

**SOUTHERN RIVER SYNDICATE  
ARSN 117 661 971**

**INTERIM FINANCIAL REPORT  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2019**

**SOUTHERN RIVER SYNDICATE  
ARSN 117 661 971**

**DIRECTORS' REPORT**

The Directors of Primary Securities Ltd (ABN 96 089 812 635), the Responsible Entity of the Southern River Syndicate ('the Syndicate') present their report for the half-year ended 31 December 2019.

**Directors**

The names of the Directors in office at any time during or since the end of the half-year are:

Robert Garton Smith  
Natasha Olsen  
David Butterfield

Directors have been in office since the start of the half year to the date of this report unless otherwise stated.

The registered office of the Responsible Entity is 3 Shuffrey Street, Fremantle WA 6160.

**Review of Operations**

The net loss after tax from continuing operations of the Syndicate for the half-year ended 31 December 2019 was \$55,925 (31 December 2018: net profit of \$200,500).

During the period the Syndicate paid a distribution of \$1,300,000 to its unitholders.

A total of 303 lots have been sold and 296 settled in the project to 31 December 2019.

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**DIRECTORS' REPORT**

**Principal Activities**

The Syndicate is a registered managed investment scheme domiciled in Australia.

The purpose of the Syndicate was to acquire and develop vacant lots in an area bounded by Southern River Road, Matison Road and Holmes Road, Southern River, Western Australia ("the property").

The Syndicate is comprised of the subdivision of approximately 23.8 hectares of land, including 13 different land titles consolidated and converted to 386 residential lots, 2 unit sites and 1 commercial lot.

There are a total of 9 stages in the development. Stage 8 has been completed and titled. Stage 9 has been approved but will not be developed until the market improves.

Current market conditions are continuing to be difficult for projects such as these. The economic conditions in Western Australia have not improved over the last twelve months with unemployment at highs and housing starts at historical lows.

The conversion from signed contracts to unconditional contracts is impacted by conservative lending practices by the Banks and other lending institutions. This has led to many apparent qualified buyers being rejected requiring the lots to be re-contracted. The negative impact of the Banking Royal commission has been felt by the housing industry.

**Likely Developments**

The immediate focus is on the sale and settlements of Stage 8. Plans will be lodged for development of stage 9 however the commencement of development of this stage will depend entirely on the sales of stage 8.

**Auditor's Independence Declaration**

A copy of the lead auditor's independence declaration as required by section 307C of the Corporations Act 2001 is included on page 11.

Signed in accordance with a resolution of the Board of Directors of the Responsible Entity, Primary Securities Ltd:



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**Robert Garton Smith**

Director

Dated this 24th day of February 2020

Fremantle, Western Australia

**SOUTHERN RIVER SYNDICATE  
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**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2019**

	December 2019 \$	December 2018 \$
<b>Revenue</b>		
Property development sale	183,566	1,785,842
Interest income	13,296	2,146
<b>Total Revenue</b>	<u>196,862</u>	<u>1,787,988</u>
<b>Expenses</b>		
Administration Expenses	(80,732)	(76,096)
Management Fees	(32,142)	(131,661)
Agent Commission	(7,800)	(57,690)
Cost of Property Development Sold	(160,197)	(1,245,989)
Finance Expenses	(3,045)	-
<b>Total Expenses</b>	<u>(283,916)</u>	<u>(1,511,436)</u>
<b>(Loss)/Profit before tax</b>	<u>(87,054)</u>	<u>276,552</u>
Income tax benefit/(expense)	31,129	(76,052)
<b>(Loss)/Profit after tax</b>	(55,925)	200,500
Other Comprehensive Income	<u>-</u>	<u>-</u>
<b>Total Comprehensive Income attributable to Unit Holders</b>	<u><u>(55,925)</u></u>	<u><u>200,500</u></u>

The accompanying notes form part of these financial statements.

**SOUTHERN RIVER SYNDICATE  
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**STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2019**

	Notes	December 2019 \$	June 2019 \$
<b><i>Current Assets</i></b>			
Cash and cash equivalents		296,369	1,592,187
Trade and other receivables		1,320,761	1,352,986
Inventories	2	480,702	2,054,681
<b><i>Total Current Assets</i></b>		<u>2,097,832</u>	<u>4,999,854</u>
<b><i>Non-Current Assets</i></b>			
Inventories	2	4,953,336	3,287,489
Deferred tax assets		505,885	505,885
<b><i>Total Non-Current Assets</i></b>		<u>5,459,221</u>	<u>3,793,374</u>
<b><i>Total Assets</i></b>		<u><b>7,557,053</b></u>	<u><b>8,793,228</b></u>
<b><i>Current Liabilities</i></b>			
Trade and other payables		170,220	19,341
Current tax liabilities		49,810	80,939
<b><i>Total Current Liabilities</i></b>		<u>220,030</u>	<u>100,280</u>
<b><i>Total Liabilities</i></b>		<u>220,030</u>	<u>100,280</u>
<b><i>Net Assets</i></b>		<u><b>7,337,023</b></u>	<u><b>8,692,948</b></u>
<b><i>Equity</i></b>			
Unitholders equity		7,337,023	8,692,948
<b><i>Net Assets Attributable to Unit Holders</i></b>		<u><b>7,337,023</b></u>	<u><b>8,692,948</b></u>

The accompanying notes form part of these financial statements.

**SOUTHERN RIVER SYNDICATE  
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**STATEMENT OF CHANGES IN NET ASSETS  
ATTRIBUTABLE TO UNIT HOLDERS  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2019**

	<b>December 2019 \$</b>	<b>December 2018 \$</b>
<b>UNITHOLDERS EQUITY AT THE BEGINNING OF THE FINANCIAL YEAR</b>	8,692,948	8,451,979
(Loss)/Profit for the half year	<u>(55,925)</u>	<u>200,500</u>
Total comprehensive income for the half year	<u>(55,925)</u>	<u>200,500</u>
<b>Transactions with unit holders in their capacity as unitholders</b>		
Distributions paid (Note 5)	<u>(1,300,000)</u>	<u>-</u>
<b>UNITHOLDERS EQUITY AT THE END OF THE HALF YEAR</b>	<u><b>7,337,023</b></u>	<u><b>8,652,479</b></u>

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**SOUTHERN RIVER SYNDICATE**  
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**STATEMENT OF CASH FLOWS**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2019**

	December 2019 \$	December 2018 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers	260,000	1,964,426
Payments to suppliers	(436,158)	(855,342)
Income tax refunded/(paid)	-	150,000
Interest received	13,296	2,146
Net cash flows (used in)/provided by operating activities	<u>(162,862)</u>	<u>1,261,230</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of borrowings	-	(614,087)
Net cash flows used in financing activities	<u>-</u>	<u>(614,087)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Repayment to unitholders	(1,132,956)	-
Net cash flows used in investing activities	<u>(1,132,956)</u>	<u>-</u>
Net (decrease)/increase in cash and cash equivalents	(1,295,818)	647,143
Cash and cash equivalents at 1 July	1,592,187	197,055
<b>Cash and cash equivalents at 31 December</b>	<u><b>296,369</b></u>	<u><b>844,198</b></u>

The accompanying notes form part of these financial statements.

**SOUTHERN RIVER SYNDICATE  
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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2019**

**1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES**

**Reporting Entity**

Southern River Syndicate ("the Syndicate") is a registered managed investment scheme under the Corporations Act 2001. The condensed interim financial report of the Scheme is for the six months ended 31 December 2019.

**Statement of compliance**

The half-year financial report is a general purpose financial report prepared in accordance with the Corporations Act 2001 and AASB 134 Interim Financial Reporting. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 Interim Financial Reporting. The half-year report does not include notes of the type normally included in an annual financial report and shall be read in conjunction with the most recent annual financial report.

**Basis of preparation**

The financial statements have been prepared on the basis of historical cost. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the Syndicate's 2019 annual financial report for the financial year ended 30 June 2019. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

The Syndicate has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board that are relevant to its operations and effective for the current half-year.

It has been determined by the Syndicate that there is no impact, material, or otherwise of the New and Amended Standards and Interpretations on its business, and therefore, no changes are required to the Syndicate's accounting policies.

Unitholders funds have been shown as equity rather than a financial liability following the amendment to the Syndicate's Constitution, giving the Syndicate an indefinite useful life. The funds ceased to satisfy the definition of a financial liability under AASB 132 Financial Instruments: Presentation and have been classified as an equity instrument in the financial statements



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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2019**

**2. INVENTORIES**

	December 2019 \$	June 2019 \$
<b>Current</b>		
Work in progress at cost	480,702	2,054,681
<b>Non Current</b>		
Work in progress at cost	4,953,336	3,287,489
<b>Total Inventories</b>	<u>5,434,038</u>	<u>5,342,170</u>
<b>Work in Progress</b>		
Cost of acquisition	14,737,051	14,737,051
Land swap costs	220,000	220,000
Development costs capitalised	39,793,034	39,579,136
Borrowing and finance costs capitalised	9,480,661	9,480,472
Cost of inventory sold	<u>(58,796,708)</u>	<u>(58,674,489)</u>
	<u>5,434,038</u>	<u>5,342,170</u>

**3. COMMITMENTS AND CONTINGENT LIABILITIES**

The Syndicate had no commitments as at 31 December 2019 and 30 June 2019.

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

**4. EVENTS SUBSEQUENT TO REPORTING DATE**

No matter or circumstance has arisen since 31 December 2019 that has significantly affected or may significantly affect the Syndicate's operations, the results of those operations, or the Syndicate's state of affairs in future financial years.

**5. DISTRIBUTIONS**

On 18 December 2019, the Directors of the Responsible Entity declared a distribution of \$0.10 per ordinary unit representing a franked dividend of \$0.067 per ordinary unit and return of capital of \$0.033 per ordinary unit resulting in a total distribution of \$1,300,000 for the half-year ended 31 December 2019.

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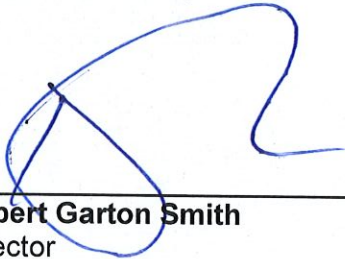
**DIRECTORS' DECLARATION**

**31 DECEMBER 2019**

The directors of Primary Securities Ltd, the Responsible Entity of the Southern River Syndicate, declare that:

1. The financial statements and notes:
  - (a) comply with the Corporations Act 2001, Australian Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001; and
  - (b) give a true and fair view of the Syndicate's financial position as at 31 December 2019 and of its performance for the period ended on that date.
2. In the directors' opinion there are reasonable grounds to believe that the Syndicate 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 of the Responsible Entity.



**Robert Garton Smith**

Director

Dated this 24th day of February 2020  
Fremantle, Western Australia

## AUDITOR'S INDEPENDENCE DECLARATION

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the review of Southern River Syndicate for the half-year ended 31 December 2019, I declare that, to the best of my knowledge and belief, there have been:

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



**Crowe Perth**



**Cyrus Patell**  
Partner

Perth, WA

Dated this 24<sup>th</sup> day of February 2020

*The title 'Partner' conveys that the person is a senior member within their respective division, and is among the group of persons who hold an equity interest (shareholder) in its parent entity, Findex Group Limited. The only professional service offering which is conducted by a partnership is the Crowe Australasia external audit division. All other professional services offered by Findex Group Limited are conducted by a privately owned organisation and/or its subsidiaries.*

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## **INDEPENDENT AUDITOR'S REVIEW REPORT TO THE UNIT HOLDERS OF THE SOUTHERN RIVER SYNDICATE**

### **Report on the half-year financial report**

We have reviewed the accompanying half-year financial report of Southern River Syndicate (the Syndicate), which comprises the statement of financial position as at 31 December 2019, the statement of comprehensive income, the statement of changes in net assets attributable to Unit Holders 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 Responsible Entity, Primary Securities Limited, 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 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 the 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 financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Syndicate's financial position as at 31 December 2019 and its performance for the half-year ended on that date; and complying with the Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Syndicate, 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*.

The title 'Partner' conveys that the person is a senior member within their respective division, and is among the group of persons who hold an equity interest (shareholder) in its parent entity, Findex Group Limited. The only professional service offering which is conducted by a partnership is the Crowe Australasia external audit division. All other professional services offered by Findex Group Limited are conducted by a privately owned organisation and/or its subsidiaries.

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*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 the Southern River Syndicate is not in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the Syndicate's financial position as at 31 December 2019 and of its performance for the half-year ended on that date; and
- b) complying with AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.



**Crowe Perth**



**Cyrus Patell**  
Partner

Perth, WA

Dated this 24<sup>th</sup> day of February 2020