



ABN 73 010 544 699

HALF-YEARLY REPORT

31 December 2018

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 2018.

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 31st December 2018. A dividend of \$2,571,680 was paid on 15th September 2017.

REVIEW OF OPERATIONS

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

Company Secretary
AHC Limited
PO Box 8180
Gold Coast Mail Centre QLD 9726
(07) 55 732666

Parkhurst Shopping Centre - Rockhampton

At the close of 2018 the centre has some 21 leased tenants with further exciting prospects in the pipeline.

One of the more exciting projects will be the addition of a drive-thru fast food/drink outlet that was in the final stages of council approval as at 31 December 2018. The company will endeavour to finalize the completion of this project in the second half of 2019 with potential high-profile national tenants. This new addition not originally part of the existing development approval will represent a significant value add to shareholders.

Foot traffic throughout the centre has continued its strong growth pattern with the centre regularly now experiencing more than 22,000 people a week entering the centre.

We believe the Parkhurst Town Centre is well placed to service further demand as the growth story continues to play out with new infill housing continuing to appear in surrounding suburbs.

Drury Lane Industrial - Hervey Bay

At long last at the close of 2018 the company has completed the first stage of the civil works at the Drury Lane industrial estate.

11 lots have been submitted to the Fraser Coast Regional Council for plan sealing with registration pending. We are actively in discussion with prospective interested parties for business operations within the estate.

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DIRECTORS' REPORT

Howard Residential Estate - Hervey Bay

In late November 2018 the directors met with the Mayor, CEO and other executives of the Fraser Coast Regional Council to finalize a mutually acceptable Infrastructure Agreement for the delivery of sewerage at this development.

We are hopeful this will finally be completed in early 2019 which will allow the company to proceed with some certainty and complete the following steps

- Development feasibility
- Development funding structure
- Development project delivery & implementation schedule

With this in mind we believe that this project could be advanced into active status in early 2020

General Business

With the company continuing to improve the shopping centre asset at Parkhurst, Rockhampton and the Drury Lane industrial estate reaching a position in which it will generate ongoing returns in the near term, this will continue to be our focus throughout 2019.

Following the Annual General Meeting in October 2018 some shareholders sought advice from the company as to whether a sale of the Parkhurst Town Centre was possible to realize existing franking credits currently sitting dormant on the company's financial statements.

The board has considered all proposals carefully however can confirm that the sale of the company's main undertaking at the Parkhurst Town Centre is not a prudent path at this time.

We will continue to review this decision on a regular basis and update shareholders accordingly.

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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 2018.

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



ROD LINDSAY MACLEOD
MANAGING DIRECTOR



WAYNE B LESTER
DIRECTOR

Dated this 1st March 2019 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 2018, 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 1st day of March, 2019.

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

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2018**

	Half-year Ended 31 December 2018 \$	Half-year Ended 31 December 2017 \$
Revenues	1,243,773	1,290,687
Borrowing costs expense	(520,378)	(522,679)
Depreciation & Amortisation	(22,728)	(28,084)
Employee Benefits Expense	(412,329)	(516,085)
Rates and Taxes	(110,321)	(133,838)
Repairs & Maintenance	(35,286)	(22,642)
Rent	(49,353)	(58,923)
Other Expenses	<u>(213,384)</u>	<u>(210,763)</u>
(Loss)/Profit before income tax expense	(120,006)	(202,327)
Income tax (expense)/benefit	<u>3,946</u>	<u>58,342</u>
(Loss)/ Profit for the period	<u>(116,060)</u>	<u>(143,985)</u>
Other comprehensive (loss)/income for the period, net of tax	-	-
Total comprehensive (loss)/ income for the period	<u>(116,060)</u>	<u>(143,985)</u>
(Loss)/Profit attributable to members of the entity	<u>(116,060)</u>	<u>(143,985)</u>
Total comprehensive (loss)/income attributable to members of the Entity	<u>(116,060)</u>	<u>(143,985)</u>
(Loss)/Earnings per Share:	Cents per share	Cents per share
Basic (loss)/earnings per share (cents per share)	(2.26)	(2.80)
Diluted (loss)/earnings per share (cents per share)	(2.26)	(2.80)

The accompanying notes form part of these financial statements.

**STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018**

	NOTE	As at 31 December 2018 \$	As at 30 June 2018 \$
Current Assets			
Cash and cash equivalents		3,623,020	6,587,744
Trade & Other Receivables		6,837	-
Inventories		684,675	645,976
Other current assets		174,797	315,551
TOTAL CURRENT ASSETS		<u>4,489,329</u>	<u>7,549,271</u>
Non-Current Assets			
Inventories		14,965,656	12,635,760
Property, plant and equipment		165,510	186,861
Investment Property		34,212,196	34,090,000
Deferred Tax Assets		737,369	525,536
TOTAL NON-CURRENT ASSETS		<u>50,080,731</u>	<u>47,438,157</u>
TOTAL ASSETS		<u>54,570,060</u>	<u>54,987,428</u>
Current Liabilities			
Trade & Other Payables		610,963	1,129,010
Borrowings	9	37,770	37,560
Current tax liabilities		13,697	-
Provisions		165,567	139,369
TOTAL CURRENT LIABILITIES		<u>827,997</u>	<u>1,305,939</u>
Non-Current Liabilities			
Deferred tax liability		867,350	659,463
Provisions		9,362	20,635
Borrowings	9	21,152,538	21,172,518
TOTAL NON-CURRENT LIABILITIES		<u>22,029,250</u>	<u>21,852,616</u>
TOTAL LIABILITIES		<u>22,857,247</u>	<u>23,158,555</u>
Net Assets		<u>31,712,813</u>	<u>31,828,873</u>
Equity			
Issued Capital		831,681	831,681
Retained Earnings		30,881,132	30,997,192
Total Equity		<u>31,712,813</u>	<u>31,828,873</u>

The accompanying notes form part of these financial statements.

**STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2018**

	Half-year Ended 31 December 2018 \$	Half-year Ended 31 December 2017 \$
Cash Flows from Operating Activities		
Receipts from customers	1,385,035	1,142,740
Interest received	43,989	171,405
Payment to suppliers and employees	(3,730,027)	(3,052,224)
Borrowing costs	(520,378)	(614,523)
Income tax refund(paid)	-	-
Net Cash Provided by (Used in) Operating Activities	<u>(2,821,381)</u>	<u>(2,352,602)</u>
Cash Flows from Investing Activities		
Proceeds from sale of plant and equipment	-	-
Additions to Investment Property	(122,196)	(220,281)
Purchase of property plant & equipment	(1,377)	(1,374)
Net Cash Provided by (Used in) Investing Activities	<u>(123,573)</u>	<u>(221,655)</u>
Cash Flows from Financing Activities		
Proceeds from borrowings	-	-
Repayment of borrowings	(19,770)	(20,901)
Dividend paid	-	(2,571,680)
Share Buy Back Payment	-	-
Net Cash Provided by (Used in) Financing Activities	<u>(19,770)</u>	<u>(2,592,581)</u>
Net Increase (Decrease) in Cash Held	(2,964,724)	(5,166,838)
Cash and cash equivalents at beginning of period	<u>6,587,744</u>	<u>27,077,803</u>
Cash and cash equivalents at the end of period	<u>3,623,020</u>	<u>21,910,965</u>

The accompanying notes form part of these financial statements.

AHC LIMITED ABN 73 010 544 699
STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

	Note	Share Capital Ordinary	Retained Earnings	Asset Revaluati on Reserve	Total
Balance at 1.7.2017		831,681	33,107,958	-	33,939,639
Shares bought back during the year					-
Profit attributable to members of the entity		-	(143,985)	-	(143,985)
Sub-total		831,681	32,963,973	-	33,795,654
Dividends paid or provided for		-	(2,571,680)	-	(2,571,680)
Balance at 31.12.2017		831,681	30,392,293	-	31,223,974
Balance at 1.7.2018		831,681	30,997,192	-	31,828,873
Shares bought back during the year		-	-		-
Profit attributable to members of the entity		-	(116,060)	-	(116,060)
Total other comprehensive income for the period		-	-	-	-
Sub-total		831,681	30,881,132	-	31,712,813
Dividends paid or provided for		-	-	-	-
Balance at 31.12.2018		831,681	30,881,132	-	31,712,813

The accompanying notes form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED
31 DECEMBER 2018**

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 2018 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.

These interim financial statements were authorised for issue on 1st March 2019.

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 2018, 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 2018 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 May 2017.

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.

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 30th June 2019, which incorporates the renegotiated borrowings, the company has sufficient resources to continue as a going concern and operate within the level of its current borrowing facilities.

NOTE 3: RESULTS FOR THE PERIOD

The company reports an after tax operating loss of \$116,060 which represents an increase on the profit by \$27,925 reported in the prior corresponding December period.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED
31 DECEMBER 2018**

NOTE 4: DIVIDENDS	Half-year Ended 31 December 2018	Half-year Ended 31 December 2017
Distributions paid/provided for:		
Interim fully franked ordinary dividend paid on 15th September 2017 \$0.50 per share franked at the rate of 27.5%	-	\$2,571,680

NOTE 5: CONTINGENT LIABILITIES AND CONTINGENT ASSETS

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

NOTE 6: EVENTS AFTER THE END OF THE INTERIM PERIOD

There have been no events after the end of the interim period.

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 2018**

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 2018 Using:
		Significant Observable Inputs Other than Level 1 Inputs \$000
Description	Note	(Level 2)
Investment & Property		34,212

		Fair Value Measurements at 30 June 2018 Using:
		Significant Observable Inputs Other than Level 1 Inputs \$000
Description	Note	(Level 2)
Investment & Property		34,212

Valuation Techniques and Inputs Used to Determine Level 2 Fair Values

Description	Fair Value at 31 December 2018	Description of Valuation Techniques	Inputs Used
Level 2	\$000		
Property & Investment	34,090	Valuation based on Rental Income	Rental Income

NOTE 9: BORROWINGS

- a. Borrowings with Suncorp-Metway Limited are secured by
 - (a) A Registered Mortgage over Parkhurst Town Centre, Rockhampton
 - (b) A Registered General Security Agreement over all of the company's present and after acquired personal and real property including uncalled and unpaid capital and proceeds
 - (c) Set off Agreements over Term Deposits of \$630,000.
- b. The Suncorp-Metway Limited bank bill is rolled monthly and a fixed rate of 2.63% interest is payable on rollover. The maturity date of the interest rate swap is 10th December 2019. The facility expiration date is 30th April 2021. Accordingly, the facility has been classified as a non-current borrowing. The facility has conditions and covenants including interest-cover requirements.
- c. Leased liabilities are secured by the underlying leased assets.

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 2018 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



WAYNE B LESTER - DIRECTOR

Dated the 1st March 2019 at Worongary.

**AHC LIMITED
ABN 73 010 544 699**

**INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF AHC LIMITED
(PAGE 1 OF 2)**

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 2018, 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 2018 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.

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AHC LIMITED
ABN 73 010 544 699

INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF AHC LIMITED
(PAGE 2 OF 2)

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 AHC Limited's financial position as at 31 December 2018 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.

WPIAS Pty Ltd
Authorised Audit Company No. 440306



LEE-ANN DIPPENAAR BCom CA RCA
DIRECTOR

Dated this 1st day of March, 2019.

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