



The CAPITAL Collection

Diverse Sector Fund Syndicate No. 1
ARSN 088 775 375

**interim financial report
December 31, 2001**

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THE CAPITAL COLLECTION – DIVERSE SECTOR FUND SYNDICATE NO. 1
CONDENSED STATEMENT OF FINANCIAL PERFORMANCE
FOR THE SIX MONTHS ENDED 31 DECEMBER 2001



	Note	31 December 2001	31 December 2000
		\$	\$
Revenue From Ordinary Activities		4,229,426	4,151,270
Expenses from Ordinary Activities		(1,344,466)	(989,557)
Depreciation/Amortisation		(457,800)	(485,814)
Borrowing Costs		(1,904,553)	(1,747,291)
Profit/(Loss) from Ordinary Activities before Tax Expenses		522,607	928,608
Income Tax Expense relating to Ordinary Activities	1(a)	-	-
Net Profit/(Loss) from Ordinary Activities after Income Tax Expense		522,607	928,608

The above condensed statement of financial performance should be read in conjunction with the notes to the financial statements.

THE CAPITAL COLLECTION – DIVERSE SECTOR FUND SYNDICATE NO. 1
CONDENSED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2001



	31 December 2001 \$	30 June 2001 \$
CURRENT ASSETS		
Cash Assets	380,496	951,313
Receivables	354,039	160,129
Other	10,424	59,499
TOTAL CURRENT ASSETS	744,959	1,170,941
NON-CURRENT ASSETS		
Cash Assets	230,683	370,203
Property, Plant and Equipment	78,243,569	77,684,315
Intangibles	835,309	980,537
TOTAL NON-CURRENT ASSETS	79,309,561	79,035,055
TOTAL ASSETS	80,054,520	80,205,996
CURRENT LIABILITIES		
Payables	728,456	608,297
Interest Bearing Liabilities	896,104	-
TOTAL CURRENT LIABILITIES	1,624,560	608,297
NON-CURRENT LIABILITIES		
Interest Bearing Liabilities	46,477,000	46,477,000
TOTAL NON-CURRENT LIABILITIES	46,477,000	46,477,000
TOTAL LIABILITIES	48,101,560	47,085,297
NET ASSETS	31,952,960	33,120,699
TOTAL SYNDICATE MEMBERS' FUNDS	31,952,960	33,120,699
SYNDICATE MEMBERS' FUNDS		
Opening Balance of Syndicate Members' Funds	33,120,699	34,751,505
Distributions to Syndicate Members	(1,690,346)	(3,374,835)
Net Profit/(Loss)	522,607	1,744,029
Closing Balance of Syndicate Members' Funds	31,952,960	33,120,699

The above condensed statement of financial position should be read in conjunction with the notes to the financial statements.

THE CAPITAL COLLECTION – DIVERSE SECTOR FUND SYNDICATE NO. 1
CONDENSED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 31 DECEMBER 2001



	31 December 2001 \$	31 December 2000 \$
Cash Flows from Operating Activities		
Receipts from Customers	4,002,046	4,216,572
Payments to suppliers	(1,150,578)	(934,687)
Interest Received	33,470	24,241
Borrowing costs paid	(1,815,831)	(1,590,500)
Cash Provided by/ (Used in) Operating Activities	<u>1,069,107</u>	<u>1,715,626</u>
Cash Flows from Investing Activities		
Payment for Property, Plant and Equipment	(985,203)	(38,457)
Cash Provided by/ (Used in) Investing Activities	<u>(985,203)</u>	<u>(38,457)</u>
Cash Flows from Financing Activities		
Proceeds from Borrowings	-	-
Payment of Distributions	(1,690,345)	(1,684,340)
Borrowings Repaid	-	-
Cash Provided by/ (Used in) Financing Activities	<u>(1,690,345)</u>	<u>(1,684,340)</u>
Net Increase/(Decrease) in cash held	(1,606,441)	(7,171)
Cash at the Beginning of the Financial Period	1,321,516	1,673,851
CASH AT THE END OF THE FINANCIAL PERIOD	<u>5</u> <u>(284,925)</u>	<u>1,666,680</u>

The above condensed statement of cash flows should be read in conjunction with the notes to the financial statements.



Note 1 – Basis of Preparation

The half-year condensed financial statements are a general purpose financial report prepared in accordance with the requirements of the Corporations Act 2001, Accounting Standard AASB 1029: Interim Financial Reporting and other mandatory professional reporting requirements. It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2001 and any public announcements made by Property Funds Australia Limited as the responsible entity for The Capital Collection – Diverse Sector Fund Syndicate No. 1 during the half-year in accordance with the continuous disclosure requirements arising under the Corporations Act 2001.

The accounting policies have been consistently applied by the syndicate and are consistent with those applied in the 30 June 2001 annual report.

The half-year financial report does not include full disclosures of the type normally included in the annual financial report.

(a) Income Tax

The Syndicate itself is not subject to income tax as all the Investors are entitled to its taxable income/tax loss in any one tax year.

Note 2 – Events Subsequent to Balance Date

There have been no events subsequent to balance date.

Note 3 – Contingent Liabilities

There are no contingent liabilities as at balance date.

Note 4 – Segment Information

The Trust operates predominantly in one geographical segment, being Australia, and one industry segment, being property investment.

	31 December 2001 \$	31 December 2000 \$
Note 5 – Reconciliation of Cash		
Current Cash Assets	380,496	951,313
Non-Current Cash Assets	230,683	370,203
Current Interest Bearing Liabilities	(896,104)	-
	<u>(284,925)</u>	<u>1,321,516</u>

THE CAPITAL COLLECTION – DIVERSE SECTOR FUND SYNDICATE NO. 1
DECLARATION BY THE DIRECTORS OF THE MANAGER



The directors of Property Funds Australia Ltd as the Responsible Entity for The Capital Collection – Diverse Sector Fund Syndicate No. 1 declare that:

1. the accompanying financial statements and notes
 - (a) comply with Accounting Standard AASB 1029: Interim Financial Reporting and the Corporations Regulations; and
 - (b) give a true and fair view of the financial position as at 31 December 2001 and performance for the half year 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.

A handwritten signature in black ink, appearing to read 'C. Morton'.

.....
Christopher Arthur Morton
Managing Director

A handwritten signature in black ink, appearing to read 'M. B. Madsen'.

.....
Matthew Bradley Madsen
Director

Brisbane
Dated: 18 March 2002

THE CAPITAL COLLECTION – DIVERSE SECTOR FUND SYNDICATE NO. 1
INDEPENDENT REVIEW REPORT TO THE UNITHOLDERS



Scope

We have reviewed the Interim Financial Report of The Capital Collection – Diverse Sector Fund Syndicate No. 1 for the half year ended 31 December 2001 as set out on pages 1 to 5. The Directors are responsible for the interim financial report. We have performed an independent review of the Interim Financial Report in order to state whether, on the basis of the procedures described, anything has come to our attention that would indicate that the Interim Financial Report is not presented fairly in accordance with Accounting Standard AASB1029: *Interim Financial Reporting* and other mandatory professional reporting requirements, and statutory requirements so as to present a view which is consistent with our understanding of the syndicate's financial position, and performance as represented by the results of its operations and its cash flows, and in order for the syndicate to lodge the interim financial report with the Australian Securities and Investment Commission.

Our review has been conducted in accordance with Australian Auditing Standards applicable to review engagements. A review is limited primarily to inquiries of syndicate personnel and analytical procedures applied to the financial data. These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance provided is less than given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Statement

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 Capital Collection – Diverse Sector Fund Syndicate No. 1 is not in accordance with:

- (a) the Corporations Act 2001, including:
 - (i) giving a true and fair view of the syndicate's financial position as at 31 December 2001 and of its performance for the half-year ended on that date; and
 - (ii) complying with Accounting Standard AASB1029: *Interim Financial Reporting* and the Corporations Regulations; and
- (b) other mandatory professional reporting requirements.

BDO Kendalls
Chartered Accountants

BDO Kendalls

Paul Gallagher
Paul Gallagher
Partner

Brisbane

Date: 18.3.2002