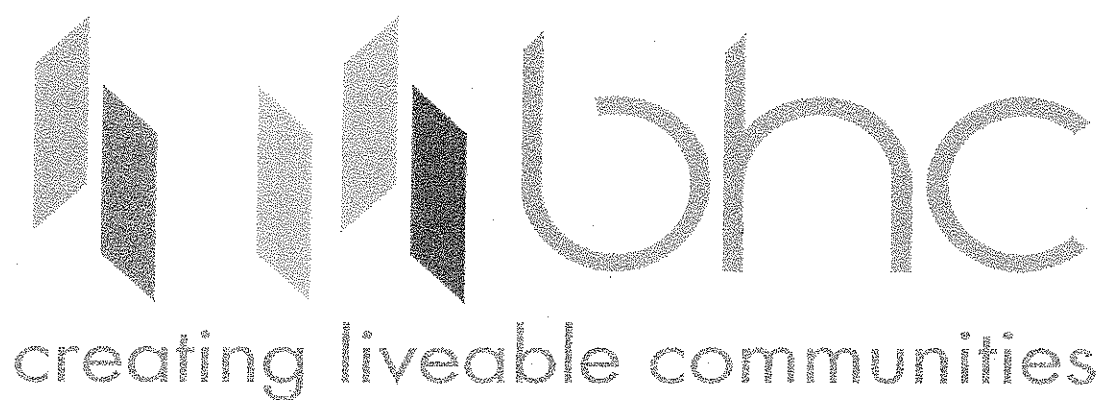


ABN 75 101 263 834

Financial Report

For the period 1 July 2014 to 30 June 2015



Brisbane Housing Company Limited
ABN 75 101 263 834

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Brisbane Housing Company Limited

ABN 75 101 263 834

Financial Report for the Year Ended 30 June 2015

DIRECTORS' REPORT

Your directors present this financial report on Brisbane Housing Company Limited consolidated entity ("group") for the financial year ended 30 June 2015.

Incorporation

Brisbane Housing Company is a not for profit legal entity incorporated in Australia as a company limited by shares.

Directors

The names of each person who has been a director during the year are:

John McAuliffe
John Gallimore
Geoff Woolcock
Stuart Gregory
Eloise Atkinson
Benjamin Foster
Les Jones
Julia Heckenberg
Brian Stewart

All directors have been in office from the start of the financial year to the date of this report unless indicated otherwise.

Information on Directors

Professor John McAuliffe AM	<ul style="list-style-type: none">– Independent Chair– LFAPI, FAIB, ACTCB, MAICD– Director since 2002– Chair of the Property Committee, Member of the Tenancy Management Committee, Member of the Finance Committee, Member of the Audit & Risk Committee. Director of Catalyst Affordable Housing Ltd, Director nominated by the State Government and Brisbane City Council
John Gallimore	<ul style="list-style-type: none">– Director– BA, LLB (Hons), FANZCN, MAICD– Director since 2002– Member of the Property Committee, Member of the Audit & Risk Committee. Director nominated by the State Government
Geoff Woolcock	<ul style="list-style-type: none">– Director– BA Hons 1 (UQ) PhD (La Trobe)– Director appointed 2009– Member of Tenancy Management Committee, Director nominated by Community Shareholders
Stuart Gregory	<ul style="list-style-type: none">– Director– BComm (Hons), FCPA, MAICD– Director since 2005– Chair of Finance Committee, Member of Audit & Risk Committee– Director of BHC Development Services Pty Ltd and Catalyst Affordable Housing Ltd, Director nominated by Brisbane City Council

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Eloise Atkinson	<ul style="list-style-type: none">- Director- B. Des St., B.Arch, AIA- Director since 2007- Chair of the Tenancy Management Committee, Member of Property Committee, Director nominated by Community Shareholders
Ben Foster	<ul style="list-style-type: none">- Director- B. App Science., Dip Fac Mgt, AAIQS- Director since 2010- Member of Property Committee, Director nominated by Community Shareholders
Les Jones	<ul style="list-style-type: none">- Director- B.Com and Admin Victoria University Of Wgtn N.Z, CA, MAICD- Director since 18 July 2012- Chair of the Audit & Risk Committee, Member of Finance Committee. Director nominated by Community Shareholders
Julia Heckenberg	<ul style="list-style-type: none">- Director- Dip of Teaching (TAFE)- Director since 9 August 2013- Member of the Tenancy Management Committee, Director nominated by Community Shareholders
Brian Stewart	<ul style="list-style-type: none">- Director- Cert T, MBA, Barrister at Law, FDIA- Director since 4 December 2013- Member of Property Committee, Director of Catalyst Affordable Housing Ltd, nominated by the State Government

Company Secretary

The following person held the position of Company Secretary at the end of the financial year:

Stephen Honan, Bachelor of Commerce (University of Qld), Diploma of Finance and Mortgage Broking Management (FARSTA). Stephen Honan has worked for Brisbane Housing Company for the past 5.5 years performing project management and governance roles. Stephen Honan was appointed Company Secretary on 2 December 2014.

Principal Activities

The principal activities of the consolidated group during the financial year were the provision of affordable housing and activities to support this mission in Queensland.

Operating Results

The comprehensive income of the consolidated group amounted to \$6,072,528 (2014: \$19,592,922). No provision for Income tax was established as the company is exempt from income tax and the non-exempt subsidiaries have carried forward losses.

Dividends Paid or Recommended

No dividends were paid or declared since the start of the financial year. No recommendation for payment of dividends has been made as the group reinvests all surpluses in the development of affordable housing.

Review of Operations

The Group saw an increase in NRAS management fee income and a slight decrease in rental income due to sales of rented non-core units. Unit sales also declined for the period as a result of fewer units available for sale. The Group completed two developments in Brisbane delivering 86 units and one development in Gladstone delivering 12 units of affordable housing. One development in Gladstone is currently under construction which will deliver 24 units of affordable housing and 8 units for sale.

Brisbane Housing Company Limited
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Significant Changes in State of Affairs

The Company achieved registration on 24 April 2015 as a Tier 1 provider under the new National Regulatory Scheme for Community Housing Providers.

After Balance Date Events

Brisbane Housing Company Limited entered into a fixed price construction contract to deliver a 60 unit project in Brisbane at a total cost of \$11.4million. Construction is anticipated to complete by 31 August 2016. Subsequent to year end 3 contracts were signed for the fit out of the head office totalling \$559k.

Future Developments, Prospects and Business Strategies

The company expects to build and rent affordable housing in the State of Queensland by developing mixed tenure and mixed use buildings. This will involve the use of external funding by the company to supplement Government grants and surpluses as a means to finance future development and growth projects. The company will continue to seek funds from all levels of Government, to maximise its ability to meet the increasing demand for affordable housing. The group is currently delivering a new 60 unit development at Lutwyche and investigating development opportunities to further increase the supply of affordable housing.

Environmental Issues

The entity's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a state or territory.

Options

No options over issued shares or interests in the entity were granted during or since the end of the financial year and there were no options outstanding at the date of this report.

Meetings of Directors

During the financial year, 11 meetings of directors were held. Attendances by each director during the year were as follows:

	Committee Meetings									
	Directors' Meetings		Audit Committee		Finance Committee		Property Committee		Tenancy Management Committee	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended
John McAuliffe	11	11	7	6	11	10	9	8	10	8
John Gallimore	11	10	7	6			9	7		
Geoff Woolcock	11	8							10	8
Stuart Gregory	11	10	7	7	11	11				
Eloise Atkinson	11	9					9	8	10	10
Ben Foster	11	9					9	9		
Les Jones	11	11	7	7	11	10				
Julia Heckenberg	11	11							10	10
Brian Stewart	11	8					9	7		

Brisbane Housing Company Limited
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Indemnifying Officers

During the financial year, the company has paid premiums to insure each of the directors and officers against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of director of the company, other than conduct involving a wilful breach of duty in relation to the company. The amount of the premium was \$599 for each director.

Proceedings on Behalf of the Entity

No person has applied for leave of Court to bring proceedings on behalf of the entity or intervene in any proceedings to which the entity is a party for the purpose of taking responsibility on behalf of the entity for all or any part of those proceedings.

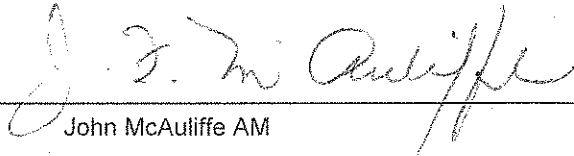
The entity was not a party to any such proceedings during the year.

Auditor's Independence Declaration

A copy of the Auditor's Independence Declaration as required under s 60-40 of the Australian Charities and Not-for-Profits Commission Act 2012 is set out on page 7.

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

Director



John McAuliffe AM

Dated this 16th day of September 2015



Grant Thornton Audit Pty Ltd
ACN 130 913 594

Level 18
King George Central
145 Ann Street
Brisbane QLD 4000
Correspondence to:
GPO Box 1008
Brisbane QLD 4001

T +61 7 3222 0200
F +61 7 3222 0444
E info.qld@au.gt.com
W www.grantthornton.com.au

**Auditor's Independence Declaration
To the Directors of Brisbane Housing Company Limited**

In accordance with the requirements of section 60-40 of the Australian Charities and Not-for-profits Commission Act 2012, as lead auditor for the audit of Brisbane Housing Company Limited for the year ended 30 June 2015, I declare that, to the best of my knowledge and belief, there have been no contraventions of any applicable code of professional conduct in relation to the audit.

A handwritten signature in cursive script that reads "Grant Thornton".

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

A handwritten signature in cursive script, likely belonging to M S Bell.

M S Bell
Partner - Audit & Assurance

Brisbane, 16 September 2015

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Brisbane Housing Company Limited
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STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2015

	Note	Consolidated Group	
		2015	2014
		\$	\$
Revenue from government grants	2	5,299,500	9,593,277
Revenue from property sales		13,305,952	28,125,405
Revenue from rent		13,829,068	13,964,399
Other revenue	2	1,659,840	1,991,557
Total Revenue		34,094,360	53,674,638
Employee benefits expense		3,126,999	3,033,808
Depreciation and amortisation		6,348,834	6,041,450
Finance costs		558,742	1,071,889
Cost of property sales		15,440,348	27,299,821
Impairment of property held for sale	6	321,596	236,571
Property expenses		5,844,616	5,303,222
Professional Fees		449,615	239,661
Administration expenses		1,366,660	1,402,028
Other expenses		372,833	1,136,643
Total Expenses		33,830,243	45,765,093
Surplus before income tax		264,117	7,909,545
Income tax expense		-	-
Surplus after income tax		264,117	7,909,545
Other comprehensive income:			
Gains/(Losses) on property revaluation		5,808,411	11,683,377
Other comprehensive income, net of		5,808,411	11,683,377
income tax		-	-
Total comprehensive income for the year		6,072,528	19,592,922

The accompanying notes form part of these financial statements.

Brisbane Housing Company Limited

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STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2015

	Note	Consolidated Group	
		2015	2014
		\$	\$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	4	27,659,232	43,672,432
Trade and other receivables	5	269,896	1,858,047
Property held for sale	6	3,074,942	17,772,573
Other current assets	7	4,967,980	2,559,548
TOTAL CURRENT ASSETS		35,972,050	65,862,600
NON-CURRENT ASSETS			
Property, plant and equipment	8	279,406,737	257,975,338
Loans to third parties		325,882	3,536,807
Intangible assets	9	240,405	352,991
TOTAL NON-CURRENT ASSETS		279,973,024	261,865,136
TOTAL ASSETS		315,945,074	327,727,736
CURRENT LIABILITIES			
Trade and other payables	10	3,659,820	6,508,007
Current provisions	11	278,522	277,673
Borrowings	16	-	15,000,000
TOTAL CURRENT LIABILITIES		3,938,342	21,785,680
NON-CURRENT LIABILITIES			
Non-current provisions	11	114,801	122,653
Borrowings	16	-	-
TOTAL NON-CURRENT LIABILITIES		114,801	122,653
TOTAL LIABILITIES		4,053,143	21,908,333
NET ASSETS		311,891,931	305,819,403
EQUITY			
Issued capital	15	15	15
Reserves		67,768,188	61,959,777
Retained earnings		244,123,728	243,859,611
TOTAL EQUITY		311,891,931	305,819,403

The accompanying notes form part of these financial statements.

Brisbane Housing Company Limited
ABN 75 101 263 834

STATEMENT OF CHANGES IN EQUITY FOR YEAR ENDED 30 JUNE 2015

	Share Capital Ordinary	Retained Earnings	Asset Revaluation Reserve	Total
Note	\$	\$	\$	\$
Consolidated Group				
Balance at 1 July 2013	17	235,950,066	50,276,400	286,226,483
Total comprehensive income for the year	-	7,909,545	11,683,377	19,592,922
Share Redemption	(2)	-	-	(2)
Balance at 30 June 2014	15	243,859,611	61,959,777	305,819,403
Total comprehensive income for the year	-	264,117	5,808,411	6,072,528
Balance at 30 June 2015	15	244,123,728	67,768,188	311,891,931

The accompanying notes form part of these financial statements.

Brisbane Housing Company Limited

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STATEMENT OF CASHFLOWS FOR YEAR ENDED 30 JUNE 2015

	Note	Consolidated Group	
		2015	2014
		\$	\$
CASH FLOW FROM OPERATING ACTIVITIES			
Rent & other		17,231,926	15,927,211
Payments to suppliers and employees		(15,627,005)	(15,375,378)
Government grants		5,829,450	10,552,605
Interest received		952,451	1,185,974
Finance Costs		(222,897)	(538,913)
Net cash provided by operating activities		<u>8,163,925</u>	<u>11,751,499</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(22,369,537)	(23,454,975)
Interest Paid		(124,465)	(204,058)
Purchase of intangibles		-	(8,600)
Proceeds from property sales		13,305,952	34,054,374
Net cash used in investing activities		<u>(9,188,050)</u>	<u>10,386,741</u>
CASH FLOW FROM FINANCING ACTIVITIES			
Repayment of borrowings		(15,000,000)	(2)
Loans to Third Parties		10,925	33,210
Net cash provided by (used in) financing activities		<u>(14,989,075)</u>	<u>33,208</u>
Net increase in cash held		(16,013,200)	22,171,448
Cash and cash equivalents at beginning of financial year		43,672,432	21,500,984
Cash and cash equivalents at end of financial year	4	<u><u>27,659,232</u></u>	<u><u>43,672,432</u></u>

The accompanying notes form part of these financial statements.

Brisbane Housing Company Limited

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

This financial report includes the consolidated financial statements and notes of Brisbane Housing Company Limited and controlled entities ('Consolidated Group' or 'Group'). Brisbane Housing Company Limited is a not for profit company limited by shares.

Basis of Preparation

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards Reduced Disclosure Requirements, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Australian Charities and Not-for-Profits Commission Act 2012.

A number of new and revised standards are effective for annual periods beginning on or after 1 January 2014. Information on these new standards is presented below.

AASB 10 Consolidated Financial Statements

AASB 10 supersedes the consolidation requirements in AASB 127 Consolidated and Separate Financial Statements (AASB 127) and AASB Interpretation 112 Consolidation - Special Purpose Entities. AASB 10 revises the definition of control and provides extensive new guidance on its application. These new requirements have the potential to affect which of the Group's investees are considered to be subsidiaries and therefore to change the scope of consolidation. The requirements on consolidation procedures, accounting for changes in non-controlling interests and accounting for loss of control of a subsidiary are unchanged.

AASB 10 is applicable to Not for Profit entities for annual reporting periods beginning on or after 1 January 2014.

To assist Not for Profit entities applying the AASB 10, the AASB issued AASB 2013-8 Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities – Control and Structured Entities on 31 October 2013.

AASB 2013-8 added an appendix to AASB 10 to explain and illustrate how the principles in AASB 10 apply from the perspective of Not for Profit entities in the private and public sectors, particularly to address circumstances where a for-profit perspective does not readily translate to a Not for Profit perspective. Similarly, it added an appendix to AASB 12 Disclosure of Interests in Other Entities, in relation to structured entities.

AASB 10 (and AASB 2013-8) became applicable to Not for Profit entities for annual reporting periods beginning on or after 1 January 2014.

Management has reviewed its control assessments in accordance with AASB 10 and has concluded that there is no effect on the classification (as subsidiaries or otherwise) of any of the Group's investees held during the period or comparative periods covered by these financial statements.

AASB 11 Joint Arrangements

AASB 11 supersedes AASB 131 Interests in Joint Ventures (AAS 131) and AASB Interpretation 113 Jointly Controlled Entities- Non-Monetary-Contributions by Venturers. AASB 11 revises the categories of joint arrangement, and the criteria for classification into the categories, with the objective of more closely aligning the accounting with the investor's rights and obligations relating to the arrangement. In addition, AASB 131's option of using proportionate consolidation for arrangements classified as jointly controlled entities under that Standard has been eliminated. AASB 11 now requires the use of the equity method for arrangements classified as joint ventures (as for investments in associates).

AASB 11 became applicable to Not for Profit entities for annual reporting periods beginning on or after 1 January 2014.

The adoption of AASB 11 has not had any impact on the Group as it is not a party to any joint arrangements.

AASB 12 Disclosure of interests in Other Entities

AASB 12 integrates and makes consistent the disclosure requirements for various types of investments, including unconsolidated structured entities. It combines the existing disclosures in AASB 127, AASB 128 and AASB 131, and introduces a range of new disclosure requirements.

AASB 12 became applicable to Not for Profit entities for annual reporting periods beginning on or after 1 January 2014.

The adoption of AASB 12 has not had any significant impact on the Group.

Brisbane Housing Company Limited

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT)

AASB 2012-3 Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities

AASB 2012-3 adds application guidance to AASB 132 to address inconsistencies identified in applying some of the offsetting criteria of AASB 132, including clarifying the meaning of “currently has a legally enforceable right of set-off” and that some gross settlement systems may be considered equivalent to net settlement.

AASB 2012-3 is applicable to annual reporting periods beginning on or after 1 January 2014.

The adoption of these amendments has not had a material impact on the Group as the amendments merely clarify the existing requirements in AASB 132.

AASB 2013-6 Amendments to AASB 136 arising from Reduced Disclosure Requirements

AASB 2013-6 makes amendments to AASB 136 Impairment of Assets to establish reduced disclosure requirements for entities preparing general purpose financial statements under Australian Accounting Standards – Reduced Disclosure Requirements arising from AASB 2013-3 Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets. AASB 2013-3 made narrow scope amendments to AASB 136, addressing disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal.

AASB 2013-6 became applicable to annual reporting periods beginning on or after 1 January 2014.

The adoption of these amendments has not had a material impact on the Group.

a. Principles of Consolidation

A controlled entity is any entity of which Brisbane Housing Company Limited has the power to govern the financial and operating policies, so as to obtain benefits from its activities. In assessing the power to govern, the existence and effect of holdings of actual and potential voting rights are considered.

As at reporting date, the assets and liabilities of all controlled entities have been incorporated into the consolidated financial statements as well as their results for the year then ended. Where controlled entities have entered (left) the consolidated group during the year, their operating results have been included (excluded) from the date control was obtained (ceased).

All inter-group balances and transactions between entities in the consolidated group, including any unrealised profits or losses, have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with those adopted by the parent entity.

b. Revenue

All revenue is stated net of the amount of goods and services tax (GST).

Revenue from the sale of goods is recognised upon the delivery of goods to customers.

Grant revenue is recognised in the Statement of Comprehensive Income when it is controlled. When there are conditions attached to grant revenue relating to the use of those grants for specific purposes it is recognised in the Statement of Financial Position as a liability until such conditions are met or services provided.

Donations and bequests are recognised as revenue when received unless they are designated for a specific purpose, where they are carried forward as prepaid income on the Statement of Financial Position, until the specific purpose is met.

Interest revenue is recognised using the effective interest rate method, which for floating rate financial assets is the rate inherent in the instrument.

Dividend revenue is recognised when the right to receive a dividend has been established.

Rental income is recognised in accordance with tenancy agreements.

Revenue from property sales is recognised in the Statement of Comprehensive Income at the time of settlement.

c. Property Held For Sale

Property held for sale is valued at the lower of cost and net realisable value on a unit by unit basis. Cost includes construction cost, borrowing and holding costs until practical completion. Borrowing and holding costs incurred after practical completion are expensed to the statement of comprehensive income. Net realisable value is the estimated market value less costs to sell.

Brisbane Housing Company Limited

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT)

d. **Construction Contracts and Work in Progress**

Construction work in progress is valued at cost. 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.

e. **Property, Plant and Equipment**

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

Property

Freehold land and buildings are shown at their fair value based on periodic, but at least triennial, valuations by external independent valuers, or directors' valuations, less subsequent depreciation for buildings.

Increases in the carrying amount arising on revaluation of land and buildings are credited to a revaluation reserve in equity. Decreases that offset previous increases of the same classes of assets are charged against the revaluation reserve directly in equity; all other decreases are charged to the Statement of Comprehensive Income.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

Freehold land and buildings that have been contributed at no cost or for nominal cost are valued at the fair value of the asset at the date it is acquired.

Plant and Equipment

Plant and equipment are measured on the cost basis less depreciation and impairment losses.

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 that will be received from the assets employment and subsequent disposal.

Plant and equipment that have been contributed at no cost or for nominal cost are valued at the fair value of the asset at the date it is acquired.

Depreciation

The depreciable amount of all fixed assets including buildings and capitalised lease assets, but excluding freehold land, is depreciated on a straight line basis over the asset's useful life to the entity commencing from the time the asset is held ready for use. 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%
Buildings – Plant & Equipment	7 – 12%
Office Equipment	20%
Computer Equipment	33%
Motor Vehicles	20%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance date.

Asset classes 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 or losses are included in the Statement of Comprehensive Income. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

Brisbane Housing Company Limited
ABN 75 101 263 834

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT)

f. Leases

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the period in which they are incurred.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

g. Impairment of Assets

At each reporting date, the entity reviews the carrying values of its tangible and intangible 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 Statement of Comprehensive Income. Refer to Note 1e for the accounting policy for property assets.

Where the future economic benefits of the asset are not primarily dependent upon on the assets ability to generate net cash inflows and when the entity would, if deprived of the asset, replace its remaining future economic benefits, value in use is depreciated replacement cost of an asset.

Where it is not possible to estimate the recoverable amount of an assets class, the entity estimates the recoverable amount of the cash-generating unit to which the class of assets belong.

h. Employee Benefits

Provision is made for the company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within 1 year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than 1 year have been measured at the present value of the estimated future cash outflows to be made for those benefits. Those cashflows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cashflows.

Contributions are made by the entity to employee superannuation funds and are charged as expenses when incurred.

i. 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 as an expense in the Statement of Comprehensive Income in the period in which they are incurred.

j. 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 three months or less, and bank overdrafts.

k. 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 Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of expense. Receivables and payables in the Statement of Financial Position are shown inclusive of GST.

Cash flows are presented in the Statement of Cashflows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

l. Contributions

Brisbane Housing Company Limited receives non-reciprocal contributions from the government and other parties for no cost or a nominal cost. These contributions are recognised at the fair value on the date of acquisition at which time an asset is taken up in the Statement of Financial Position and revenue in the Statement of Comprehensive Income.

Brisbane Housing Company Limited

ABN 75 101 263 834

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT)

m. **Income Tax**

No provision for income tax has been raised as the entity is exempt from income tax under Division 50 of the Income Tax Assessment Act 1997. Subsidiaries that are not exempt from income tax did not have taxable income for the period.

n. **Intangibles**

Software

Software is recorded at cost. Software has a finite life and is carried at cost less any accumulated amortisation and impairment losses. Software is currently amortised over 4 years.

Management Rights

Management rights are recognised at cost of acquisition. They have a finite life and are carried at cost less any accumulated amortisation and any impairment losses. Management rights are amortised over 10 years.

o. **Provisions**

Provisions are recognised when the entity 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.

p. **Comparative Figures**

Where required by Accounting Standards comparative figures have been adjusted to conform to changes in presentation for the current financial year.

q. **Financial Instruments**

Recognition

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

Impairment

At each reporting date, the company assess whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the Statement of Comprehensive Income.

r. **Critical Accounting Estimates and Judgments**

The directors evaluate estimates and judgments incorporated into the financial report 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 group.

Key estimates — Impairment including market for sale properties

The entity assesses impairment at each reporting date by evaluating conditions specific to the entity that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Fair value less costs to sell in assessing recoverable amounts incorporate a number of key estimates.

Key judgments — Provision for impairment of Receivables

Included in trade and other receivables at 30 June 2015 is an amount receivable from rental tenants charged by Brisbane Housing Company Limited during the current financial year amounting to \$179,541. Brisbane Housing Company Limited provides for doubtful debts when arrears exceed 60 days, and a provision for impairment has been made for \$109,232 at 30 June 2015. While debtor balances older than 7 days are outside initial trading terms, Directors recognise that these amounts are generally recoverable and as such not provided for.

Key estimates — Plant and Equipment – Buildings

To comply with AASB 116, as each building is completed the Board of Directors adopts Quantity Surveyor estimates for Plant and Equipment associated with rental properties based on the estimated replacement cost of the assets. Depreciation for Building Plant and Equipment has been

Brisbane Housing Company Limited

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT)

calculated by amortising the replacement cost of the assets over the remaining useful life as determined by the Quantity Surveyor's report and adopted by the Board of Directors.

Key estimates — Land & Buildings at valuation

Refer to Note 8 which highlights key estimates in relation to the valuation of land and buildings.

Key estimates — Work In Progress

Directors review amounts held in work in progress on a quarterly basis to assess the likelihood of a project progressing. Costs for projects that are aborted are expensed by a resolution of the Board.

NOTE 2: REVENUE

	Note	Consolidated Group	
		2015	2014
		\$	\$
Revenue from grants			
– Grants – Social Housing		4,864,895	9,210,337
– Grants – National Rental Affordability Scheme		434,605	382,940
		<u>5,299,500</u>	<u>9,593,277</u>
Other revenue			
– interest received		952,450	1,185,975
– other revenue		707,390	805,582
		<u>1,659,840</u>	<u>1,991,557</u>

NOTE 3: EXPENSES

	Note	Consolidated Group	
		2015	2014
		\$	\$
Expenses			
Gains/(Losses) on disposal of assets		(44)	(17,045)
Impairment of property held for sale		321,596	236,571
Finance costs:			
– External		558,742	1,071,889
Bad and doubtful debts		92,628	74,334
Rental expense on operating leases			
– minimum lease payments		313,052	310,674

NOTE 4: CASH AND CASH EQUIVALENTS

	Note	Consolidated Group	
		2015	2014
		\$	\$
Cash at bank and in hand		27,659,232	43,672,432
		<u>27,659,232</u>	<u>43,672,432</u>

The average effective interest rate on short-term bank deposits was 2.00% (2014: 2.51%) these deposits have an average maturity of under 30 days.

Brisbane Housing Company Limited

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

NOTE 4: CASH AND CASH EQUIVALENTS (CONT)

	Note	Consolidated Group	
		2015	2014
		\$	\$
Reconciliation of cash			
Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled to items in the Statement of Financial Position as follows:			
Cash and cash equivalents		27,659,232	43,672,432

NOTE 5: TRADE AND OTHER RECEIVABLES

	Note	Consolidated Group	
		2015	2014
		\$	\$
CURRENT			
Rental receivables	5a	179,541	211,500
Other receivables		199,587	1,734,333
		379,128	1,945,833
Provision for impairment of receivables		(109,232)	(87,786)
		269,896	1,858,047

a. Refer to note 1(r) for analysis details on past due receivables.

NOTE 6: PROPERTY HELD FOR SALE

	Note	Consolidated Group	
		2015	2014
		\$	\$
CURRENT			
Residential	6a	1,633,048	10,108,360
Commercial	6a	1,441,894	7,664,213
		3,074,942	17,772,573

a) Residential and commercial property held for sale is carried at the lower of cost or fair value refer to note 1c for details

During the year an impairment expense of \$321,596 (2014: \$236,571) associated with properties held for sale was recorded in the Statement of Comprehensive Income.

NOTE 7: OTHER CURRENT ASSETS

	Note	Consolidated Group	
		2015	2014
		\$	\$
CURRENT			
Prepayments		456,796	520,386
Other Receivables		3,050,055	554,852
Loan Receivable		1,100,000	-
GST Receivable		264,660	1,363,538
Advances and Deposits		96,469	120,772
Total Other Assets		4,967,980	2,559,548

Brisbane Housing Company Limited

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

NOTE 8: PROPERTY, PLANT AND EQUIPMENT

The group's land and buildings were revalued as at 30 June 2015 by independent valuers and director valuations. Valuations were made on the basis of open market value with consideration being given to the reduced rental charged on the properties, reflecting the mission of the group. The revaluation increment was credited to the asset revaluation reserve in shareholders' equity during the year. Director valuations were made taking into account independent valuations, their knowledge of the group's assets and the current market.

Independent valuation services have been provided by MPS Valuers. AASB 124 - Related Party Transactions notes that a related party includes a close member of the family of key management personnel; as such MPS Valuers are included as a related party of the group. The valuations have been referred to as independent despite this relationship as the directors have determined that the valuations have been conducted in accordance with international valuation standards.

	Note	Consolidated Group	
		2015	2014
		\$	\$
LAND AND BUILDINGS			
Freehold land at:			
– directors' valuation		47,642,048	37,940,400
– Independent valuation		23,525,000	27,780,000
Total Land		71,167,048	65,720,400
Buildings at:			
– directors' valuation		114,959,879	99,139,458
– Independent valuation		73,975,000	71,541,611
Total Buildings		188,934,879	170,681,069
Total Land and Buildings		260,101,927	236,401,469
PLANT AND EQUIPMENT			
Plant and equipment			
At cost		19,558,019	17,713,752
Accumulated depreciation		(8,710,926)	(7,182,649)
		10,847,093	10,531,103
Office Equipment			
At cost		1,161,846	1,135,828
Accumulated depreciation		(1,022,347)	(796,826)
		139,499	339,002
Total Plant and Equipment		10,986,592	10,870,105
CAPITAL WORK IN PROGRESS			
Work in Progress			
At cost	8a	8,318,218	10,703,764
Total Property Plant and Equipment		279,406,737	257,975,338

Brisbane Housing Company Limited

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

NOTE 8: PROPERTY, PLANT AND EQUIPMENT (CONT)

a. Movements in Carrying Amounts

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year

	Freehold Land	Buildings	Office Equipment	Plant & Equipment	Work in Progress	Total
	\$	\$	\$	\$	\$	\$
Consolidated Group:						
Balance at 30 June 2014	65,720,400	170,681,069	339,002	10,531,103	10,703,764	257,975,338
Additions	-	36,665	27,842	107,032	22,092,798	22,264,337
Disposals	-	-	(44)	(8,590)	(397,313)	(405,947)
Additions through	-	-	-	-	-	-
Transfer - P&E	1,625,000	20,698,380	-	1,757,651	(24,081,031)	-
Transfer – Held for Sale	-	-	-	-	-	-
Revaluation increments	3,821,648	1,986,762	-	-	-	5,808,410
Depreciation expense	-	(4,467,997)	(227,301)	(1,540,103)	-	(6,235,401)
Balance at 30 June 2015	71,167,048	188,934,879	139,499	10,847,093	8,318,218	279,406,737

NOTE 9: INTANGIBLE ASSETS

	Note	Consolidated Group	
		2015	2014
		\$	\$
Software			
Cost		317,299	316,452
Accumulated amortisation		(278,939)	(194,370)
Net Carrying Value		38,360	122,082
Management rights		288,636	288,636
Accumulated amortisation		(86,591)	(57,727)
Net Carrying Value		202,045	230,909
Net intangibles		240,405	352,991

a. Movements in Carrying Amounts

Movement in the carrying amounts for each class of intangibles between the beginning and the end of the current financial year

	Software	Management Rights	Total
	\$	\$	\$
Consolidated Group:			
Balance at 30 June 2014	122,082	230,909	352,991
Additions	847	-	847
Amortisation expense	(84,569)	(28,864)	(113,433)
Balance at 30 June 2015	38,360	202,045	240,405

Brisbane Housing Company Limited

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

NOTE 10: TRADE AND OTHER PAYABLES

	Note	Consolidated Group	
		2015	2014
		\$	\$
CURRENT			
Trade payables		258,018	2,373,702
Sundry payables and accrued expenses		2,565,071	2,846,593
GST Payable		78,095	653,844
Unearned Income		758,636	633,868
		<u>3,659,820</u>	<u>6,508,007</u>

NOTE 11: PROVISIONS

Consolidated Group

	Short-term Employee Benefits	Long-term Employee Benefits	Total
	\$	\$	\$
Balance at 1 July 2014	189,198	211,128	400,326
Additional provisions	331,260	12,339	343,599
Amounts paid	(341,955)	(8,647)	(350,602)
Balance at 30 June 2015	<u>178,503</u>	<u>214,820</u>	<u>393,323</u>

Analysis of Total Provisions

	Consolidated Group	
	2015	2014
	\$	\$
Current	278,522	277,673
Non-current	114,801	122,653
	<u>393,323</u>	<u>400,326</u>

NOTE 12: CAPITAL AND LEASING COMMITMENTS

a. Operating Lease Commitments

Non-cancellable operating leases contracted for but not capitalised in the financial statements

	Note	Consolidated Group	
		2015	2014
		\$	\$
Payable — minimum lease payments			
– not later than 12 months		245,899	158,038
– between 12 months and 5 years		902,894	27,259
– greater than 5 years		41,340	-
		<u>1,190,133</u>	<u>185,297</u>

A new non-cancellable office lease with a 5 year term expiring 31 Aug 2020 and with rent payable monthly in advance has been signed. Rental provisions within the lease agreement require the minimum lease payments to be increased by CPI.

Brisbane Housing Company Limited

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

NOTE 12: CAPITAL AND LEASING COMMITMENTS (CONT)

	Note	Consolidated Group	
		2015	2014
		\$	\$
b. Capital Expenditure Commitments			
Capital expenditure commitments contracted for:			
Capital expenditure projects		1,726,000	10,496,902
		<u>1,726,000</u>	<u>10,496,902</u>
Payable:			
– not later than 12 months		1,726,000	10,496,902
– between 12 months and 5 years		-	-
– greater than 5 years		-	-
		<u>1,726,000</u>	<u>10,496,902</u>

NOTE 13: OPERATING LEASES AS LESSOR

The Group leases out commercial space retained in its developments on an operating lease basis.

The lease contracts are all non-cancellable ranging from 2 - 5 years from the commencement of the lease.

No contingent rents were recognised. Future minimum lease rentals are as follows:

	Note	Consolidated Group	
		2015	2014
		\$	\$
Minimum lease rentals due:			
– not later than 12 months		257,703	231,061
– between 12 months and 5 years		212,252	144,394
– greater than 5 years		-	-
		<u>469,955</u>	<u>375,455</u>

NOTE 14: KEY MANAGEMENT PERSONNEL COMPENSATION

	Short-term Employee Benefits	Long-term Employee Benefits	Termination Benefits	Total
	\$	\$	\$	\$
2015				
Total compensation	459,178	45,502	76,413	581,093
2014				
Total compensation	679,200	77,934	-	757,134

Brisbane Housing Company Limited

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

NOTE 15: SHARE CAPITAL

	Consolidated Group	
	2015	2014
	\$	\$
3 (2014: 3) fully paid Ordinary Shares	3	3
12 (2014: 12) fully paid Community Redeemable Preference Shares	12	12
	<u>15</u>	<u>15</u>

Ordinary shares do not carry the right to receive a dividend or participate in the income, profits or surplus assets of the Company beyond the redemption amount and in the event of winding up, the surplus assets of the company are transferred to one or more charitable institutions nominated by the State Government. Redeemable preference shares do not participate in dividends or proceeds of winding up (apart from the \$1 redemption amount).

At shareholders' meetings each ordinary share and community redeemable preference share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

NOTE 16: BORROWINGS

	Note	Consolidated Group	
		2015	2014
		\$	\$
Loan Facilities			
Loan Facilities		30,000,000	50,000,000
Amount utilised		-	(15,000,000)
Amount Available		<u>30,000,000</u>	<u>35,000,000</u>

The loan facilities are summarised as follows:

Commercial bill facility

\$30,000,000 loan facility. The facility is due to expire on 31 Jan 2018. Termination of the agreement can be effected by notice in writing from the Company. The company has not drawn down any funds as at the 30 June 2015. The current variable rate as at 30 June 2015 is 2.135% (2014: 2.705%).

Finance will be available under all facilities provided the group has not breached any borrowing covenants and the required financial ratios are met. At the date of this report the borrowing covenants have been met.

The loan facilities are secured by mortgages over a significant proportion of the land and buildings documented in note 8.

NOTE 17: PARENT ENTITY INFORMATION

Information relating to Brisbane Housing Company Ltd - excluding subsidiaries ('the parent entity')

	2015	2014
	\$	\$
Statement of Financial Position		
Current Assets	33,750,617	57,809,045
Total Assets	315,491,050	323,506,775
Current Liabilities	2,680,136	21,163,902
Total Liabilities	<u>2,787,836</u>	<u>21,275,620</u>
Total Equity	<u>312,703,214</u>	<u>302,231,155</u>

Brisbane Housing Company Limited

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

NOTE 17: PARENT ENTITY INFORMATION (CONT)

Statement of Profit or Loss and Other Comprehensive Income

Surplus for the year	585,332	4,306,268
Other Comprehensive Income	9,886,727	11,683,377
Total Comprehensive Income	10,472,059	15,989,645

The Parent Entity has \$Nil capital commitments in relation to building improvements (2014: \$10.5m)

The Parent Entity has not entered into a deed of cross guarantee nor are there any contingent liabilities at the year end.

NOTE 18: CONTINGENT LIABILITIES

As a condition of the funding received under the funding agreement with GLNG Operations Pty Ltd, QGC Pty Ltd and Australia Pacific LNG Pty Ltd, Catalyst Affordable Housing Limited is required to deliver a minimum of 35 dwellings in Gladstone. Projected cost to complete delivery of the minimum number of dwellings by the 31st July 2015 is \$1.7million.

As a condition of the funding received under the funding agreement with the State Government, for the Bothwell St project, the company is required to construct 57 social housing units. The State Government contributed the land valued at \$2.0million and cash of \$7.5million. The State has an option to purchase the development in 2053 and a first right of refusal if the company sells before that date. The company may be required to repay the contingent liability to the State in the event of a sale of the property. The contingent liability is the amount provided by the State Government and is to reduce by 2.5% per annum.

NOTE 19: AFTER BALANCE DATE EVENTS

BHC entered into a fixed price construction contract to deliver the Lutwyche Rd development in Lutwyche at a total cost of \$11.4Million. Construction is anticipated to complete by 31 August 2016.

Contracts have been signed subsequent to year end for the fitout of the head office. The three contracts total \$554k.

There is no litigation filed against the company since balance date and the company is unaware of any pending litigation.

The financial report was authorised for issue on 16 September 2015 by the Board of Directors.

NOTE 20: RELATED PARTY TRANSACTIONS

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other persons.

- During the year the company paid MPS Valuers \$92,829 for valuation services, where a director was related to the principal of the firm.
- During the year the company received \$42,345 in rent from Multicap Ltd for 6 boarding rooms at the Hartop Lane property, where two directors were also directors of the company.

NOTE 21: FAIR VALUE MEASUREMENT

The following table shows the non-financial assets measured at fair value on a recurring basis at 30 June 2015

	\$'000
Property Plant and Equipment	
Land & Buildings - Independent Valuation	\$97,500
Land & Buildings - Directors' Valuation	\$162,602

Fair value of the land & buildings - independent valuation, is estimated based on appraisals performed by independent, professionally qualified property valuers. Fair value of land and buildings - directors' valuations is estimated based on the average percentage increase of the independent valuations.

The land and buildings were revalued on 11 May 2015. The land and buildings were previously re-valued in May 2014.

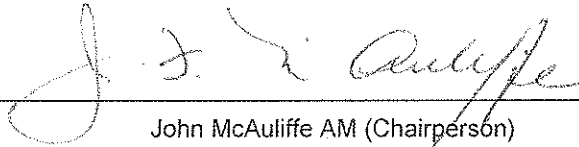
Brisbane Housing Company Limited
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DIRECTORS' DECLARATION

The directors of the entity declare that:

1. The consolidated financial statements and notes, as set out on pages 8 to 24, are in accordance with the Australian Charities and Not-for-Profits Commission Act 2012 and:
 - a. comply with Accounting Standards reduced disclosure requirements (including Australian Interpretations) and the Australian Charities and Not-for-Profits Regulations 2013; 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 and of the consolidated group.
2. In the directors' opinion there are reasonable grounds to believe that the company and its subsidiaries will be able to pay their debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.



John McAuliffe AM (Chairperson)

Dated this 16th day of September 2015



Grant Thornton Audit Pty Ltd
ACN 130 913 594

Level 18
King George Central
145 Ann Street
Brisbane QLD 4000
Correspondence to:
GPO Box 1008
Brisbane QLD 4001

T + 61 7 3222 0200
F + 61 7 3222 0444
E info.qld@au.gt.com
W www.granthornton.com.au

Independent Auditor's Report To the Members of Brisbane Housing Company Limited

We have audited the accompanying financial report of Brisbane Housing Company Limited (the "Company"), which comprises the consolidated statement of financial position as at 30 June 2015, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated 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 consolidated entity comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

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 - Reduced Disclosure Requirements and the Australian Charities and Not-for-profits Commission Act 2012. The Directors' responsibility also includes 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 us to 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

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judgement, 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 of the financial report that gives a true and fair view 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.

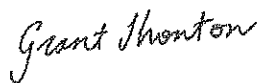
Independence

In conducting our audit, we have complied with the independence requirements of the Accounting Professional and Ethical Standards Board and the Australian Charities and Not-for-profits Commission Act 2012.

Auditor's opinion

In our opinion:

- a the financial report of Brisbane Housing Company Limited is in accordance with the Australian Charities and Not-for-profits Commission Act 2012, including:
 - i giving a true and fair view of the consolidated entity'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- Reduced Disclosure Requirements and the Australian Charities and Not-for-profits Commission Regulation 2013.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



M S Bell
Partner - Audit & Assurance

Brisbane, 16 September 2015