques that reflect the current replacement cost of an asset at its current service capacity.

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the Company gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability are considered observable, whereas inputs for which market data is not available and therefore are developed using the best information available about such assumptions are considered unobservable.

b. Fair Value Measurement

Amounts and the level of the Fair Value Hierarchy within which the Fair Value Measurements are Categorized.

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED
31 DECEMBER 2015

		Fair Value Measurements at 31 December 2015 Using:
		Significant Observable Inputs Other than Level 1 Inputs \$000
Description	Note	(Level 2)
Investment & Property		36,000

		Fair Value Measurements at 30 June 2015 Using:
		Significant Observable Inputs Other than Level 1 Inputs \$000
Description	Note	(Level 2)
Investment & Property		60,000

Valuation Techniques and Inputs Used to Determine Level 2 Fair Values

Description	Fair Value at 31 December 2015 \$000	Description of Valuation Techniques	Inputs Used
Level 2 Property & Investment	36,000	Valuation based on Rental Income	Rental Income

DIRECTORS' DECLARATION

The directors of the company declare that: -

1. The financial statements and notes, as set out on pages 6 - 12 are in accordance with the Corporations Act 2001, including
 - (a) complying with Accounting Standard AASB 134: Interim Financial Reporting; and
 - (b) giving a true and fair view of the company's financial position as at 31 December 2015 and of its performance for the half-year ended on that date.

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.

This declaration is made in accordance with a resolution of the board of directors.

ROD L. MACLEOD - DIRECTOR

Dated the 1st day of March 2016