



**BLACKWALL**

**Interim Financial Report**

Half-year ended December 2023

## Appendix 4D – Half Year Report

This Appendix 4D should be read in conjunction with the consolidated Interim Financial Report of BlackWall Limited for the half-year ended 31 December 2023 (previous corresponding period: half-year ended 31 December 2022).

<b>Results for Announcement to the Market</b>	<b>Dec 2023</b>	<b>Dec 2022</b>	<b>Movement</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>Up/(Down)</b>
Revenue from ordinary activities (exclude gain on bargain purchase)	3,832	3,550	8%
Unrealised gains on investments	2,138	1,354	58%
Gain on bargain purchase of Pelorus	6,645	-	n/a
<b>Total</b>	<b>12,615</b>	<b>4,904</b>	<b>157%</b>
Profit after tax from ordinary activities (exclude gain on bargain purchase)	2,608	1,867	40%
Net profit attributable to ordinary equity holders	8,822	1,867	373%

Note - Ordinary activity numbers above have excluded the effect of the Pelorus transaction gain on bargain purchase and associated transaction costs.

<b>Dividends Per Share</b>	<b>Dec 2023</b>	<b>Dec 2022</b>
	<b>Cents</b>	<b>Cents</b>
Interim dividend declared (fully franked at a tax rate of 25%)	2.5	2.5

Note: 0.5 cps to be paid in cash and 2.0 cps in equivalent value of WOTSO Property (ASX: WOT) securities. The exact amount of WOT securities will be determined with reference to the closing price of WOT on the payment date.

Dates relating to interim dividend

Record date: 13 March 2024

Payment date: 5 April 2024

BlackWall has not implemented a dividend reinvestment plan

<b>Net Tangible Assets</b>	<b>Dec 2023</b>	<b>Jun 2023</b>
Net Tangible Assets per Share	\$0.46 ps	\$0.27 ps

### Control Gained or Lost Over Entities During the Period

<b>Name of entity over which control was gained or lost</b>	<b>Date control was changed</b>	<b>Profit / (Loss) for the current period from date of change of control</b>	<b>Profit / (Loss) for the previous corresponding period</b>
Gained - Pelorus Group (entities listed in the financial statements)	17 November 2023	\$657,000	n/a

Additional information supporting the Appendix 4D disclosure requirements can be found in the Directors' Report and the consolidated financial statements for the half-year ended 31 December 2023.



## **Financial Statements**

Half-year ended December 2023

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## Directors' Report

BlackWall Limited (BWF or the Group) completed the takeover of Pelorus Private Equity Limited (Pelorus) in December 2023. This has seen BWF's NTA per share grow to \$0.46 cps (June 23 \$0.27 cps) and report a statutory profit after tax for the half-year of \$8.8m. BWF will pay an interim fully franked dividend of 2.5cps with 0.5cps to be paid in cash and 2.0cps in WOTSO Property (ASX:WOT) securities.

### Operating and Financial Review

#### Balance Sheet

	Dec 2023 \$'000	June 2023 \$'000
Cash and receivables	1,977	6,327
Investment held for sale	2,634	-
Investments	78,002	19,266
Other assets	2,246	1,371
<b>Total Assets</b>	<b>84,859</b>	<b>26,964</b>
Payables	(758)	(697)
Other Liabilities and borrowings	(1,863)	(6,301)
Deferred Tax Liability	(3,814)	(1,710)
<b>Total Liabilities</b>	<b>(6,435)</b>	<b>(8,708)</b>
<b>Statutory Net Assets</b>	<b>78,424</b>	<b>18,256</b>
Statutory Net Assets per share	\$0.46	\$0.27

The acquisition of Pelorus that completed in December 23 has seen a significant change in our balance sheet. BWF has grown its asset base to just over \$84 million and NTA to 46cps. Our investment portfolio now has more scale and has become a growing focus for the business. We have no debt, are well placed to take advantage of other investment opportunities as they arise and will be looking to rebalance our investment portfolio over time.

#### Investment Portfolio

	Dec 2023 \$'000	June 2023 \$'000
<b>Investments</b>		
WOTSO Property Securities	58,356	19,266
Share of Pymont Property	10,259	-
Share of North Strathfield Property	6,348	-
Investment in start-ups	3,039	-
<b>Total Investments</b>	<b>78,002</b>	<b>19,266</b>

Our largest investment, in WOTSO Property (WOT), has grown through the acquisition. BWF now holds around 30% of WOT which at the December 23 share price of \$1.20ps is valued at \$58 million. The WOT share price has been trading at a discount to its June 2023 net asset value (NAV) of around 20%. We are confident in the WOT strategy and business and are focused on the underlying value of its assets and the WOTSO business.

Our other major assets that we now hold are stakes in two property syndicates that we are the managers of being the commercial assets in Sydney at 55 Pymont Bridge Road and 11-13 George Street, North Strathfield.

We also now hold some small positions in a number of start-up entities at various stages of maturity.

The \$2.6 million held for sale investment was acquired through the Pelorus takeover and we expect it to be redeemed over the next 12 months.

## Income Profile

The Pelorus transaction has changed our income profile. However, given the timing of settlement (December) the half year numbers don't reflect this as yet and will change in make up in the future. Investment income and revaluation movements are expected to have greater prominence with the change to BWF's balance sheet.

Of note in the half year profit or loss:

- The statutory profit after tax of \$8.8m contains a one-off accounting "Gain on bargain purchase" resulting from the takeover of Pelorus of \$6.6m. The takeover was settled through the issue of BWF shares and this non-cash gain is driven by the BWF share price when the transaction completed.
- Operating profit before tax was \$3.5 million which excludes the Pelorus gain and transaction costs. We include unrealised investment movements in this number. Distributions from WOT which for the half year were \$0.5 million (from our original holding) are currently received as returns of capital meaning that they form part of income through the gain on revaluation of investments.

## Dividend

BWF will pay a fully franked dividend of 2.5cps on 5 April 2024. 0.5cps will be paid in cash and 2.0cps will be paid in equivalent WOT securities. The group has available franking credits before this dividend is paid of \$3.5 million. Paying out a dividend using WOT securities allows us to get these franking credits in the hands of shareholders, whilst not draining our cash resources. It also allows us to start to rebalance the investment portfolio through distributing some of our WOTs to our shareholders. The exact amount of WOT securities will be determined with reference to the closing price of WOT on the payment date.

The Directors' Report continues on page 18.

## Financial Statements

### Statement of Profit or Loss and other Comprehensive Income for the half-year ended 31 December 2023

		31 Dec 2023	31 Dec 2022
	Note	\$'000	\$'000
Management fees	4	3,070	3,197
Transaction income	4	35	293
Investment income	4	228	-
Other income	4	499	60
Gain on revaluation of investments	5	2,138	1,354
Operating expenses	6	(2,348)	(2,383)
Finance costs – interest expense		(133)	(2)
Depreciation - property, plant and equipment		(2)	(26)
<b>Operating Profit</b>		<b>3,487</b>	<b>2,493</b>
Gain on bargain purchase of Pelorus	2	6,645	-
Expenses related to Pelorus acquisition		(431)	-
<b>Profit Before Income Tax</b>		<b>9,701</b>	<b>2,493</b>
Income tax expense		(879)	(626)
<b>Profit For the Period</b>		<b>8,822</b>	<b>1,867</b>
Other comprehensive income		-	-
<b>Total Comprehensive Income</b>		<b>8,822</b>	<b>1,867</b>
<b>Earnings Per Share</b>			
<b>Profit Attributable to the Ordinary Equity Holders:</b>			
Basic and diluted earnings per share	14	10.9 cents	2.8 cents

The accompanying notes form part of these consolidated financial statements.

## Financial Statements

### Balance Sheet at 31 December 2023

	Note	31 Dec 2023 \$'000	30 Jun 2023 \$'000
<b>Assets</b>			
<b>Current Assets</b>			
Cash and cash equivalents		1,305	5,788
Trade and other receivables		672	539
Investments held for sale	3	2,634	-
<b>Total Current Assets</b>		<b>4,611</b>	<b>6,327</b>
<b>Non-Current Assets</b>			
Investments	7	78,002	19,266
Employee loans	9	2,203	1,027
Investment using equity method	8	30	21
Property, plant and equipment	10	13	15
Right of use lease asset	12	-	308
<b>Total Non-Current Assets</b>		<b>80,248</b>	<b>20,637</b>
<b>Total Assets</b>		<b>84,859</b>	<b>26,964</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and other payables		758	697
Provision for employee benefits		857	806
Other liabilities	11	750	-
Provision for tax payable		138	60
Right of use lease liability	12	-	140
Borrowings		-	5,000
<b>Total Current Liabilities</b>		<b>2,503</b>	<b>6,703</b>
<b>Non-Current Liabilities</b>			
Deferred tax liabilities		3,814	1,710
Provision for employee benefits		118	106
Right of use lease liability	12	-	189
<b>Total Non-Current Liabilities</b>		<b>3,932</b>	<b>2,005</b>
<b>Total Liabilities</b>		<b>6,435</b>	<b>8,708</b>
<b>Net Assets</b>		<b>78,424</b>	<b>18,256</b>
<b>Equity</b>			
Share capital		71,784	16,455
Reserves		73	73
Retained earnings		8,863	1,728
Treasury shares reserve	*	(2,296)	-
<b>Total Equity</b>		<b>78,424</b>	<b>18,256</b>
Statutory net assets per share		\$0.46	\$0.27

\* Refer to the Statement of Changes in Equity for commentary.

The accompanying notes form part of these consolidated financial statements.

## Financial Statements

### Statement of Cash Flows for the half-year ended 31 December 2023

	31 Dec 2023 \$'000	31 Dec 2022 \$'000
<b>Cash Flows from Operating Activities</b>		
Management fee receipts and recoveries	3,872	4,672
Bank interest received	193	48
Payments to suppliers and employees	(2,571)	(2,871)
Income tax paid	(131)	(541)
Interest paid	(133)	(2)
<b>Net Cash Flows from Operating Activities</b>	<b>1,230</b>	<b>1,306</b>
<b>Cash Flows Used in Investing Activities</b>		
Returns of capital from investments	632	505
Cash acquired on Pelorus takeover	122	-
Employee loans	40	10
(Repayment) / proceeds of loans	(4,329)	-
Takeover related payments	(431)	-
Payment for purchase of investments	(20)	(75)
Equity accounted investment	-	(20)
Payment for property, plant and equipment	-	(63)
<b>Net Cash Flows (Used in) / From Investing Activities</b>	<b>(3,986)</b>	<b>357</b>
<b>Cash Flows Used in Financing Activities</b>		
Dividends paid to shareholders	(1,687)	(1,619)
Rental payments	(40)	(76)
<b>Net Cash Flows (Used in) Financing Activities</b>	<b>(1,727)</b>	<b>(1,695)</b>
<b>Net Decrease in Cash Held</b>	<b>(4,483)</b>	<b>(32)</b>
<b>Reconciliation of Cash Balances:</b>		
Cash and cash equivalents at the beginning of the period	5,788	1,166
Net Decrease in Cash Held	(4,483)	(32)
<b>Cash at End of the Period</b>	<b>1,305</b>	<b>1,134</b>

*All items inclusive of GST where applicable*

The accompanying notes form part of these consolidated financial statements.

**Reconciliation of Operating Cash Flows**

	31 Dec 2023 \$'000	31 Dec 2022 \$'000
<b>Profit for the Period</b>	<b>8,822</b>	<b>1,867</b>
<b>Non-Cash Flows in Profit:</b>		
Unrealised gains on investments	(2,138)	(1,354)
Gain on takeover of Pelorus	(6,645)	-
Depreciation on right of use lease asset	37	68
Depreciation on property, plant and equipment	2	26
Equity accounted loss / (profit)	12	(23)
Gain on termination of lease liability	(21)	-
Interest expense on lease liability	3	8
<b>Operating Cash Flows Before Movement in Working Capital</b>	<b>72</b>	<b>592</b>
Decrease in trade and other receivables	287	848
Increase in deferred tax liabilities	665	308
Increase / (decrease) in trade and other payables	467	(348)
Decrease in income taxes payable	(272)	(224)
Increase in provisions	11	130
<b>Net Cash Flows from Operating Activities</b>	<b>1,230</b>	<b>1,306</b>

## Financial Statements

### Statement of Changes in Equity for the half-year ended 31 December 2023

	No. of Shares On issue	Issued Capital \$'000	Retained Earnings \$'000	Treasury Shares Reserve \$'000	Reserves \$'000	Total \$'000
<b>Balance at 1 July 2023</b>	<b>67,480,237</b>	<b>16,455</b>	<b>1,728</b>	-	<b>73</b>	<b>18,256</b>
Profit for the period	-	-	8,822	-	-	8,822
Other comprehensive income	-	-	-	-	-	-
<b>Total Comprehensive Income for the Period</b>	-	-	<b>8,822</b>	-	-	<b>8,822</b>
<b>Transactions with Owners in Their Capacity as Owners:</b>						
Issue of new shares – Pelorus takeover	103,886,049	55,059	-	(2,296)	-	52,763
Issue of new shares - other	611,280	270	-	-	-	270
Dividend paid	-	-	(1,687)	-	-	(1,687)
<b>Total Transactions with Owners</b>	<b>104,497,329</b>	<b>55,329</b>	<b>(1,687)</b>	<b>(2,296)</b>	-	<b>51,346</b>
<b>Balance at 31 December 2023</b>	<b>171,977,566</b>	<b>71,784</b>	<b>8,863</b>	<b>(2,296)</b>	<b>73</b>	<b>78,424</b>
<b>Balance at 1 July 2022</b>	<b>67,466,445</b>	<b>16,447</b>	<b>6,040</b>	-	<b>73</b>	<b>22,560</b>
Profit for the period	-	-	1,867	-	-	1,867
Other comprehensive income	-	-	-	-	-	-
<b>Total Comprehensive Income for the Period</b>	-	-	<b>1,867</b>	-	-	<b>1,867</b>
<b>Transactions with Owners in Their Capacity as Owners:</b>						
Dividend paid	-	-	(1,619)	-	-	(1,619)
<b>Total Transactions with Owners</b>	-	-	<b>(1,619)</b>	-	-	<b>(1,619)</b>
<b>Balance at 31 December 2022</b>	<b>67,466,445</b>	<b>16,447</b>	<b>6,288</b>	-	<b>73</b>	<b>22,808</b>

#### Treasury Shares Reserve

As part of the takeover of Pelorus 4.175 million shares in BlackWall were acquired that Pelorus owned. These shares will be dealt with within the next 12 months. They may be disposed of or cancelled.

The accompanying notes form part of these consolidated financial statements.

# Notes to the Financial Statements

## 1. Segment Information

The segment information for the Group is as follows. For information on segment reporting, refer to the Statement of Significant Accounting Policies for more details.

<b>Profit or Loss December 2023</b>	<b>Income \$'000</b>	<b>Gains \$'000</b>	<b>Total Revenue \$'000</b>	<b>Operating Expense \$'000</b>	<b>Takeover Costs \$'000</b>	<b>EBITDA \$'000</b>	<b>Interest and Depn \$'000</b>	<b>Pre-tax Profit \$'000</b>
BlackWall	3,126	-	3,126	(2,027)	-	1,099	(2)	1,097
Investments	216	2,138	2,354	(124)	-	2,230	(133)	2,097
Corporate	490	6,645	7,135	(197)	(431)	6,507	-	6,507
<b>Total Operations</b>	<b>3,832</b>	<b>8,783</b>	<b>12,615</b>	<b>(2,348)</b>	<b>(431)</b>	<b>9,836</b>	<b>(135)</b>	<b>9,701</b>

### Profit or Loss December 2022

BlackWall	3,527	-	3,527	(1,655)	-	1,872	(26)	1,846
Investments	23	1,354	1,377	(371)	-	1,006	(2)	1,004
Corporate	-	-	-	(357)	-	(357)	-	(357)
<b>Total Operations</b>	<b>3,550</b>	<b>1,354</b>	<b>4,904</b>	<b>(2,383)</b>	<b>-</b>	<b>2,521</b>	<b>(28)</b>	<b>2,493</b>

### Balance Sheet December 2023

	<b>Assets \$'000</b>	<b>Liabilities \$'000</b>	<b>Net Assets \$'000</b>
BlackWall	2,815	(1,320)	1,495
Investments	79,410	(4,977)	74,433
Corporate	-	(138)	(138)
<b>Continuing Operations</b>	<b>82,225</b>	<b>(6,435)</b>	<b>75,790</b>
Held for sale	2,634	-	2,634
<b>Consolidated</b>	<b>84,859</b>	<b>(6,435)</b>	<b>78,424</b>

### Balance Sheet June 2023

	<b>Assets \$'000</b>	<b>Liabilities \$'000</b>	<b>Net Assets \$'000</b>
BlackWall	2,976	(1,955)	1,021
Investments	23,988	(6,711)	17,277
Corporate	-	(42)	(42)
<b>Consolidated</b>	<b>26,964</b>	<b>(8,708)</b>	<b>18,256</b>

# Notes to the Financial Statements

## 2. Acquisition of Subsidiaries

On 7 December 2023, the Group acquired all of the issued capital of Pelorus Private Equity Limited and subsidiaries (Acquired Group) thereby obtaining control of the Pelorus Group. The Acquired Group has investment interests in commercial properties, a significant holding in WOTSO Property Limited (ASX:WOT), as well as investments in several unlisted start-up entities. The acquisition of these assets does not constitute a business and have been consolidated as per AASB 10.

The amounts recognized in respect of the identifiable assets acquired and liabilities assumed are as set out in the table below.

As consideration for the acquisition of the Acquired Group, BWF issued 103,886,049 shares in the Group to previous shareholders of Pelorus Private Equity Limited. This consideration was detailed in the offer documents and equated to a value of \$0.60 per share. Under accounting standards the fair value of the shares issued as the consideration paid is determined by reference to the BWF ASX price. This was \$0.53 per share on 17 November 2023 which is the date the takeover closed. This difference in price is recognised in the consolidated profit or loss as a gain on bargain purchase of Pelorus of \$6.645 million. It equates to the excess of net assets acquired over consideration issued. It is not a cash or taxable gain and is simply the result of the trading price of BWF shares.

	<b>Acquisition \$'000</b>
Cash and cash equivalents	122
Financial assets	61,909
Loans receivable	1,883
Accounts payable	(22)
Other liabilities	(750)
Deferred tax liability	(1,438)
<b>Total Identifiable Assets Acquired and Liabilities Assumed</b>	<b>61,704</b>
Excess of net assets acquired being the gain on bargain purchase of Pelorus	(6,645)
<b>Total Consideration</b>	<b>55,059</b>
Satisfied by:	
Issue of 103,886,049 new shares at ASX price of \$0.53 per share	55,059
<b>Total Consideration Issued</b>	<b>55,059</b>
<b>Net Cash Flow Arising on Acquisition</b>	
Cash acquired on acquisition	122
	<b>122</b>

### Controlled Entities

The table below sets out all of the entities over which BWF has gained control as a result of the Pelorus takeover:

<b>Name of Entity</b>	<b>Country of Incorporation</b>	<b>Percentage Owned</b>
Pelorus Private Equity Limited	Australia	100%
The Trustee for Pelorus PIPES Trust No 5	Australia	100%
RASP Investments Pty Ltd	Australia	100%
Bin24 Business Advisors Pty Ltd	Australia	100%
WOTSO S.E.A Pty Ltd	Australia	100%
Narraweena Pty Ltd	Australia	100%
WOTSO North Strathfield Pty Ltd	Australia	100%
SAO Investments Pty Ltd	Australia	100%
Harold Investors Pty Ltd	Australia	100%
Tidy Harold Pty Ltd	Australia	100%
Pelorus Private Equity (NZ) Limited	New Zealand	100%

# Notes to the Financial Statements

## 3. Investment Held for Sale

The investment in a property owning vehicle was acquired through the Pelorus acquisition and is expected to be redeemed over the next twelve months and has been disclosed as held for sale in this report. The investment is currently valued at \$2.6 million and it is expected it will be redeemed for its currently held value.

## 4. Revenue

Revenue is earned through management, performance and transaction fees from real estate investment structures as well as investment dividends and distributions. WOT cash distributions (\$0.5 million) are being received as returns of capital and are recognised in unrealised gains on investments.

	31 Dec 2023 \$'000	31 Dec 2022 \$'000
Fund management fees	1,952	1,881
Property management fees	395	357
Project management fees	321	229
Leasing fees	97	345
Expense recovery and other fees	305	385
<b>Management Fees Total</b>	<b>3,070</b>	<b>3,197</b>
Lease break fee receivable*	490	-
Gain on termination of lease liability	21	-
Equity accounted – share of comprehensive (loss) / income	(12)	23
Government COVID stimulus	-	37
<b>Other Income Total</b>	<b>499</b>	<b>60</b>
Transaction income	35	293
Investment income – dividends and distributions	228	-
<b>Total Revenue</b>	<b>3,832</b>	<b>3,550</b>
Timing of revenue recognition:		
- Management fees incurred over time	3,070	3,197
- Transaction income at a point in time	762	353
	<b>3,832</b>	<b>3,550</b>

\* Further details on the lease break fee can be found in Note 12.

## 5. Unrealised Gain on Investments

	31 Dec 2023 \$'000	31 Dec 2022 \$'000
WOT distribution received as return of capital	507	505
WOT mark to market gain from share price	2,283	849
Other distributions received as returns of capital	125	-
Revaluation loss on all other investments	(777)	-
<b>Total</b>	<b>2,138</b>	<b>1,354</b>

During the period the Group received \$0.5 million in WOT distributions as returns of capital, which have been applied as a reduction to the cost of the investment. The unrealised gain of \$2.283 million re-values the Group's investment based on the ASX price of WOT securities at 31 December and therefore includes \$0.5 million received in cash. For additional information refer to Note 7.

## 6. Operating Expenses

	31 Dec 2023 \$'000	31 Dec 2022 \$'000
Employee and consultant expenses	1,703	1,808
Operating expenses	605	499
Depreciation - right of use assets	37	68
Lease interest costs	3	8
<b>Total</b>	<b>2,348</b>	<b>2,383</b>

# Notes to the Financial Statements

## 7. Investments

The Group has investments in various listed and unlisted investments with the largest being an approximate 30% holding in WOTSO Property which is listed on the ASX under the code 'WOT'. At 31 December 2023 WOT was quoted at \$1.20 per security on the ASX (June 2023: \$1.14 per security).

Details of all significant investments are listed as follows:

		31 Dec 2023	30 June 2023
	Note	\$'000	\$'000
Listed – WOTSO Property (ASX: WOT)	(i)	58,356	19,266
Unlisted – Pymont Bridge Property	(ii)	10,259	-
Unlisted – Alerik Unit Trust	(iii)	6,348	-
Unlisted Start-ups	(iv)	3,039	-
<b>Total</b>		<b>78,002</b>	<b>19,266</b>
Less: Option arrangement over start-up investment – Refer Note 11		(750)	-
<b>Total Net of Option Arrangement</b>		<b>77,252</b>	<b>19,266</b>

A reconciliation of the WOT investment is set out below:

	WOT \$'000
<b>December 2023</b>	
Balance at the beginning of the period	19,266
Return of capital	(507)
Increase due to takeover of Pelorus Group	36,807
Mark to market valuation	2,790
<b>Balance at the End of the Period</b>	<b>58,356</b>

- (i) WOTSO Property (ASX:WOT) is a listed stapled security that owns and leases over 100,000 sqm of property. They are held at the closing ASX price of \$1.20 per security which is a 20% discount to June 2023 NAV of \$1.51. With the acquisition of the Pelorus Group, BWF now holds approximately 30% of WOTSO Property. During the period the Group received distributions from WOT of \$507,000 (2023: \$505,000). These distributions are treated as returns of capital due to the tax position of WOT and are not included in investment income.
- (ii) This investment is in a property located at 55 Pymont Bridge Road, Pymont, NSW. BlackWall manages the asset and the mortgage fund that is associated with it and holds an investment in both the equity and the mortgage fund. The property is a 15,000 sqm building that was independently valued at \$134.3 million in June 2023. BlackWall holds around 15% of the equity.
- (iii) Alerik Unit Trust is an investment property owning vehicle which owns the property located at 11-13 George Street North Strathfield, NSW. This property was independently valued in June 2023 at \$46.5 million. The asset is managed by BlackWall. BlackWall holds 20% of the Trust.
- (iv) These are investments in 5 entities that we consider to be in start-up phase. Of these investments, three are held at cost, one has been written down to an immaterial value, and the final investment is in a company that is preparing for a liquidity event and is held at its US tax valuation which equates to \$1.5 million for BlackWall's investment.

# Notes to the Financial Statements

## 8. Equity Accounted Investments

Investee	Dec 2023 Ownership %	Jun 2023 Ownership %	Dec 2023 \$'000	Jun 2023 \$'000
IndigoBlack Constructions	50%	25%	30	21
			<u>30</u>	<u>21</u>
		<b>IndigoBlack Constructions</b>	<b>Dec 2023 \$'000</b>	<b>Jun 2023 \$'000</b>
Carrying amount at beginning of period		21	21	40
Share of comprehensive (loss)		(12)	(12)	(39)
Dividend repaid		-	-	20
Additional investment due to Pelorus takeover		21	21	-
<b>Carrying Amount at End of Period</b>		<b>30</b>	<b>30</b>	<b>21</b>

## 9. Employee Loans

Loans have been made to Directors and employees for them to acquire shares under the employee share scheme. The loans are interest bearing and are secured against the shares. All dividends received in relation to the secured shares are used to repay the loans. There were additional loans in the Pelorus Group at the time of the takeover which has resulted in the increased loan balance at current reporting date. At 31 December 2023, the outstanding loan balance is \$2.2 million (June 2023: \$1.0 million).

## 10. Property, Plant and Equipment

	31 Dec 2023 \$'000	30 Jun 2023 \$'000
At cost	994	994
Less accumulated depreciation	<u>(981)</u>	<u>(979)</u>
<b>Total Written Down Value</b>	<b>13</b>	<b>15</b>
	<b>31 Dec 2022 \$'000</b>	<b>30 Jun 2023 \$'000</b>
Carrying amount at the beginning of period	15	122
Additions due to purchase of property, plant and equipment	-	70
Depreciation expense	<u>(2)</u>	<u>(177)</u>
<b>Carrying Amount at the End of Period</b>	<b>13</b>	<b>15</b>

## 11. Other Liabilities

	31 Dec 2023 \$'000	30 Jun 2023 \$'000
Start-up investment put and call arrangement	750	-

During 2022, Pelorus entered into arrangements with various other investors for one of its unlisted investments under a put and call agreement. It grants the investors the option to acquire up to \$750,000 of the investment from Pelorus at cost. These funds have been pre-paid and are recognised as an other liability. The option agreements expire on 1 August 2025. The liability offsets the gross holding of the investment of \$1 million leaving a net investment of \$250,000.

# Notes to the Financial Statements

## 12. Right of Use Lease Asset and Lease Liabilities

	31 Dec 2023 \$'000	30 Jun 2023 \$'000
Right of use lease asset	-	773
Less: Accumulated depreciation	-	(465)
<b>Written Down Value of Right of Use Lease Assets</b>	<b>-</b>	<b>308</b>

BWF leased its head office located in Neutral Bay, Sydney. The Neutral Bay landlord entered into a contract to sell the property in September 2023 which had been subject to an option agreement previously. The exercise of the option in September 2023 triggered the termination of the lease and a lease break fee of \$490,000 is due to be received by BWF in March 2024 when the property sale transaction settles. This amount is disclosed as a receivable and taken up as income – see Note 4. BWF now occupies the property under a monthly agreement and no longer recognises a lease asset or liability.

## Lease Liabilities

	31 Dec 2023 \$'000	30 Jun 2023 \$'000
Opening balance	329	466
Interest charged	3	16
Repayments	(40)	(153)
Modifications	12	-
Disposal	(304)	-
<b>Total Lease Liabilities</b>	<b>-</b>	<b>329</b>
<b>Disclosed as Follows:</b>		
Current	-	140
Non-current	-	189
<b>Total</b>	<b>-</b>	<b>329</b>

## 13. Dividends

Fully franked dividends paid to shareholders during the period ended 31 December were as follows:

	31 Dec 2023 \$'000	31 Dec 2022 \$'000
2023 final dividend of 2.5 cents paid on 30 November 2023 (2022 final: 2.4 cents)	1,687	1,619
<b>Total</b>	<b>1,687</b>	<b>1,619</b>

In addition, the Board has declared an interim fully franked dividend of 2.5 cents per share to be paid on 5 April 2024. 0.5 cps to be paid in cash and 2.0 cps in equivalent value of WOTSO Property (ASX: WOT) securities.

## 14. Earnings Per Share

	31 Dec 2023	31 Dec 2022
Basic and diluted earnings per share	10.9 cents	2.8 cents
<b>Calculated as Follows:</b>		
Profit attributable to the owners of the Group	\$8,822,000	\$1,867,000
Weighted average number of shares for basic EPS	81,264,468	67,466,445
Weighted average number of shares for diluted EPS	81,264,468	67,539,522

## 15. Contingencies

The Group had no contingent assets or liabilities at 31 December 2023 (June 2023: \$nil).

## 16. Subsequent Events

The Board has declared an interim fully franked dividend of 2.5 cents per share to be paid on 5 April 2024. 0.5 cps to be paid in cash and 2.0 cps in equivalent value of WOTSO Property (ASX: WOT) securities.

To the best of the Directors' knowledge, since the end of the reporting period there have been no other matters or circumstances that have materially affected the Group's operations or may materially affect its operations, state of affairs or the results of operations in future financial years.

# Notes to the Financial Statements

## 17. Financial Risk Management

### (a) Fair Value Measurements

#### (i) Fair Value Hierarchy

The Group classifies fair value measurements using a fair value hierarchy that reflects the subjectivity of the inputs used in making measurements. The fair value hierarchy has the following levels:

- **Level 1** – Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- **Level 2** – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and
- **Level 3** – Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair value of financial assets traded in active markets is subsequently based on their quoted market prices at the end of the reporting period without any deduction for estimated future selling costs. The quoted market price used for financial assets held by the Group is the current bid price.

The following table presents the Group's financial assets measured at fair value as at the reporting date. Refer to the Critical Accounting Estimates and Judgment note for further details of assumptions used and how fair values are measured.

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>At 31 December 2023</b>				
Investments	58,356	-	19,646	<b>78,002</b>
<b>At 30 June 2023</b>				
Investments	19,266	-	-	<b>19,266</b>

#### (ii) Valuation Techniques Used To Derive Level 3 Fair Values

The fair value of the unlisted securities is determined by reference to the net tangible assets unit prices of each of the entities. The start-up investments are held at cost unless there is evidence of impairment or external valuations are issued by the entity that is invested in.

#### (iii) Fair Value Measurements Using Significant Observable Inputs (Level 3)

The following table is a reconciliation of the movements in financial assets classified as Level 3 for the period ended:

	\$'000
<b>December 2023</b>	
Balance at the beginning of the period	-
Increase due to takeover of Pelorus Group	22,792
Classified as held for sale	(2,634)
Returns of capital	(125)
Mark to market valuation	(387)
<b>Balance at the End of the Period</b>	<b>19,646</b>

## 18. Critical Accounting Estimates and Judgments

The Directors evaluate estimates and judgments incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group.

#### Key Estimates - Impairment

The Group assesses impairment at each reporting date by evaluating conditions specific to the Group that may lead to impairment of assets.

#### Key Estimates – Financial Assets

Investments in listed securities have been classified as financial assets and movements in fair value are recognised through the profit or loss statement. The fair value of the listed securities is based on the closing price from the ASX as at the reporting date.

## 19. Statement of Significant Accounting Policies

BlackWall Limited is a publicly listed company, incorporated and domiciled in Australia. The financial statements for the Group were authorised for issue in accordance with a resolution of the Directors on the date they were issued.

# Notes to the Financial Statements

## Statement of Compliance

These financial statements are general purpose financial statements that have been prepared in accordance with the requirements of the Corporations Act 2001 and AASB 134 Interim Financial Reporting.

The financial statements do not include notes of the type normally included in annual financial statements. It is recommended that the financial statements be read in conjunction with the annual financial statements for the year ended 30 June 2023 and any public announcements made by the Group during the half-year in accordance with the continuous disclosure obligations of the ASX listing rules.

## Basis of Preparation

The financial statements have been prepared on an accruals basis and are based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial period. Any change of presentation has been made in order to make the financial statements more relevant and useful to the user.

The accounting policies adopted are consistent with those of the previous financial year ended 30 June 2023.

The financial statements are presented in Australian dollars.

## Rounding of amounts

The Group is of a kind referred to in ASIC Legislative Instrument 2016/191 and, in accordance with that legislative instrument, amounts in the Directors' Report and the financial statements are rounded off to the nearest thousand dollars, unless otherwise indicated.

## Going concern

The financial statements have been prepared on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

## Segment Reporting

AASB 8 Operating Segments requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance. The Group's primary format for segment reporting is based on business segments. The business segments are determined based on the Group management and internal reporting structure. Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. The operating businesses are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

The Group has adopted three reporting segments: BlackWall, Investments and Corporate.

The BlackWall segment engages in funds and asset management as well as property services that include property management, leasing and general property consultancy. Income earned by the segment includes recurring income from fund and asset management mandates and transaction-based income typically related to those mandates. Management treats these operations as one fee earning operating segment. The assets assigned to the segment are those it is required to hold to comply with its AFSL capital adequacy requirements.

The Investments segment includes interests in property related investments such as units in related party listed and unlisted unit trusts, loans and cash. It generates income from dividends, distributions and interest. It also includes revaluation gains on transactions.

The Corporate segment relates to company taxation, selected corporate overheads, and corporate transactions.

## New Accounting Standards and Interpretations

BWF has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

## Directors' Report - Continued

### Business Risks

You should be aware that an investment in BWF carries material risks and that several factors may affect future value and any dividends, many of which are beyond the control of the Group. Many of these risks are inherited from the underlying assets and the performance of the funds that BWF manages. Acquiring and holding shares in the Group therefore involves risks and, while not exhaustive, some of these risks are set out in this section.

Material Business Risk	Potential Impact	Management Plan
<b>Inflation</b>	The majority of the property we manage and are invested in is contracted on a gross lease basis. This exposes BWF to the risk that property outgoings (for example, energy, financing, services and labour) may increase faster than income and therefore impact our fee revenue and investment returns.	This is a risk we have accepted as mismatches in income and expenses are a normal property risk and are expected to balance out over time. Lease ratchets, along with CPI adjustment clauses, alleviate a large portion of the risk.
<b>Changes in the Commercial Property Market</b>	As BWF is invested in the commercial property market and derives income from management and transaction fees that are linked to the commercial property market, changes in that market may impact cashflow.	BWF has little control over changes in the commercial property market but monitors movements in the market and consider the funds they manage and are invested in in light of these movements.
<b>Legislative and Regulatory Changes</b>	Increased costs and compliance risk associated with adhering to regulatory requirements.	BWF monitors changes to legislation and regulatory requirements and adjusts its operations accordingly.
<b>Climate Change and Climate Related Events</b>	Climate change related weather events could cause substantial damage to the assets BWF manages and are invested in.	BWF ultimately has no control over this risk but continues to operate to drive sustainability initiatives in the assets it manages. It also ensures that properties that it is invested in has appropriate levels of insurance.
<b>Technology Changes and Innovation</b>	Rapid advancements in technology may cause BWF to be less competitive in the market.	Management continually monitors industry trends to remain at the forefront of new technologies and innovation, while investing in relevant technology as necessary.
<b>Discontinuation of Financial Support for Businesses</b>	Insolvencies from tenants may cause a significant negative impact on the assets BWF is invested in and the fee revenue it derives.	BWF takes appropriate measures to manage its revenue streams and cash reserves. Additionally, BWF continually monitors the financial health of tenants and parties to mitigate the risk of potential insolvencies.
<b>Employee Recruitment and Retention</b>	The tightening labour market and upward pressure on wages impacts the day-to-day operation of our business.	We continually review our remuneration and rewards and training programs with the aim of being a competitive and attractive employer.
<b>Cyber Risk</b>	As with most businesses we do have cyber risks that we cannot eliminate entirely but our risks are relatively small and we perform regular system reviews to ensure sensitive information is properly stored or destroyed.	We hold specific cyber insurance policies that provide cover in the event of a cyber-attack.
<b>Macroeconomic Factors</b>	Threat of domestic and global recession and investor sentiment are some of the primary macroeconomic considerations that may impact our business.	As a management team we continually monitor these factors however, ultimately, they are often beyond our control.

## Information on Officeholders

The names of the Officeholders during or since the end of the period are set out below.

**Joseph (Seph) Glew** (Non-Executive Director and Chairman)

**Timothy Brown** (Joint Managing Director and CFO)

**Jessie Glew** (Joint Managing Director and COO)

**Richard Hill** (Non-Executive Director)

**Robin Tedder** (Non-Executive Director)

**Agata Ryan** (Company Secretary)

### Auditor

A copy of the auditor's independence declaration as required under Section 307C of the Corporations Act 2001 is set out in these financial statements.

ESV continues in office in accordance with section 327 of the Corporations Act 2001.

Signed in accordance with a resolution of the Board of Directors.



**Tim Brown**

Director

Sydney, 13 February 2024

# Directors' Declaration

In the Directors' opinion:

- (a) the financial statements and notes are in accordance with the Corporations Act 2001, including:
  - (i) complying with Accounting Standards AASB 134 Interim Financial Reporting, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
  - (ii) giving a true and fair view of the Group's financial position as at 31 December 2023 and of its performance for the financial half-year ended on that date; and
- (b) there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

The Statement of Significant Accounting Policies confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The Directors have been given the declarations by the Chief Executive Officer and Chief Financial Officer required by section 295A of the Corporations Act 2001.

This declaration is made in accordance with a resolution of the Board of Directors.



**Tim Brown**

Director

Sydney, 13 February 2024

## AUDITOR'S INDEPENDENCE DECLARATION TO THE DIRECTORS OF BLACKWALL LIMITED

In accordance with the requirements of section 307C of the Corporations Act, as auditor for the review of BlackWall Limited and its Controlled Entities as at 31 December 2023, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor's independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

Dated at Sydney the 9<sup>th</sup> of February 2024



**ESV Business Advice and Accounting**



**Chris Kirkwood**  
Partner

## INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF BLACKWALL LIMITED

Report on the Half-Year Financial Report

### Conclusion

We have reviewed the accompanying half-year financial report of BlackWall Limited and its Controlled Entities ('the Group'), which comprises the consolidated balance sheet as at 31 December 2023, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated 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.

Based on our review, which is not an audit, we have not become aware of any matters that makes us believe that the accompanying half-year financial report of BlackWall Limited and its Controlled Entities does not comply with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the Group's financial position as at 31 December 2023 and of its financial performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *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 Group 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.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the company, would be in the same terms if given to the directors at the time of this auditor's report.

### *Directors' Responsibility for the Half-Year Financial Report*

The Directors of BlackWall 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.

## INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF BLACKWALL LIMITED

### *Auditor's Responsibility*

Our responsibility is to express a conclusion on the half-year financial report based on our review. *ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity*, 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 Group's financial position as at 31 December 2023 and its performance for the half-year ended on that date; and complying with 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.

Dated at Sydney the 13th of February 2024



**ESV Business Advice and Accounting**



**Chris Kirkwood**  
Partner

# BlackWall Limited

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