



ABN 73 010 544 699

# HALF-YEARLY REPORT

**31 December 2016**

**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 2016.

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**

No dividend was paid for the half year ended 31 December 2016.

**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**

As at the close of 2016 exciting new tenant Noodle Box commenced trading at the centre and the company had agreed terms with a local pool maintenance operator and has now opened for business within the new extension area, trading as Trojan Pools.

Any remaining space in the centre is currently under negotiation.

We remain very proud of the ongoing tenant renewal and extended service offering that the Worongary Town Centre holds and is attracting from new interested parties.

This centre continues to provide solid financial returns and growth in this dynamic market.

On the 8<sup>th</sup> February 2017 the company listed Worongary Shopping Centre for tender sale by expression of interest.

**Parkhurst Shopping Centre - Rockhampton**

The Parkhurst Town Centre officially opened for business on 15 November 2016 which was a fantastic achievement for our small yet hardworking team.

At the opening of the centre a Woolworths supermarket of approximately 4000m<sup>2</sup> commenced trading as the anchor tenant and was supported by BWS bottle-shop, Breeze Hairdresser, Scarlet Nail Salon, Helen's Massage therapist, a Sushi Shop and a Medical Centre.

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

**DIRECTORS' REPORT**

In December other tenants such as Puma Fuel, Priceline Pharmacy, Parkhurst Quality meats and the Lucky Charm newsagents opened for the first time whilst 12 Rounds Fitness have recently opened in January.

New additions are on the way including Brumby's Bakery and a coffee shop expecting to open in March/April 2017.

As Central Queensland including Rockhampton has been defined as being a trough of the economic cycle, leasing the centre to full occupancy is going to take time, however green shoots are appearing.

New investment into the regions is taking place at all levels of government and we believe this centre is very well placed to capture future growth and confidence in the market.

**Drury Lane Industrial - Hervey Bay**

Due to the (IA) infrastructure agreement in place with the Fraser Regional Council AHC Limited advanced the project to early construction works to invoke a substantial commencement of the IA.

These works have consisted of earthworks to Drury Lane to effectively form the majority of the Drury Lane road reserve.

These works are now ongoing as we look to bring saleable lots to market in the near future.

**Howard Residential Estate - Hervey Bay**

Since development approval for the 213 lot lifestyle village/RV park, 75 bed aged care facility and 47 independent living units little to no capital has been afforded to this development by the company due to other projects such as the Parkhurst development taking priority.

However in December 2016 executives of the Fraser Coast Regional Council agreed that an infrastructure agreement could be entered into between AHC Limited and the council for the supply of town sewerage to the property following the confirmation of State and Local government funding towards increased sewerage capacity in Howard.

The Company will be considering next steps of this property in the first quarter of 2017 in conjunction with completing an infrastructure agreement for the supply of sewerage with council.

**General Business**

With extensions at Worongary, and construction at Parkhurst now complete, 2017 will be focused upon consolidating and improving our portfolio where possible.

Worongary Town Centre has strong interest for space in the basement where the company previously obtained permits for indoor recreation use as well as interest in a cafe kiosk within the existing Coles forecourt turret.

With Parkhurst Town Centre recently completed and a work in progress the company will undertake extensive strategic planning early in 2017 to map out the direction of the company over the next 5 - 10 years.

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

**DIRECTORS' REPORT**

**AUDITOR'S INDEPENDENCE DECLARATION**

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 2016.

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



**ROD LINDSAY MACLEOD  
MANAGING DIRECTOR**



**IAN R MACLEOD  
DIRECTOR**

Dated this 10<sup>th</sup> March 2017 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 half-year ended 31 December 2016, there have been:

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

**WPIAS Pty Ltd**  
Authorised Audit Company No. 440306



**LEE-ANN DIPPENAAR** BCom CA RCA  
**DIRECTOR**

**Dated this 10<sup>th</sup> day of March 2017**

**4 Helensvale Road,  
HELENSVALE QLD 4212**

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**HEAD OFFICE:**

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**e: info@wpias.com.au**  
**w: www.wpias.com.au** WPIAS a Limited Partnership

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



Liability limited by a scheme approved under  
Professional Standards Legislation

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2016**

	Half-year Ended 31 December 2016 \$	Half-year Ended 31 December 2015 \$
Revenues	1,779,529	2,344,402
Other Income	52,734	40,665
Net Profit on revaluation of investment property	-	-
Gain on disposal of property plant & equipment	(9,503)	3,143
Gain on disposal of investment property	-	4,300,000
Changes in Inventories	-	-
Cost of Goods Sold	-	(70,712)
Borrowing costs expense	(492,905)	(866,255)
Depreciation & Amortisation	(37,043)	(37,443)
Employee Benefits Expense	(777,329)	(624,758)
Rates and Taxes	(142,926)	(186,785)
Repairs & Maintenance	(91,096)	(238,078)
Rent	-	-
Other Expenses	(66,861)	(940,771)
Profit before income tax expense	214,599	3,723,408
Income tax (expense)/revenue	(33,017)	(927,048)
Profit for the period	181,582	2,796,360
Other comprehensive income for the period, net of tax	-	-
<b>Total comprehensive income for the period</b>	<b>181,582</b>	<b>2,796,360</b>
Profit attributable to members of the entity	181,582	2,796,360
Total comprehensive income attributable to members of the Entity	181,582	2,796,360
Earnings per Share:	Cents per share	Cents per share
Basic earnings per share (cents per share)	3.53	50.65
Diluted earnings per share (cents per share)	3.53	50.65

*The accompanying notes form part of these financial statements.*

**STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2016**

	As at 31 December 2016 \$	As at 30 June 2016 \$
<b>Current Assets</b>		
Cash and cash equivalents	6,699,333	8,713,397
Trade & Other Receivables	71,726	133,359
Inventories	6,104,233	5,779,793
Other current assets	342,791	359,214
<b>TOTAL CURRENT ASSETS</b>	<b>13,218,083</b>	<b>14,985,763</b>
<b>Non-Current Assets</b>		
Property, plant and equipment	32,493,255	16,897,969
Deferred tax assets	272,141	218,914
Investment Property	36,000,000	36,000,000
<b>TOTAL NON-CURRENT ASSETS</b>	<b>68,765,396</b>	<b>53,116,883</b>
<b>TOTAL ASSETS</b>	<b>81,983,479</b>	<b>68,102,646</b>
<b>Current Liabilities</b>		
Trade & Other Payables	3,173,499	4,162,109
Borrowings	54,129	68,759
Current tax liabilities	956,935	896,048
Provisions	-	-
<b>TOTAL CURRENT LIABILITIES</b>	<b>4,184,563</b>	<b>5,126,916</b>
<b>Non-Current Liabilities</b>		
Deferred tax liability	6,922,331	6,908,319
Provisions	15,858	16,503
Borrowings	44,453,419	29,825,183
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>51,391,608</b>	<b>36,750,005</b>
<b>TOTAL LIABILITIES</b>	<b>55,576,171</b>	<b>41,876,921</b>
<b>Net Assets</b>	<b>26,407,308</b>	<b>26,225,725</b>
<b>Equity</b>		
Issued Capital	831,681	831,681
Retained Earnings	25,575,627	25,394,044
<b>Total Equity</b>	<b>26,407,308</b>	<b>26,225,725</b>

*The accompanying notes form part of these financial statements.*

**STATEMENT OF CASH FLOWS  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2016**

	Half-year Ended 31 December 2016 \$	Half-year Ended 31 December 2015 \$
<b>Cash Flows from Operating Activities</b>		
Receipts from customers	2,036,779	2,458,983
Interest received	47,600	40,665
Payment to suppliers and employees	(2,577,312)	(2,430,567)
Borrowing costs	(492,905)	(866,255)
Income tax refund(paid)	-	-
<b>Net Cash Provided by (Used in) Operating Activities</b>	<u>(985,838)</u>	<u>(797,174)</u>
<b>Cash Flows from Investing Activities</b>		
Proceeds from sale of plant and equipment		30,909
Proceeds from the sale of Investment Property	-	28,300,000
Purchase of property plant & equipment	<u>(15,168,753)</u>	<u>(1,021,603)</u>
<b>Net Cash Provided by (Used in) Investing Activities</b>	<u>(15,168,753)</u>	<u>27,309,306</u>
<b>Cash Flows from Financing Activities</b>		
Proceeds from borrowings	14,158,163	
Repayment of borrowings	(17,636)	(13,600,058)
Dividend paid	-	(5,521,013)
Share Buy Back Payment	-	-
<b>Net Cash Provided by (Used in) Financing Activities</b>	<u>14,140,527</u>	<u>(19,121,071)</u>
<b>Net Increase (Decrease) in Cash Held</b>	<u>(2,014,064)</u>	<u>7,391,061</u>
Cash and cash equivalents at beginning of period	<u>8,713,397</u>	<u>1,764,796</u>
<b>Cash and cash equivalents at the end of period</b>	<u>6,699,333</u>	<u>9,155,857</u>

*The accompanying notes form part of these financial statements.*



STATEMENT OF CHANGES IN EQUITY  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

	Note	Share Capital Ordinary	Retained Earnings	Asset Revaluati on Reserve	Total
<b>Balance at 1.7.2015</b>		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
Sub-total		1,624,752	30,917,589	-	32,542,341
Dividends paid or provided for		-	(5,521,013)		(5,521,013)
<b>Balance at 31.12.2015</b>		1,624,752	25,396,576	-	27,021,328
<b>Balance at 1.7.2016</b>		831,681	25,394,045	-	26,225,726
Shares bought back during the year		-	-		-
Profit attributable to members of the entity		-	181,582		181,582
Total other comprehensive income for the period		-	-	-	-
Sub-total		831,681	25,575,627	-	26,407,308
Dividends paid or provided for		-	-		-
<b>Balance at 31.12.2016</b>		831,681	25,575,627	-	26,407,308

*The accompanying notes form part of these financial statements.*

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED  
31 DECEMBER 2016

**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 2016 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 2016, 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 2016 annual report.

**d. Valuation**

In accordance with the company's accounting policies, independent valuations are required to be conducted every two years. The last independent valuation was conducted in January 2014. It was anticipated and advised in the 30 June 2016 Annual Financial Statements that an independent valuation would be carried out in November 2016. However due to the decision to list Worongary Town Centre for sale by expression of interest, a valuation has not been conducted. It is the director's opinion that the investment property is at fair and reasonable value as at 31<sup>st</sup> December 2016.

**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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED  
31 DECEMBER 2016

NOTE 3: RESULTS FOR THE PERIOD

The company reports an after tax operating profit of \$181,582 which represents a decrease on the profit by \$2,614,778 reported in the prior corresponding December period. The 2015 profit recognized the sale of Southside Town Centre in that particular financial period.

NOTE 4: DIVIDENDS

	Half-year Ended 31 December 2016	Half-year Ended 31 December 2015
<b>Distributions paid/provided for:</b>		
Interim fully franked ordinary dividend paid on 9th December 2015 \$1.00 per share franked at the rate of 30%	-	5,521,013

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 8<sup>th</sup> February 2017 the company listed Worongary Shopping Centre for sale by expression of interest.

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED  
31 DECEMBER 2016

**b. Fair Value Measurement**

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

		Fair Value Measurements at 31 December 2016 Using:
		Significant Observable Inputs Other than Level 1 Inputs \$000
<b>Description</b>	<b>Note</b>	<b>(Level 2)</b>
Investment & Property		36,000

		Fair Value Measurements at 30 June 2016 Using:
		Significant Observable Inputs Other than Level 1 Inputs \$000
<b>Description</b>	<b>Note</b>	<b>(Level 2)</b>
Investment & Property		36,000

**Valuation Techniques and Inputs Used to Determine Level 2 Fair Values**

Description	Fair Value at 31 December 2016 \$000	Description of Valuation Techniques	Inputs Used
Level 2	\$000		
Property & Investment	36,000	Valuation based on Rental Income	Rental Income

**NOTE 9: PROPERTY, PLANT & EQUIPMENT**

The Parkhurst Town Centre was completed and officially opened for business on 15<sup>th</sup> November 2016. However, we have not yet commenced the depreciation of the Parkhurst Town Centre as at 31<sup>st</sup> December 2016 due to the pending final Tax Depreciation Report and valuation for the asset and accordingly have not reclassified Parkhurst Town Centre from Property, Plant and Equipment – Investment Property under Construction to Investment Property.

**DIRECTORS' DECLARATION**

The directors of the company declare that: -

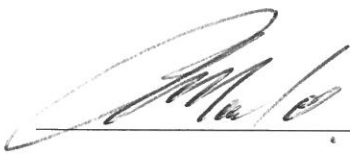
1. The financial statements and notes, as set out on pages 6 - 12 are in accordance with the Corporations Act 2001, including
  - (a) complying with Accounting Standard AASB 134: Interim Financial Reporting: and
  - (b) giving a true and fair view of the company's financial position as at 31 December 2016 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.



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**ROD L. MACLEOD - DIRECTOR**



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**IAN R. MACLEOD - DIRECTOR**

Dated the 10<sup>th</sup> March 2017 at Worongary.

**AHC LIMITED**  
**ABN 73 010 544 699**

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

**Report on the Half-Year Financial Report**

We have reviewed the accompanying half-year financial report of AHC Limited (the company) which comprises the Statement of Financial Position as at 31 December 2016, the Statement of Profit or Loss and Other Comprehensive Income, the Statement of Changes in Equity and the Statement of Cash Flows, for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information and the Directors' Declaration.

**Directors' Responsibility for the Half-Year Financial Report**

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

**Auditors' Responsibility**

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the entity's financial position as at 31 December 2016 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of AHC Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

**Independence**

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

**HEAD OFFICE:**

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**AHC LIMITED**  
**ABN 73 010 544 699**

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

**Conclusion**

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of AHC Limited is not in accordance with the Corporations Act 2001 including:

- (a) giving a true and fair view of the entity's financial position as at 31 December 2016 and of its performance for the half-year ended on that date; and
- (b) complying with AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

**Emphasis of Matter**

Without modifying our conclusion, we draw attention to Note 1(d) - Valuation, of the financial report. The company's accounting policy requires independent valuations to be conducted every two years for investment property with the last independent valuation being conducted in January 2014. However due to the decision to list Worongary Town Centre for sale by expression of interest, a valuation has not been conducted as at 31 December 2016 and investment property is carried at the director's valuation amount. Whether the value of the investment property is at fair value is uncertain.

**WPIAS Pty Ltd**

Authorised Audit Company No. 440306



**LEE-ANN DIPPENAAR BCom CA RCA**  
**DIRECTOR**

Dated this 10<sup>th</sup> day of March 2017

**4 Helensvale Road**  
**HELENSVALE QLD 4212**