

**HENLEY BROOK SYNDICATE
ARSN 114 592 040**

**INTERIM FINANCIAL REPORT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2021**

This is Annexure A of 11 pages
Referred to in Form 7051:
Notification of half yearly reports



David Mahon - Company Secretary
Dated this 11th day of March 2022

HENLEY BROOK SYNDICATE
ARSN 114 592 040

DIRECTORS' REPORT

The Directors of Primary Securities Ltd (ABN 96 089 812 635), the Responsible Entity of Henley Brook Syndicate ("the Syndicate"), present their report for the half-year ended 31 December 2021.

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
Roisin Boyd (appointed 15 July 2021)
David Butterfield (resigned 30 July 2021)

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 Syndicate made an after-tax net profit of \$85,434 from continuing operations for the half-year ended 31 December 2021 (31 December 2020: net profit of \$586,388).

As at 31 December 2021 the syndicate had sold 454 lots and settled 425 lots.

The economic conditions in Western Australia continue to be supportive of the residential property market.

A combination of low interest rates, high employment levels and Government incentives have all contributed to the buoyant market, notwithstanding the conditions are having a negative impact in that contractors are delaying construction of subdivisions and costs have escalated.

Early in the 2021 calendar year Stage 12 comprising 34 lots was contracted for completion in November 2021. Due to delays through personnel and equipment shortages, completion of this stage is now targeted for March/April 2022.

Selling prices have finally escalated after 7 years of reductions in prices. This increase in revenue will aid the recovery of most of the additional construction costs and a further margin on resales of the stage 12 lots.

As at the date of this report there are 5 lots available out of the 34 being developed. All of these are resales.

The balance of the estate of approximately 120 lots is now being planned for development in one stage. The release and clearing of the lots will be managed to maximise the results for the syndicate. Initial earthworks for the remaining lots commenced in mid-February.

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DIRECTORS' REPORT

Principal Activity

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

The Syndicate commenced on 22 December 2005 after the acquisition of Lots 349 and 350 Park Road, Henley Brook, Western Australia.

The Property was to be subdivided into approximately 581 residential lots with some rural residential lots over approximately nine stages to be progressively completed over a ten year period. A total of 460 lots have now been developed including most recently stage 12. The balance of estimated 120 lots are intended to be developed and sold over the next two years.

The Syndicate has no employees.

There have been no significant changes in the nature of the Syndicate's activities during the financial reporting period.

Likely Developments

Stage 12 commenced construction in May 2021 in two sub stages 12a and 12b. Completion of construction is expected in March/May 2022 with titles issuing within two months of completion.

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required by section 307C of the Corporations Act 2001 is included on page 12.

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



Robert Garton Smith

Director

Dated this 10th day of March 2022

Fremantle, Western Australia

HENLEY BROOK SYNDICATE
ARSN 114 592 040

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

	December 2021	December 2020
	\$	\$
<i>Revenue and other income</i>		
Property development sale	1,249,405	6,070,686
Interest income	-	3,361
Other income	-	2,500
	1,249,405	6,076,547
<i>Expenses</i>		
Administration expenses	(55,916)	(55,891)
Management fees	(107,396)	(369,628)
Agents commission	(40,785)	(198,180)
Cost of property development sold	(949,194)	(4,644,037)
	(1,153,291)	(5,267,736)
<i>Net profit before income tax</i>	96,114	808,811
Income tax expense	(10,680)	(222,423)
	85,434	586,388
Total comprehensive income attributable to unit holders	85,434	586,388

The accompanying notes form part of these financial statements.

HENLEY BROOK SYNDICATE
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STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021

	Notes	December 2021 \$	June 2021 \$
<i>Current Assets</i>			
Cash and cash equivalents		2,944,389	4,279,580
Trade and other receivables		80,312	8,544
Inventories	2	4,332,349	3,198,635
<i>Total Current Assets</i>		<u>7,357,050</u>	<u>7,486,759</u>
<i>Non-Current Assets</i>			
Inventories	2	9,801,179	9,439,874
Property, plant and equipment		34,133	34,133
<i>Total Non-Current Assets</i>		<u>9,835,312</u>	<u>9,474,007</u>
<i>Total Assets</i>		<u>17,192,362</u>	<u>16,960,766</u>
<i>Current Liabilities</i>			
Trade and other payables		212,974	77,493
Current tax liability		517,451	506,770
<i>Total Current Liabilities</i>		<u>730,425</u>	<u>584,263</u>
<i>Non-Current Liabilities</i>			
Deferred tax liabilities		1,246,829	1,246,829
<i>Total Non-Current Liabilities</i>		<u>1,246,829</u>	<u>1,246,829</u>
<i>Total Liabilities</i>		<u>1,977,254</u>	<u>1,831,092</u>
<i>Net Assets</i>		<u>15,215,108</u>	<u>15,129,674</u>
<i>Equity</i>			
Unitholders equity		15,215,108	15,129,674
<i>Net Assets Attributable to Unit Holders</i>		<u>15,215,108</u>	<u>15,129,674</u>

The accompanying notes form part of these financial statements.

**HENLEY BROOK SYNDICATE
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**STATEMENT OF CHANGES IN NET ASSETS
ATTRIBUTABLE TO UNIT HOLDERS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2021**

	December 2021	December 2020
	\$	\$
UNITHOLDERS EQUITY AT THE BEGINNING OF THE HALF YEAR	15,129,674	15,099,939
<i>Recognised income and expenses</i>		
Profit for the half year	85,434	586,388
Total comprehensive income for the half year	85,434	586,388
Transactions with unit holders in their capacity as unitholders		
Distributions paid (Note 5)	-	(1,100,000)
UNITHOLDERS EQUITY AT THE END OF THE HALF YEAR	15,215,108	14,586,327

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HENLEY BROOK SYNDICATE

ARSN 114 592 040

STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

	December 2021 \$	December 2020 \$
<i>Cash Flows from Operating Activities</i>		
Receipts from customers	1,359,500	6,606,000
Interest received	-	3,361
Other income	-	2,500
Payments to suppliers	<u>(2,691,191)</u>	<u>(4,563,567)</u>
<i>Net Cash (Used In)/Provided By Operating Activities</i>	<u>(1,331,691)</u>	<u>2,048,294</u>
<i>Cash Flows from Investing Activities</i>		
Distribution to unitholders	<u>(3,500)</u>	<u>(1,025,500)</u>
<i>Net Cash Used In Investing Activities</i>	<u>(3,500)</u>	<u>(1,025,500)</u>
Net (decrease)/increase in cash and cash equivalents	(1,335,191)	1,022,794
Cash and cash equivalents at the beginning of the half-year	<u>4,279,580</u>	<u>2,620,401</u>
<i>Cash and cash equivalents at the end of the half-year</i>	<u><u>2,944,389</u></u>	<u><u>3,643,195</u></u>

The accompanying notes form part of these financial statements.

HENLEY BROOK SYNDICATE
ARSN 114 592 040

CONDENSED NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

Henley Brook 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 2021.

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 2021 annual financial report for the financial year ended 30 June 2021. 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 material impact 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.

HENLEY BROOK SYNDICATE
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CONDENSED NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

2. INVENTORIES

	December 2021	June 2021
	\$	\$
Current		
Work in progress at cost	4,332,349	3,198,635
Non-Current		
Work in progress at cost	9,801,179	9,439,874
	<u>14,133,528</u>	<u>12,638,509</u>
Work in Progress		
Cost of Acquisition	12,500,000	12,500,000
Development costs capitalised	63,900,442	61,494,108
Borrowing and finance costs capitalised	10,997,850	10,997,740
Cost of sales expensed	(73,264,764)	(72,353,339)
	<u>14,133,528</u>	<u>12,638,509</u>

Work in progress relates to land acquired by the Henley Brook Syndicate. The property originally comprised two adjoining titles which had an area of approximately 40.6 hectares. The subdivision is to divide the property into approximately 581 residential lots over 15 stages, and to sell the balance of the remaining lots over the next 2 years.

**HENLEY BROOK SYNDICATE
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**CONDENSED NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2021**

3. EVENTS SUBSEQUENT TO REPORTING DATE

No matter or circumstance has arisen since 31 December 2021 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.

4. COMMITMENTS

Other than as outlined below, there has been no change in commitments or contingencies since the last annual reporting date.

The Syndicate engaged Wormald Civil Pty Ltd to construct stage 12a and 12b for a cost of \$3,473,977 including variations and GST. As at 31 December 2021, there remained \$1,804,776 (including GST) to complete the contract.

The syndicate has committed to APA Parmelia trust for the construction of an overpass and related works which impact the Parmelia gas pipeline. This work is required as part of the conditions of approval for the subdivision. This estimated commitment of \$475,760 was paid to APA in November 2021. The final cost may vary, however cannot be accurately determined at this time.

As part of the conditions for the civil works over the Parmelia pipeline the syndicate has been requested to provide a security of \$2,000,000 by way of cash backed Bank Guarantee. These guarantees will be held by APA during the term of the construction activity, of approximately one month, to provide additional financial support for the works. As a result, at 31 December 2021, \$2,000,000 of the cash and cash equivalents held by the Syndicate is temporarily restricted.

5. DISTRIBUTIONS

On 12 December 2020, the Directors of the Responsible Entity declared a distribution of \$0.10 per ordinary unit resulting in a total distribution of \$1,100,000 for the half-year ended 31 December 2020.

No distributions were declared for the half-year ended 31 December 2021.

HENLEY BROOK SYNDICATE

ARSN 114 592 040

DIRECTORS' DECLARATION

31 DECEMBER 2021

The directors of Primary Securities Ltd, the Responsible Entity of the Henley Brook 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 2021 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 10th day of March 2022

Fremantle, Western Australia

AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001 TO THE UNITHOLDERS OF THE HENLEY BROOK SYNDICATE

As lead auditor for the review of the half-year financial report of the Henley Brook Syndicate for the half-year ended 31 December 2021, I declare that to the best of my knowledge and belief, that 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 15th day of March 2022

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE UNITHOLDERS OF THE HENLEY BROOK SYNDICATE

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of the Henley Brook Syndicate, which comprises the statement of financial position as at 31 December 2021, the statement of profit or loss and other comprehensive income, statement of changes in net assets attributable to unitholders and statement of cash flows for the half-year ended on that date, condensed notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of the Henley Brook Syndicate does not comply with the *Corporations Act 2001* including:

- a) giving a true and fair view of the Syndicate's financial position as at 31 December 2021 and of its performance for the half-year ended on that date; and
- b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Syndicate in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Responsibility of the Directors for the 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 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.

Auditor's Responsibility for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether 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 Syndicate's financial position as at 31 December 2021 and its performance for the half-year ended on that date and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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 other 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.



Crowe Perth



Cyrus Patell
Partner

Signed at Perth, 15 March 2022