

AHC Limited

73 010 544 699

Financial Statements

For the Half Year Ended 31 December 2020

AHC Limited

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For the Half Year Ended 31 December 2020

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Directors' Report

31 December 2020

The directors present their report on AHC Limited for the half year ended 31 December 2020.

1. General information

Information on directors

The names of each person who has been a director during the half year and to the date of this report are:

Ian Roderick MacLeod

Wayne Benson Lester

Rod Lindsay MacLeod

Rodney Joseph Walsh

Sheryl Anne MacLeod

Katie Louise Hicks

Principal activities

The principal activity of AHC Limited is property development for long term asset portfolio creation and the subdivision of land for residential and commercial development and ownership.

No significant changes in the nature of the Company's activity occurred during the half year.

2. Operating results and review of operations for the year

Operating results

The profit of the Company after providing for income tax amounted to \$196,665 (2019: \$22,777 loss).

Review of operations

Parkhurst Shopping Centre – Rockhampton

As reported previously, the COVID-19 pandemic had a reasonable impact on the centre in the first half of the year however the centre bounced back, roughly from the end of July 2020 and closed out the year with growth in annual turnover across multiple outlets.

Significant roadworks associated with the duplication of the Bruce Highway fronting the Parkhurst Town Centre also had an impact on foot traffic. Many elderly shoppers and other members of the community had confirmed that this had been a factor in them avoiding the area and centre at certain stages of the works. We look forward to the completion of these roadworks and the benefits that will flow as shoppers enjoy a much greater flow and ease of movement around the centre at all times of the day.

Whilst we did not lose any tenants in 2020 because of the COVID-19 pandemic we unfortunately have not added any either. However, we believe the tide has turned and many potential operators are seeing the benefits of the North Rockhampton growth corridor and the prospect of being at the very beginning of the Rockhampton Ring Road.

Dundowran Industrial – Hervey Bay

The Dundowran Industrial Estate recorded its first sale to a locally owned and operated small business RPM Mechanical in October 2020. We look forward to seeing the new premises come to life in the coming months on Lot 76 across 2,476m².

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Directors' Report

31 December 2020

Interest in the Dundowran Industrial Estate was certainly at its highest point since our association with the site at the end of 2020 and we are of the view that this will improve heading into 2021 as investors and alike grow in confidence to invest post-pandemic.

With residential land sales across the Fraser Coast region performing extremely well, this is bringing with it, new business and new needs to support the growing population. We are now receiving interest from local builders and developers, existing locally owned business and business from interstate and from outside the Fraser Coast region. As adjacent lower quality competitor stock is now diminishing, we believe the site is very well placed in the growth corridor of western Hervey Bay to capture future sales soon.

Good Life RV & Lifestyle Resorts Fraser Coast

In terms of progress on the project we can confirm tree clearing across 12 hectares was commenced in September 2020 readying the site for civil works in early 2021 and maintaining positive momentum in the market through activity on site. Sewerage connections via railway under bore to the site was commenced by Fraser Coast Regional Council in late 2020. This was a delayed start due to pending under bore approval from Qld Rail. Early earthworks to and through an Ergon easement from William Street was also commenced in late 2020 in readiness for an Ergon transformer to be installed and a permanent power supply provided to the site.

In December 2020 floor plans and marketing brochures surrounding Stages 1 & 1A (Clubhouse precinct) were released to the market. A test targeted social media campaign was undertaken in December 2020 with strong interest generated from the localised Hervey Bay region. This has yielded a very encouraging response and interest. A Good Life team was assembled to attend the Howard Country Markets in December with wonderful feedback provided by all locals, travellers and interested parties on the day.

Impact of COVID-19

The COVID-19 pandemic developed rapidly in 2020. Measures taken by various governments to contain the virus have affected economic activity. The Directors have taken a number of measures to monitor and mitigate the effects of COVID-19, such as safety and health measures for our people (such as social distancing and working from home) and securing our development process.

At this stage, the impact on our business and results has not been significant and based on our experience to date we expect this to remain the case. The Directors will continue to follow the various government policies and advice to ensure minimal impact on future trading and operations.

Indemnification and insurance of officers and auditors

No indemnities have been given or insurance premiums paid, during or since the end of the half year, for any person who is or has been an officer or auditor of AHC Limited.

Auditor's independence declaration

The lead auditor's independence declaration in accordance with section 307C of the *Corporations Act 2001*, for the period ended 31 December 2020 has been received and can be found on page 4 of the financial report.

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

Director:

Director:

Dated this 8th day of March 2021



DICKFOS DUNN ADAM

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Auditor's Independence Declaration under Section 207C of the Corporations Act 2001 to the Directors of AHC Limited

I declare that, to the best of our knowledge and belief, during the half-year ended 31 December 2020, there have been no contraventions of:

- (i) the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

DICKFOS DUNN ADAM
Audit & Assurance

Dickfos Dunn Adam
.....

24/2/2021
.....
Date
Southport

T.L. Adam
.....
T.L. Adam

AHC Limited

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Statement of Profit or Loss and Other Comprehensive Income

For the Half Year Ended 31 December 2020

	Half-year Ended 31 December 2020	Half-year Ended 31 December 2019
	\$	\$
Revenues	1,429,954	1,350,031
Other Income	50,000	-
Borrowing Costs Expense	(371,193)	(544,844)
Depreciation	(34,350)	(38,384)
Employee Benefits Expense	(350,425)	(473,076)
Rates and Taxes	(96,199)	(92,277)
Repairs and Maintenance	(35,761)	(23,871)
Other Expenses	(333,403)	(199,475)
Profit / (loss) before income tax	258,623	(21,896)
Income tax (expense) / benefit	(61,958)	(881)
Profit / (loss) for the period	196,665	(22,777)
Other comprehensive income for the period, net of tax	-	-
Total comprehensive income for the period	196,665	(22,777)
	Cents per share	Cents per share
Earnings (loss) per share		
Basic earnings (loss) per share	3.82	(0.45)
Diluted earnings (loss) per share	3.82	(0.45)

The accompanying notes form part of these financial statements.

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Statement of Financial Position

As At 31 December 2020

	31 December 2020	30 June 2020
Note	\$	\$
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	2,416,505	2,615,502
Trade and other receivables	10,542	23,714
Other Current Assets	93,413	107,341
Inventories	2,269,227	2,437,312
TOTAL CURRENT ASSETS	4,789,687	5,183,869
NON-CURRENT ASSETS		
Inventories	17,634,608	17,274,960
Right of use Assets	225,456	256,981
Property Plant and Equipment	26,380	27,189
Investment Property	34,630,444	34,592,240
Deferred Tax Asset	1,286,901	1,217,123
TOTAL NON-CURRENT ASSETS	53,803,789	53,368,493
TOTAL ASSETS	58,593,476	58,552,362
LIABILITIES		
CURRENT LIABILITIES		
Trade payables	695,371	726,230
Lease Liabilities	65,691	94,445
Borrowings	5 1,510,000	-
Provisions	184,954	181,779
TOTAL CURRENT LIABILITIES	2,456,016	1,002,454
NON-CURRENT LIABILITIES		
Deferred Tax Liability	1,461,599	1,329,833
Provisions	28,330	26,214
Lease Liabilities	178,544	211,539
Borrowings	5 22,550,000	24,260,000
TOTAL NON-CURRENT LIABILITIES	24,218,473	25,827,586
TOTAL LIABILITIES	26,674,489	26,830,040
NET ASSETS	31,918,987	31,722,322
EQUITY		
Issued capital	831,681	831,681
Retained earnings	31,087,306	30,890,641
TOTAL EQUITY	31,918,987	31,722,322

The accompanying notes form part of these financial statements.

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Statement of Changes in Equity

For the Year Ended 31 December 2020

	Ordinary Shares	Retained Earnings	Total
Note	\$	\$	\$
Balance at 1 July 2019	831,681	30,835,506	31,667,187
Profit / (loss) for the period	-	(22,777)	(22,777)
Balance at 31 December 2019	831,681	30,812,729	31,644,410

	Ordinary Shares	Retained Earnings	Total
Note	\$	\$	\$
Balance at 1 July 2020	831,681	30,890,641	31,722,322
Profit / (loss) for the period	-	196,665	196,665
Balance at 31 December 2020	831,681	31,087,306	31,918,987

The accompanying notes form part of these financial statements.

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Statement of Cash Flows

For the Half Year Ended 31 December 2020

	31 December 2020	31 December 2019
Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers	1,724,322	1,672,372
Payments to suppliers and employees	(1,282,634)	(2,608,122)
Interest received	8,458	19,726
Interest paid	(371,193)	(544,844)
Net cash provided by/(used in) operating activities	<u>78,953</u>	<u>(1,460,868)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property, plant and equipment	(3,896)	-
Purchase of other non-current assets	(38,204)	(423,995)
Net cash provided by/(used in) investing activities	<u>(42,100)</u>	<u>(423,995)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from borrowings	-	1,710,000
Repayment of borrowings	(200,000)	-
Payment of finance lease liabilities	(35,851)	(36,831)
Net cash provided by/(used in) financing activities	<u>(235,851)</u>	<u>1,673,169</u>
Net increase/(decrease) in cash and cash equivalents held	(198,998)	(211,694)
Cash and cash equivalents at beginning of year	2,615,503	3,270,005
Cash and cash equivalents at end of financial year	<u>2,416,505</u>	<u>3,058,311</u>

The accompanying notes form part of these financial statements.

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Notes to the Financial Statements

For the Year Ended 31 December 2020

The half year financial report covers AHC Limited as an individual entity. AHC Limited is an unlisted public company, incorporated and domiciled in Australia.

The functional and presentation currency of AHC Limited is Australian dollars.

Comparatives are consistent with prior years, unless otherwise stated.

1 Basis of Preparation

These general purpose interim financial statements for the half year reporting period ended 31 December 2020 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 Australian 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 2020, together with any public announcements made during the following half year.

The interim financial statements were authorised for issue on 8 March 2021.

2 Summary of Significant 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 other new or amended Accounting Standards, but determined that their application to the financial statements is either not relevant or not material.

(a) Adoption of new and revised accounting standards

New and amended Accounting Standards that are effective for the current period

The Company has adopted all new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to their operations and effective for the current half-year.

New and revised Standards and amendments thereof and Interpretations effective for the current year that are relevant to the Company are:

- AASB 2018-7 *Amendments to Australian Accounting Standards – Definition of Material*

The adoption of these Standards has not caused any material adjustments to the reported financial position, performance or cash flow of the Company.

(b) Going concern

The financial statements have been prepared on a going concern basis, which contemplate the continuation of normal business operations and the realisation of assets and settlement of liabilities in the normal course of business.

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Notes to the Financial Statements

For the Year Ended 31 December 2020

2 Summary of Significant Accounting Policies (*continued*)

(b) Going concern (*continued*)

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 for the next 12 months, the Company has sufficient resources to continue as a going concern and operate within the level of its current borrowing facilities.

3 Critical Accounting Estimates and Judgments

The directors make estimates and judgements during the preparation of these financial statements regarding assumptions about current and future events affecting transactions and balances.

These estimates and judgements are based on the best information available at the time of preparing the financial statements, however as additional information is known then the actual results may differ from the estimates.

The significant estimates and judgements are consistent with those applied and disclosed in the 30 June 2020 annual report.

Key estimates – valuation of Investment Property

In accordance with the Company's accounting policies, independent valuations of Investment Property are required to be conducted every two years. The last independent valuation was conducted in February 2018.

4 Result for the Year

The Company reports an after tax operating profit of \$196,665 representing an increase in profit by \$219,442 reported in the prior corresponding December period.

5 Borrowings

	31 December 2020	30 June 2020
	\$	\$
CURRENT		
Bank loans	1,510,000	-
Total current borrowings	1,510,000	-
NON-CURRENT		
Related party loans	1,550,000	1,550,000
Bank loans	21,000,000	22,710,000
Total non-current borrowings	22,550,000	24,260,000
Total borrowings	24,060,000	24,260,000

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Notes to the Financial Statements

For the Year Ended 31 December 2020

6 Dividends

No dividends have been declared or paid.

7 Fair Value Measurement

Except as detailed below, the directors consider the carrying amounts of financial assets and liabilities recognised in the financial statements approximate their fair values.

(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.

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Notes to the Financial Statements

For the Year Ended 31 December 2020

7 Fair Value Measurement (*continued*)

(b) Investment Property

Fair Value Measurements at 31 December 2020

	Quoted Prices in Active Markets for Identical Assets	Significant Observable Inputs Other than Level 1 Inputs	Significant Unobservable Inputs
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
	\$	\$	\$
Investment Property	-	34,630,444	-

Fair Value Measurements at 30 June 2020

	Quoted Prices in Active Markets for Identical Assets	Significant Observable Inputs Other than Level 1 Inputs	Significant Unobservable Inputs
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
	\$	\$	\$
Investment Property	-	34,592,240	-

8 Contingencies

In the opinion of the Directors, the Company did not have any contingencies at 31 December 2020 (30 June 2020: \$355,145).

9 Events after the end of the Reporting Period

No matters or circumstances have arisen since the end of the half year which significantly affected or may significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in future financial years.

10 Statutory Information

The registered office and principal place of business of the Company is:

Suite 30202, Southport Central Tower 3
9 Lawson Street, Southport, Queensland
4215

AHC Limited

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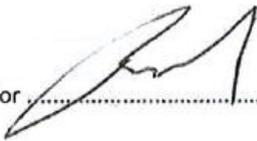
Directors' Declaration

The directors of the Company declare that:

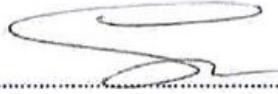
1. The financial statements and notes, as set out on pages 5 to 11, are in accordance with the *Corporations Act 2001* and:
 - (a) comply with Accounting Standards as stated in Note 1; and
 - (b) give a true and fair view of the Company's financial position as at 31 December 2020 and of its performance for the year ended on that date in accordance with the accounting policies described in Note 2 to the financial statements.
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.

Director



Director



Dated

8th March 2021



DICKFOS DUNN ADAM

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Independent Auditor's Review Report to the Members of AHC Limited

Report on the Review of the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of AHC Limited, which comprises the Statement of Financial Position as at 31 December 2020, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory notes and the director's declaration.

Directors' Responsibility for the 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 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 is free from material misstatement, whether due to fraud or error.

Auditor's 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 an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the company's financial position as at 31 December 2020 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.

Audit and Assurance

Registered Company Auditors
Tracey Adam, Gavin Dunn.
Liability limited under a scheme
approved under Professional
Standards Legislation.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, previously provided to the directors of AHC Limited, would be in the same terms if provided to the directors as at the date of this auditor's review report.

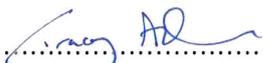
Conclusion

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:

- giving a true and fair view of the company's financial position as at 31 December 2020 and of its performance for the half-year ended on that date; and
- complying with AASB 134: *Interim Financial Reporting* and the *Corporations Regulations 2001*.

DICKFOS DUNN ADAM
Audit & Assurance


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T.L. Adam

10/3/2021
.....
Dated
SOUTHPORT