

**SOUTHERN RIVER SYNDICATE
ARSN 117 661 971**

**INTERIM FINANCIAL REPORT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2022**

**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 2022.

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
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 profit after tax from continuing operations of the Syndicate for the half-year ended 31 December 2022 was \$1,171,034 (31 December 2021: net profit of \$646,267).

A total of 380 settled in the project to 31 December 2022. The remaining lots are expected to settle within the current financial year.

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 has completed the subdivision of approximately 23.8 hectares of land.

Likely Developments

The conclusion/finalisation of the syndicate is expected within the current calendar year at the latest. The two remaining matters are concluding the claim for prepaid costs on developing parks for the subdivision and costs incurred to achieve residential zoning. The former costs are reimbursable as the parks were for the benefit of all landowners. Rezoning of the land involved considerable costs in engineering, planning, design, etc. The syndicate has been able to convince the City of Gosnells to reimburse some of these costs.

The outstanding claim is for circa \$2m. This claim is expected to be challenged. The managers will work diligently to ensure the City of Gosnells respects the work and costs incurred.

Timing of finalizing these claims is uncertain.

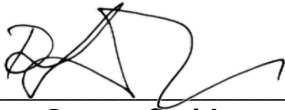
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DIRECTORS' REPORT

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 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 14th day of March 2023

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 2022**

	December 2022 \$	December 2021 \$
Revenue		
Property development sale	3,714,545	3,423,182
Interest income	13,821	-
	3,728,366	3,423,182
Expenses		
Administration expenses	(97,149)	(75,522)
Management fees	(263,522)	(242,976)
Agent commission	(122,730)	(112,965)
Cost of property development sold	(1,683,587)	(2,130,030)
	(2,166,988)	(2,561,493)
Profit before tax	1,561,378	861,689
Income tax expense	(390,344)	(215,422)
	1,171,034	646,267
Other comprehensive income	-	-
	-	-
Total comprehensive income attributable to unit holders	1,171,034	646,267

The accompanying notes form part of these financial statements.

**SOUTHERN RIVER SYNDICATE
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**STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022**

	Notes	December 2022 \$	June 2022 \$
<i>Current Assets</i>			
Cash and cash equivalents		963,849	2,328,668
Trade and other receivables		413,465	1,323,339
Inventories	2	319,890	1,772,368
Deferred tax assets		748,425	748,425
<i>Total Current Assets</i>		2,445,629	6,172,800
<i>Total Assets</i>		2,445,629	6,172,800
 <i>Current Liabilities</i>			
Trade and other payables		86,119	104,668
Current tax liabilities		1,206,111	815,767
<i>Total Current Liabilities</i>		1,292,230	920,435
<i>Total Liabilities</i>		1,292,230	920,435
<i>Net Assets</i>		1,153,399	5,252,365
 <i>Equity</i>			
Unitholders equity		1,153,399	5,252,365
<i>Net Assets Attributable to Unit Holders</i>		1,153,399	5,252,365

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 2022**

	December 2022	December 2021
	\$	\$
UNITHOLDERS EQUITY AT THE BEGINNING OF THE HALF YEAR	5,252,365	5,969,617
<i>Recognised income and expenses</i>		
Profit for the half year	1,171,034	646,267
Total comprehensive income for the half year	1,171,034	646,267
Transactions with unit holders in their capacity as unitholders		
Distributions paid (Note 5)	(5,270,000)	-
UNITHOLDERS EQUITY AT THE END OF THE HALF YEAR	1,153,399	6,615,884

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 2022**

	December 2022	December 2021
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	4,086,000	3,765,500
Payments to suppliers	(1,364,819)	(3,758,420)
DCA Bond refund received	971,069	-
Income tax paid	(103,189)	(80,940)
Interest received	13,821	-
Net cash flows provided by/(used in) operating activities	<u>3,871,506</u>	<u>(73,860)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Payment to unitholders	<u>(5,236,325)</u>	<u>(1,000)</u>
Net cash flows used in investing activities	<u>(5,236,325)</u>	<u>(1,000)</u>
Net decrease in cash and cash equivalents	(1,364,819)	(74,860)
Cash and cash equivalents at 1 July	<u>2,328,668</u>	<u>183,244</u>
Cash and cash equivalents at 31 December	<u>963,849</u>	<u>108,384</u>

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 2022**

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 2022.

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 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 annual financial report for the financial year ended 30 June 2022.

Non-going concern basis of accounting

The continued use of the going concern basis of accounting in the preparation of the Syndicate’s financial statements has been concluded to be inappropriate due to the Syndicate’s expected sale of the remaining lots under the final stage of the Riverbank Estate and completion of the Syndicate within the next 12 months. These financial statements have therefore been prepared under a non-going concern basis of accounting with the following recognition and measurement policies being applied:

- a) All assets and liabilities have been classified as current;
- b) Financial assets and liabilities, including cash and cash equivalents, trade and other receivables and trade and other payables, have been measured at amortised cost in accordance with the requirements of AASB 9 *Financial Instruments*; and
- c) Inventories have been measured at the lower of cost and net realisable value in accordance with the requirements of AASB 120 *Inventories*.

Comparative information has not been restated and is measured and presented on a non-going concern basis.

These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards. All amounts are presented in Australian dollars, unless otherwise noted.

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.

**SOUTHERN RIVER SYNDICATE
ARSN 117 661 971**

**CONDENSED NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2022**

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.

2. INVENTORIES

	December 2022	June 2022
	\$	\$
Current		
Work in progress at cost	319,890	1,772,368
	319,890	1,772,368
Total Inventories	319,890	1,772,368
Work in Progress		
Cost of acquisition	14,737,051	14,737,051
Land swap costs	220,000	220,000
Development costs capitalised	45,123,798	45,048,832
Borrowing and finance costs capitalised	9,481,642	9,481,580
Cost of inventory sold	(69,242,875)	(67,715,095)
	319,890	1,772,368

Work in progress relates to land acquired by the Southern River Syndicate. The land titles are located in Southern River, Western Australia and the project is known as the Riverbank Estate. The project is to subdivide the combined land (25.96 hectares) into approximately 383 lots over nine stages to be progressively completed and sold over the next year. The project has completed the development and settlement of 380 lots to date.

3. COMMITMENTS AND CONTINGENCIES

The Syndicate had no commitments as at 31 December 2022 and 30 June 2022.

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

A claim for prepaid costs on the development of parks for the subdivision and costs incurred to achieve residential zoning has been lodged with the City of Gosnells for reimbursement. The amount and timing of finalizing these claims are uncertain and as a result have been determined to be contingent assets and have not been recognized in these financial statements.

**SOUTHERN RIVER SYNDICATE
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**CONDENSED NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2022**

4. EVENTS SUBSEQUENT TO REPORTING DATE

No matter or circumstance has arisen since 31 December 2022 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

In July 2022 the Directors of the Responsible Entity declared a distribution of \$0.10 on all units on issue resulting in a total distribution of \$2,020,000.

In October 2022 the Directors of the Responsible Entity further declared a distribution of \$0.15 per ordinary unit resulting in a total distribution of \$1,950,000.

In December 2022 the Directors of the Responsible Entity further declared a distribution of \$0.10 per ordinary unit resulting in a total distribution of \$1,300,000.

Total distributions declared for the half-year ended 31 December 2022 was \$5,270,000.

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

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DIRECTORS' DECLARATION

31 DECEMBER 2022

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 2022 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 14th day of March 2023

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 2022, 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 14th day of March 2023

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 2022, 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 2022 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.

Emphasis of matter – Basis of Preparation

Without modifying our review conclusion, we draw attention to Note 1 of the financial report which indicates that a non-going concern basis of accounting was utilised in the preparation of the financial statements due to the expected completion of the Syndicate's operations within the next 12 months.

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 2022 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, 14 March 2023