

**SOUTHERN RIVER SYNDICATE  
ARSN 117 661 971**

**INTERIM FINANCIAL REPORT  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2020**

**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 2020.

**Directors**

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

Robert Garton Smith  
David Butterfield  
Natasha Olsen

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 profit after tax from continuing operations of the Syndicate for the half-year ended 31 December 2020 was \$214,119 (31 December 2019: net loss of \$55,925).

A total of 330 lots have been sold and 312 settled in the project to 31 December 2020.

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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 25.96 hectares of land, including 16 different land titles consolidated and converted to 378 lots.

There are a total of 9 stages in the development. Stage 8 has been completed and titled. Stage 9a has been developed. Completion date was in January 2021. The strong market conditions since April 2020 has enabled development of this stage. The balance of stage 9 being stage 9b is currently with the City of Gosnells for final approval.

This stage 9b will be the last stage for this project.

Current market conditions are still positive although significantly slower than the period from April 2020 to December 2020. The strong uplift in the market was caused by the significant financial incentives from both the Commonwealth and State Governments.

The period from the June report to this report has seen sales of 16 lots and settlements of 12 lots. In the previous full financial year there were only 5 settlements.

**Likely Developments**

Plans are with the City of Gosnells for approval for stage 9a the last subdivision for this project.

The City has advertised the Development Contribution requirements for the area including this estate. We are expecting to have the DCA settled and concluded this calendar year. The result should include a significant repayment to the syndicate.

A distribution of 10c per ordinary share and 5c per bonus share was declared and will be paid in March 2021.

**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 15<sup>TH</sup> day of March 2021

Fremantle, Western Australia

**SOUTHERN RIVER SYNDICATE**  
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**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2020**

	<b>December 2020 \$</b>	<b>December 2019 \$</b>
<b>Revenue</b>		
Property development sale	2,590,909	183,566
Interest income	712	13,296
<b>Total revenue</b>	<u>2,591,621</u>	<u>196,862</u>
<b>Expenses</b>		
Administration expenses	(67,075)	(80,732)
Management fees	(187,878)	(32,142)
Agent commission	(85,499)	(7,800)
Cost of property development sold	(2,009,278)	(160,197)
Finance expenses	-	(3,045)
<b>Total expenses</b>	<u>(2,349,730)</u>	<u>(283,916)</u>
<b>Profit/(loss) before tax</b>	<u>241,891</u>	<u>(87,054)</u>
Income tax (expense)/benefit	(27,772)	31,129
<b>Profit/(loss) after tax</b>	214,119	(55,925)
Other comprehensive income	-	-
<b>Total comprehensive income/(loss) attributable to unit holders</b>	<u><u>214,119</u></u>	<u><u>(55,925)</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 2020**

	Notes	December 2020 \$	June 2020 \$
<b><i>Current Assets</i></b>			
Cash and cash equivalents		1,265,172	625,556
Trade and other receivables		1,358,954	1,330,238
Inventories	2	<u>1,155,400</u>	<u>986,021</u>
<b><i>Total Current Assets</i></b>		<u>3,779,526</u>	<u>2,941,815</u>
<b><i>Non-Current Assets</i></b>			
Inventories	2	3,471,171	3,881,311
Deferred tax assets		<u>549,912</u>	<u>549,912</u>
<b><i>Total Non-Current Assets</i></b>		<u>4,021,083</u>	<u>4,431,223</u>
<b><i>Total Assets</i></b>		<u><b>7,800,609</b></u>	<u><b>7,373,038</b></u>
<b><i>Current Liabilities</i></b>			
Trade and other payables		281,841	15,222
Current tax liabilities		<u>27,772</u>	<u>80,939</u>
<b><i>Total Current Liabilities</i></b>		<u>309,613</u>	<u>96,161</u>
<b><i>Total Liabilities</i></b>		<u>309,613</u>	<u>96,161</u>
<b><i>Net Assets</i></b>		<u><b>7,490,996</b></u>	<u><b>7,276,877</b></u>
<b><i>Equity</i></b>			
Unitholders equity		<u>7,490,996</u>	<u>7,276,877</u>
<b><i>Net Assets Attributable to Unit Holders</i></b>		<u><b>7,490,996</b></u>	<u><b>7,276,877</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 2020**

	<b>December 2020 \$</b>	<b>December 2019 \$</b>
<b>UNITHOLDERS EQUITY AT THE BEGINNING OF THE HALF YEAR</b>	7,276,877	8,692,948
<i>Recognised income and expenses</i>		
Profit/(loss) for the half year	<u>214,119</u>	<u>(55,925)</u>
Total comprehensive income/(loss) for the half year	<u>214,119</u>	<u>(55,925)</u>
<b>Transactions with unit holders in their capacity as unitholders</b>		
Distributions paid (Note 5)	<u>-</u>	<u>(1,300,000)</u>
<b>UNITHOLDERS EQUITY AT THE END OF THE HALF YEAR</b>	<u><b>7,490,996</b></u>	<u><b>7,337,023</b></u>

The accompanying notes form part of these financial statements.

**SOUTHERN RIVER SYNDICATE  
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**STATEMENT OF CASH FLOWS  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2020**

	<b>December 2020 \$</b>	<b>December 2019 \$</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers	2,850,000	260,000
Payments to suppliers	(2,128,157)	(436,158)
Income tax (paid)/refunded	(80,939)	-
Interest received	712	13,296
Net cash flows provided by/(used in) operating activities	<u>641,616</u>	<u>(162,862)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Repayment to unitholders	<u>(2,000)</u>	<u>(1,132,956)</u>
Net cash flows used in investing activities	<u>(2,000)</u>	<u>(1,132,956)</u>
Net increase/(decrease) in cash and cash equivalents	639,616	(1,295,818)
Cash and cash equivalents at 1 July	<u>625,556</u>	<u>1,592,187</u>
<b>Cash and cash equivalents at 31 December</b>	<b><u>1,265,172</u></b>	<b><u>296,369</u></b>

The accompanying notes form part of these financial statements.

**SOUTHERN RIVER SYNDICATE  
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**CONDENSED NOTES TO THE FINANCIAL STATEMENTS  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2020**

**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 2020.

**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 2020 annual financial report for the financial year ended 30 June 2020. 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.



**SOUTHERN RIVER SYNDICATE**  
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**CONDENSED NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2020**

**2. INVENTORIES**

	December 2020 \$	June 2020 \$
<b>Current</b>		
Work in progress at cost	1,155,400	986,021
<b>Non Current</b>		
Work in progress at cost	3,471,171	3,881,311
<b>Total Inventories</b>	<u>4,626,571</u>	<u>4,867,332</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	41,510,733	39,947,761
Borrowing and finance costs capitalised	9,481,086	9,480,961
Cost of inventory sold	<u>(61,322,299)</u>	<u>(59,518,441)</u>
	<u>4,626,571</u>	<u>4,867,332</u>

**3. COMMITMENTS AND CONTINGENT LIABILITIES**

The Syndicate had a commitment as at 31 December 2020 to the civil contractor of \$268,619 for completion of stage 9a.

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

**4. EVENTS SUBSEQUENT TO REPORTING DATE**

A distribution of 10c per ordinary share and 5c per bonus share was declared and will be paid in March 2021.

No other matter or circumstance has arisen since 31 December 2020 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**

No distributions were declared for the half-year ended 31 December 2020.

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**DIRECTORS' DECLARATION**

**31 DECEMBER 2020**

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 2020 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.



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**Robert Garton Smith**

Director

Dated this 15<sup>TH</sup> day of March 2021

Fremantle, Western Australia

**AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001 TO THE UNITHOLDERS OF THE SOUTHERN RIVER SYNDICATE**

As lead auditor for the review of the half-year financial report of the Southern River Syndicate for the half-year ended 31 December 2020, 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 2021

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

### **Report on the Half-Year Financial Report**

#### *Conclusion*

We have reviewed the half-year financial report of the Southern River Syndicate, which comprises the statement of financial position as at 31 December 2020, the statement of profit or loss and other comprehensive income, statement of changes in 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 Southern River 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 2020 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 2020 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, 15th March 2021