Lowell Capital Limited - HVT Land Trust

ARSN 154 154 033

Financial Statement for the Year Ended 30 June 2013

FINANCIAL STATEMENT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013

DIRECTORS' REPORT

The directors of Lowell Capital Limited ('the Responsible Entity') submit herewith the financial report for the Lowell Capital Limited - HVT Land Trust ('the Scheme") for the year ended 30 June 2013. In order to comply with the provisions of the Corporations Act 2001, the directors' report as follows:

Directors

The names of the directors of the Responsible Entity during or since the end of the year are:

- Mr M.A. Ramsden
- Mr D.A. Carroll
- Mr O.R. Carton

Directors were in office for this entire period unless otherwise stated.

Principal Activities

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

The principal activity of the Scheme was to invest funds in accordance with the investment objectives and guidelines communicated to unitholders and in accordance with the provisions of the Constitution.

The Scheme holds investments and manages the land assets obtained for the following registered managed investment schemes operated by the responsible entity:

Great Southern 2007 High Value Timber Project	A.R.S.N. 123 528 950
Great Southern 2008 High Value Timber Project	A.R.S.N. 123 529 233

There has been no significant change in the activities of the Scheme during the period.

Review of Operations

Results

The financial results of the operations of the Scheme are disclosed in the statement of profit and loss and other comprehensive income. The net profit for the Scheme for the year ended 30 June 2013 was $671,732 (-$571,811: 2012).

Distributions

No distribution was paid or is payable in respect of the year ended 30 June 2013 (2012: Nil).

Management costs

The Responsible Entity fee for the year ended 30 June 2013 was $75,000 (2012: Nil).

State of affairs

The Scheme purchased land 5421.8 hectares of land for $2,340,000 from Great Southern Holding Pty Ltd (In liquidation) on the 12 July 2012. 1875.6 hectares of land is currently being held for investment purposes. 118.6 hectares are currently for sale and the balance is either under contract for sale or has been sold.

Lowell Capital Limited in its capacity as Responsible Entity entered into a $2,700,000 debt facility to assist in raising funds to complete a land purchase. The lender, Balanced Securities Limited, required that the members of the Great Southern High Value Timber Project 2007 and Great Southern High Value Timber Project 2008 approve the finance arrangements at meetings of members. The members approved the arrangements at a meeting held on 10 July 2012 and the property transaction settled on 12 July 2012.

The Scheme issued a Product Disclosure Statement "PDS" dated 29 May 2012 and offered members of the Great Southern High Value Timber Project, a preferential opportunity to subscribe for interests in the Land Scheme. No application monies were accepted as the Scheme failed to attract minimum subscription levels.

The Responsible Entity amended the Constitution on the 3 August 2012 and replaced the PDS issued on the 29 May 2012 with a new PDS on 7 August 2012. The Scheme has not received any applications at the date of signing of this report and has removed the PDS effective 28 September 2012.

In the opinion of the Responsible Entity, and to the best of its knowledge and understanding, there were no other significant changes in the state of affairs of the project that occurred during the financial period under review otherwise than detailed in this report.

Subsequent Events

Several properties available for sale were sold after the 30 June 2013 for a total of $2,045,000.

There has not been any matter or circumstance, other than that referred to in the financial statements or notes thereto, that has arisen since the end of the financial year, that has significantly affected, or may significantly affect, the operations of the Scheme, the results of the Scheme, or the state of affairs of the Scheme in future financial years.

Likely Developments and Expected Results of Operations

The Scheme will continue to be managed in accordance with the investment objectives and in accordance with the provisions of its Constitution. Future results will accordingly depend on the performance of the markets to which the Scheme is exposed. The Scheme will continue to pursue its focused approach of improving cash flow and profitability during the next financial year through the sale of purchased properties and management of land investments.

Further details of likely future developments in the operations of the Scheme, and the expected results of those operations in future financial years, have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the Scheme.

Scheme Information in the Directors' Report

There were no units in the Scheme held by the Responsible Entity or its associates as at the end of the financial year.

There were no applications in the Scheme issued during the year, or withdrawals from the Scheme during the year.

The value of the Scheme's assets as at the end of the financial year are disclosed in the Statement of Financial Position as Total Assets and the basis of valuation is included in Note 1 to the financial statements.

Options Granted

No options were:

(i) Granted over unissued units in the Scheme during or since the end of the year; or

(ii) Granted to the Responsible Entity.

No unissued units in the Scheme were under option as at the date on which this Report was made.

No units were issued in the Scheme during or since the end of the year as a result of the exercise of an option over unissued units in the Scheme.

Indemnification

Under the Scheme's constitution the responsible entity including its officers and employees is indemnified out of the Scheme's assets for any loss, damage, expenses or other liability incurred by it in properly performing or exercising any of its powers, duties or rights in relation to the Scheme.

The Scheme has not indemnified any auditor of the Scheme.

Insurance Premiums

No insurance premiums are paid out of the Scheme's assets in relation to insurance cover for the Responsible Entity, its officers and employees, the Compliance Committee or the auditors of the Scheme.

Independence Declaration by Auditor

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 5.

Signed in accordance with a resolution of the directors of the Responsible Entity made pursuant to s.298 (2) of the *Corporations Act 2001*.

On behalf of the Directors

....

Michael Ramsden
Director

MELBOURNE

Dated: 15-11-13

Auditors Independence Declaration

AUDITOR'S REVIEW REPORT

DIRECTORS' DECLARATION

In the opinion of the directors of Lowell Capital Ltd, the Responsible Entity of Lowell Capital Limited - HVT Land Trust (the Scheme):

1. The financial statements and notes set out on pages 9 to 26, are in accordance with the Corporations Act 2001, including:

   (a) giving a true and fair view of financial position of the Scheme as at 30 June 2013 and of its performance for the financial year ended on that date; and

   (b) complying with Australian Accounting Standards (including the Australian Accounting Interpretations), and the Corporations Regulations 2001.

2. The financial report also complies with International Financial Reporting Standards as discussed in Note 1(a).

3. Subject to the achievement of matters described in note 12 there are reasonable grounds to believe that the Scheme will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors of the Responsible Entity made pursuant to s.295(5) of the Corporations Act 2001.

On behalf of the Directors

....

Michael Ramsden
Director

MELBOURNE

Dated: 15-11-13

STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

For the Financial Year ended 30 June 2013

	Note	Year Ended 30 June 2013 $	Year Ended 30 June 2012 $
INCOME			
Revenue		4,807,700	323,214
Cost of Sales		(940,621)	-
Gross Profit		3,867,079	323,214
Interest		4,620	-
Total Income		3,871,698	323,214
EXPENSES			
Administration Expenses		(435,252)	(174,567)
Commission		(372,007)	(85,125)
Consulting Fees		(363,997)	(100,507)
Legal Expense		(829,134)	(361,114)
Management Fee		(75,000)	-
Borrowing Costs		(332,944)	-
Interest Expense		(509,802)	-
Capital Raising Costs		(34,278)	(166,999)
Auditor's Remuneration		(3,500)	(6,000)
Other Expenses		(201,229)	(713)
Total Expenses		(3,157,143)	(895,025)
Profit (loss) before income tax		714,555	(571,811)
Income tax (expense) benefit	5	(42,823)	-
Profit (Loss) after tax		**671,732**	**(571,811)**
Other Comprehensive Income		-	-
Total Comprehensive Income		**671,732**	**(571,811)**
Change in Net Assets Attributed to Unitholders*		**671,732**	**(571,811)**

* There were no unitholders in the Scheme at 30 June 2013.

The above Statement should be read in conjunction with the accompanying notes.

STATEMENT OF FINANCIAL POSITION

As at 30 June 2013

	Note	2013 $	2012 $
ASSETS			
Current Assets			
Cash and cash equivalents	12	278,777	11,379
Receivables	2	39,022	71,465
Inventories	4	1,583,383	-
Total Current Assets		**1,901,182**	**82,844**
Deferred tax assets	5	89,736	-
Total Non-current Assets		**89,736**	-
Total Assets		**1,990,918**	**82,844**
LIABILITIES			
Current Liabilities			
Trade and other payables	3	(138,574)	(606,876)
Related party loans		(2,604)	(47,779)
Current tax liabilities	5	(130,421)	-
Short-term borrowings	6	(1,619,398)	-
Total Current Liabilities		**(1,890,997)**	**(654,655)**
Total Non Current Liabilities		**-**	**-**
Total Liabilities (excluding net assets attributable to Unitholders*)		**99,921**	**(571,811)**
Surplus (Deficit) attributable to Unitholders*	7	**99,921**	**(571,811)**

* There were no unitholders in the Scheme at 30 June 2013.

The above Statement should be read in conjunction with the accompanying notes.

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

For the Year ended 30 June 2013

	Net Assets Attributable to Unitholders
Balance at 30 June 2011	-
Net loss attributable to unitholders*	(571,811)
Other comprehensive income	-
Total comprehensive income	(571,811)
Balance at 30 June 2012	(571,811)
Net profit attributable to unitholders*	671,732
Other comprehensive income	-
Total comprehensive income	671,732
Balance at 30 June 2013	99,921

* There were no unitholders in the Scheme at any time prior to and including 30 June 2013.

The above Statement should be read in conjunction with the accompanying notes.

STATEMENT OF CASH FLOWS

For the Financial Year ended 30 June 2013

	Note	Year Ended 30 June 2013 $ Inflows (Outflows)	Year Ended 30 June 2012 $ Inflows (Outflows)
Cash flows from Operating Activities			
Proceeds from sale of assets		4,807,700	323,214
Payments for expenses		(5,589,570)	(359,614)
Interest received		4,620	-
Finance costs		(509,802)	-
Income tax		(2,138)	-
Net Cash used in operating activities	12(b)	**(1,289,190)**	**(36,400)**
Cash flows from Investing Activities		-	-
Net Cash used in/provided by investing activities		-	-
Cash flows from Financing Activities			
Loans from related parties		2,064	47,779
Related party loan repayments		(64,874)	-
Proceeds from borrowings		1,619,398	-
Payments for redemption of units		-	-
Payments for distribution		-	-
Receipts for application of units		-	-
Net cash used in financing activities		**1,556,588**	**(47,779)**
Net increase(decrease) in cash and cash equivalents held		267,398	11,379
Cash and cash equivalents at beginning of the year		11,379	-
Cash and cash equivalents at end of the year	12(a)	**278,777**	**11,379**

The above Statement should be read in conjunction with the accompanying notes.

1 Summary of Significant Accounting Policies

(a) Basis of preparation

This general purpose financial report for the financial year ended 30 June 2013 has been prepared in accordance with the *Corporations Act 2001*, Accounting Standards and Interpretations, and complies with other requirements of the law.

The functional currency is in Australian Dollars and the level of rounding is to the nearest dollar.

Statement of compliance

The financial statement complies with Australian Accounting Standards and International Financial Reporting Standards (IFRS). The Scheme is a profit entity.

The financial statements were authorised for issue by the directors. The directors have the ability to amend the financial statements after issue.

In the application of A-IFRS management is required to make judgments, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making the judgments. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2013 and the comparative information presented in these financial statements.

New accounting standards and interpretations

The AASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to the Scheme. The Scheme has decided not to early adopt any of the new and amended pronouncements. The Scheme's assessment of the new and amended pronouncements that are relevant to the Scheme but applicable in future reporting periods is set out below:

- AASB 9: *Financial Instruments* (December 2010) and AASB 2010–7: *Amendments to Australian Accounting Standards arising from AASB 9 (December 2010).*

  These Standards are applicable retrospectively and include revised requirements for the classification and measurement of financial instruments, as well as recognition and derecognition requirements for financial instruments.

  The key changes made to accounting requirements include:

  - simplifying the classifications of financial assets into those carried at amortised cost and those carried at fair value;
  - simplifying the requirements for embedded derivatives;
  - removing the tainting rules associated with held-to-maturity assets;
  - the requirements to separate and fair value embedded derivatives for financial assets carried at amortised cost;

1 Summary of Significant Accounting Policies (continued)

- allowing an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument;
- requiring financial assets to be reclassified where there is a change in an entity's business model as they are initially classified based on: (a) the objective of the entity's business model for managing the financial assets; and (b) the characteristics of the contractual cash flows; and
- requiring an entity that chooses to measure a financial liability at fair value to present the portion of the change in its fair value due to changes in the entity's own credit risk in other comprehensive income, except when that would create an accounting mismatch. If such a mismatch would be created or enlarged, the entity is required to present all changes in fair value (including the effects of changes in the credit risk of the liability) in profit or loss.

These Standards were mandatorily applicable for annual reporting periods commencing on or after 1 January 2013. However, AASB 2012–6: *Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and Transition Disclosures* (issued in September 2012) defers the mandatory application date of AASB 9 from 1 January 2013 to 1 January 2015. In light of this change to the mandatory effective date, the Scheme is expected to adopt AASB 9 and AASB 2010–7 for the annual reporting period ending 31 December 2015. Although the responsible entity anticipates that the adoption of AASB 9 and AASB 2010–7 may have a significant impact on the Scheme's financial instruments, it is impracticable at this stage to provide a reasonable estimate of such impact.

– AASB 13: *Fair Value Measurement* and AASB 2011–8: *Amendments to Australian Accounting Standards arising from AASB 13* (applicable for annual reporting periods commencing on or after 1 January 2013).

AASB 13 defines fair value, sets out in a single Standard a framework for measuring fair value, and requires disclosures about fair value measurement.

AASB 13 requires:

- inputs to all fair value measurements to be categorised in accordance with a fair value hierarchy; and
- enhanced disclosures regarding all assets and liabilities (including, but not limited to, financial assets and financial liabilities) measured at fair value.

These Standards are expected to result in more detailed fair value disclosures but are not expected to significantly impact the amounts recognised in the Scheme's financial statements.

– AASB 2012–2: *Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities* (applicable for annual reporting periods commencing on or after 1 January 2013).

AASB 2012–2 principally amends AASB 7: *Financial Instruments: Disclosures* to require entities to include information that will enable users of their financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with the entity's recognised financial assets and recognised financial liabilities, on the entity's financial position.

This Standard is not expected to significantly impact the Scheme's financial statements.

– AASB 2012–3: *Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities* (applicable for annual reporting periods commencing on or after 1 January 2014).

This Amending Standard adds application guidance to AASB 132: *Financial Instruments: Presentation* to address potential inconsistencies identified in applying some of the offsetting criteria of AASB 132, including clarifying the meaning of "currently has a legally enforceable right of set-off" and that some gross settlement systems may be considered equivalent to net settlement.

This Standard is not expected to significantly impact the Scheme's financial statements.

1 Summary of Significant Accounting Policies (continued)

– AASB 2012–5: *Amendments to Australian Accounting Standards arising from Annual Improvements 2009–2011 Cycle* (applicable for annual reporting periods commencing on or after 1 January 2013).

  This Amending Standard amends a number of Australian Accounting Standards as a consequence of the issuance of *Annual Improvements to IFRSs 2009–2011 Cycle* by the International Accounting Standards Board, including:

  - AASB 1: *First-time Adoption of Australian Accounting Standards* to clarify the requirements in respect of the application of AASB 1 when an entity discontinues and then resumes applying Australian Accounting Standards;
  - AASB 101: *Presentation of Financial Statements* and AASB 134: *Interim Financial Reporting* to clarify the requirements for presenting comparative information;
  - AASB 116: *Property, Plant and Equipment* to clarify the accounting treatment of spare parts, stand-by equipment and servicing equipment;
  - AASB 132 and Interpretation 2: *Members' Shares in Co-operative Entities and Similar Instruments* to clarify the accounting treatment of any tax effect of a distribution to holders of equity instruments; and
  - AASB 134 to facilitate consistency between the measures of total assets and liabilities an entity reports for its segments in its interim and annual financial statements.

  This Standard is not expected to significantly impact the Scheme's financial statements.

– AASB 2011-4: *Remove Individual Key Management Personnel Disclosure Requirements*
  This Standard makes amendments to remove individual key management personnel disclosure requirements from AASB 124 (applicable for annual reporting periods commencing on or after 1 July 2013).

The Scheme is still assessing the potential impact on the Scheme.

b) Financial Instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the Scheme becomes a party to the contractual provisions to the financial instrument. For financial assets, this is equivalent to the date that the Scheme commits itself to either purchase or sell the asset (ie trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Classification and subsequent measurement

Financial instruments are subsequently measured at amortised cost using the effective interest method or cost.

Amortised cost is calculated as the amount at which the financial asset or financial liability is measured at initial recognition less repayments made and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the effective interest method.

1 Summary of Significant Accounting Policies (continued)

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying amount with a consequential recognition of income or expense in profit or loss.

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

(ii) Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process as well as when the financial liability is derecognised.

Impairment of financial assets

At the end of each reporting period, the responsible entity assesses whether there is objective evidence that a financial asset has been impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events (a "loss event") having occurred, which has an impact on the estimated future cash flows of the financial asset(s).

In the case of financial assets carried at amortised cost, loss events may include: indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments; indications that they will enter bankruptcy or other financial reorganisation; and changes in arrears or economic conditions that correlate with defaults.

For financial assets carried at amortised cost (including loans and receivables), a separate allowance account is used to reduce the carrying amount of financial assets impaired by credit losses. After having taken all possible measures of recovery, if the directors of the responsible entity establish that the carrying amount cannot be recovered by any means, at that point the anticipated loss is charged to the allowance account or the carrying amount of impaired financial assets is reduced directly if no impairment amount was previously recognised in the allowance account.

When the terms of financial assets that would otherwise have been past due or impaired have been renegotiated, the Scheme recognises the impairment for such financial assets by taking into account the original terms as if the terms have not been renegotiated so that the loss event that has occurred is duly considered.

Derecognition of financial instruments

Financial assets are derecognised when the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised when the related obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

1 Summary of Significant Accounting Policies (continued)

c) Cash and cash equivalents

Cash comprises current deposits with banks. Cash equivalents are short-term highly liquid investments readily convertible to known amounts of cash, subject to an insignificant risk of changes in value, and are held for the purpose of meeting short-term cash commitments rather than for investment or any other purposes.

d) Revenue and income

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts

Land is regarded as sold when the significant risks and returns have been transferred to the buyer, which is normally on unconditional exchange of contracts. For conditional exchanges, sales are recognised only when all the significant conditions are satisfied.

Revenue recognition relating to the provision of services is determined with reference to the stage of completion of the transaction at the end of the reporting period and where the outcome of the contract can be estimated reliably. Stage of completion is determined with reference to the services performed to date as a percentage of total anticipated services to be performed. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent that related expenditure is recoverable.

Revenue is deferred when fees are received upfront but where associated services are yet to be performed. Any consideration deferred for more than one year is treated as a financing arrangement and is discounted at a rate of interest that is generally accepted in the market for similar arrangements. The difference between the amount initially recognised and the amount ultimately received is interest revenue.

Revenue and income comprise realised gains on land for sale, interest income and other income.

e) Expenses

All expenses are recognised in the income statement on an accruals basis.

Included in other expenses is insurance, rates and land tax paid by the Scheme.

g) Income tax

The income tax expense (benefit) for the year comprises current income tax expense (benefit) and deferred tax expense (benefit).

Current income tax expense charged to profit or loss is the tax payable on taxable income. Current tax liabilities (assets) are measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense (benefit) is charged or credited directly to equity instead of profit or loss when the tax relates to items that are credited or charged directly to equity.

Except for business combinations, no deferred income tax is recognised from the initial recognition of an asset or liability where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

1 Summary of Significant Accounting Policies (continued)

Where temporary differences exist in relation to investments in subsidiaries, branches, associates and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where: (a) a legally enforceable right of set-off exists; and (b) the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

h) Application and redemptions

Applications received for units in the Scheme are recorded net of any entry fees payable prior to the issue of units in the Scheme. Redemptions from the Scheme are recorded gross of any exit fees payable after the cancellation of units redeemed.

The application and redemption prices are determined as the net assets attributable to unit holders of the Scheme adjusted for the estimated transaction costs, divided by the number of units on issue on the date of the application or redemption.

i) Redeemable units

All redeemable units issued by the Scheme provide investors with the right to require redemption for cash and give rise to a financial liability. In accordance with the Constitution, the Scheme is contractually obliged to redeem units at redemption price, which includes an allowance for transaction costs incurred by the Scheme on disposal of its assets required to fund the redemptions.

j) Unit Prices

The unit price is based on unit price accounting outlined in the Scheme's constitution.

k) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), recoverable from the Australian Taxation Office (ATO):

i). where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
ii). for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from the Australian Taxation Office is included in receivables in the balance sheet.

l) Payables

Trade payables and other accounts payable are recognised when the Scheme becomes obliged to make future payments resulting from the purchase of goods & services.

m) Receivables

Trade receivables and other receivables are recorded at amortised cost less impairment.

1 Summary of Significant Accounting Policies (continued)

n) 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 Scheme.

Revenue Recognition

When a contract for the sale of a property upon completion of construction is judged to be a construction contract (see revenue recognition policy for sales of property under development), revenue is recognised using the percentage-of-completion method as construction progresses. The percentage of completion is estimated by reference to the stage of the projects and contracts - determined based on the proportion of contract costs incurred to date and the estimated costs to complete.

Classification of Land

Inventory comprises of land that is held for sale in the ordinary course of business. Principally, this is commercial land that the Scheme intends to sell.

Taxes

The Scheme is subject to income and capital gains taxes in numerous jurisdictions. Significant judgement is required to determine the total provision for current and deferred taxes. The Scheme recognises liabilities for current taxes based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income and deferred tax provisions in the period in which the determination is made. Deferred tax assets and liabilities are recognised on a net basis to the extent they relate to the same fiscal unity and fall due in approximately the same period.

o) Timber

Timber plantations on land assets belong to the unit holders of Great Southern 2007 High Value Timber Project and Great Southern 2008 High Value Timber Project as are not the assets of this Scheme.

1 Summary of Significant Accounting Policies (continued)

p) Inventory

Inventory consists of land acquired for sale in the ordinary course of business, rather than held for rental or capital appreciation, is held as inventory property and is measured at the lower of cost and net realisable value.

Cost includes freehold land and government charges.

Net realisable value is the estimated selling price in the ordinary course of business, based on market prices at the reporting date.

The cost of inventory property recognised in the statement of profit or loss and other comprehensive income on disposal is determined with reference to the specific costs incurred on the property sold.

2 Receivables

	30 June 2013 $	30 June 2012 $
Goods and services tax recoverable	21,387	71,465
Related party loans	17,635	-
	39,022	**71,465**

3 Payables

	30 June 2013 $	30 June 2012 $
Other unsecured payables and accrued expenses	134,574	600,876
Accrued audit fee	4,000	6,000
	138,574	**606,876**

4 Inventory

	30 June 2013 $	30 June 2012 $
Inventory – Land for sale	1,583,383	-
	1,583,383	**-**

5 Income tax

	30 June 2013 $	30 June 2012 $
(a) Income tax expense		
The major components of tax expense comprise:		
Local Current tax – current period	132,559	-
Deferred tax expense (benefit)		
In respect of the current year	(89,736)	-
Total income tax expense for continuing operations	**42,823**	-
The prima facie tax payable on profit before income tax is reconciled to the income tax expense as follows:		
Prima facie income tax receivable/payable on loss/profit before income tax at 30%	**214,366**	-
Add/deduct tax effect of:		
Other non-assessable items	-	-
Other deductible items		
Tax losses (utilized) brought to account	(171,543)	-
Income tax expense (benefit)	**42,823**	-
(b) Deferred tax		
Income tax expense	42,823	-
Withholding tax paid	(2,138)	-
Recognised deferred tax assets and liabilities		
Deferred tax assets	89,736	-
Deferred tax liabilities	-	-
Income tax payable	**130,421**	-

	Opening Balance	Charged to Income	Charged directly to Equity	Closing Balance
Deferred tax asset on expenses	-	-	-	-
Balance at 30 June 2012	-	-	-	-
Deferred tax asset on expenses	-	89,736	-	89,736
Tax loss brought to account	-	-	-	-
Balance at 30 June 2013	-	89,736	-	89,736

6 Borrowings

	30 June 2013 $	30 June 2012 $
Current		
Loan secured	1,619,398	-
	-	-
Total current borrowings	**1,619,398**	**-**

The weighted average effective interest rate on the loans is 19.75% per annum (2012: nil)

The loan debt is secured by a charge over inventory and property. Inventory and property cannot be disposed of without the consent of the loan provider.

7 Net assets attributable to unit holders

(a) Movements in net assets attributable to unit holders

At beginning of the year	(571,811)	-
Units issued during the year	-	-
Units redeemed during the year	-	-
Transfer of the net profit (loss) from the statement of profit or loss and other comprehensive income	671,732	(571,811)
Distributions	-	-
Closing balance of net assets attributable to unit holders	**99,921**	**(571,811)**

8 Operating Segments

The operation of the Scheme is solely in Australia.

9 Events after the balance date

Several properties available for sale were sold after the 30 June 2013 for a total of $2,045,000.

Other than as discussed above, no matters or circumstances have arisen since 30 June 2013 that have significantly affected, or may significantly affect:

- the operation of the Scheme in future financial years; or
- the results of those operations in future financial years; or
- the state of affairs of the Scheme in future financial years.

10 Auditor's Remuneration

Review and Audit of the financial report	4,000	6,000
Other non-audit services	-	-
	4,000	6,000

11 Related Party Disclosures

The Responsible Entity of Lowell Capital Limited - HVT Land Trust is Lowell Capital Limited **(ACN 006 844 588).**

The Custodian of the Scheme is Trust Company of Australia Limited. Custody fees of $25,156 were paid during the period.

Transactions with related parties have taken place at arms length and in the ordinary course of business.

Investment management fees of $75,000 were paid to the Responsible Entity in accordance with the constitution.

No Custodian fees were paid to the Responsible Entity in accordance with the constitution as no applications were received by the Scheme.

The Responsible Entity has paid $38,656 worth of expenses on behalf of the Scheme, which were paid or are payable by the Scheme. At year end the Responsible Entity is owed $20,013.

The Responsible Entity has been paid commissions for the sale and purchase of assets and debt arrangement fees of $253,620

Consulting fees of $429,000 were payable to Terrain Capital Ltd. Michael Ramsden is a director of Lowell Capital Limited and Terrain Capital Limited.

Key Management Personnel
The names of the key management personnel of the Scheme during the financial year were:

- Mr M.A. Ramsden (Director)
- Mr D.A. Carroll (Director)
- Mr O.R. Carton (Director)

The positions noted above for the Scheme's key management personnel are the positions held within the Responsible Entity and not the Scheme itself.

Compensation of Key Management Personnel
No amount was paid by the Scheme directly to the Directors of the Responsible Entity. Consequently, no compensation as defined in AASB 124 "Related Party Disclosures" is paid by the Scheme to the Directors as Key Management Personnel.

Holdings of units by related parties
During or since the end of the financial period, there are no key management personnel and/or their related parties that hold units in the Scheme, either directly, indirectly, or beneficially.

12 Notes to the Statement of cash flows

(a) Reconciliation of cash and cash equivalents	30 June 2013 $	30 June 2012 $
Cash	-	-
Deposits at call	278,777	11,378
Total cash and cash equivalents	**278,777**	**11,378**

(b) Reconciliation of cashflow from operations with loss from ordinary activities

*Net profit/(loss) attributable to unitholders**	671,732	(571,811)
(Increase)/decrease in inventory	(1,583,383)	-
(Increase)/decrease in income receivable	50,078	(71,465)
Increase/(decrease) in creditors and accruals	(468,302)	606,876
(Decrease)/increase in income tax payable	40,685	-
Net cash used in operating activities	**(1,289,190)**	**(36,400)**

(c) Non-Cash Financing and Investing Activities
During the period, no distributions were reinvested by unitholders for additional units in the Scheme.
During the period, no distributions receivable by the Scheme in respect of its investments were reinvested.

* There were no unitholders in the Scheme at 30 June 2013.

13 Financial Instruments

(a) Financial risk management objectives
The Scheme does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes. The use of financial derivatives is governed by the Schemes investment policies, which provide written principles on the use of financial derivatives.

(b) Significant accounting policies
Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset and financial liability are disclosed in note 1 to the financial statements.

(c) Credit Risk
The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets is the carrying amount of those assets, net of any provisions for doubtful debts, as disclosed in the statement of financial position and notes to the financial statements. The Scheme does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the Scheme.

13 Financial Instruments (continued)

(d) Net Fair Values

The net fair value of financial assets and financial liabilities approximates their carrying values as disclosed in the Statement of Financial Position and notes to the financial statements.

(e) Financial liability and financial asset maturity analysis

	Within 1 Year		1 to 5 Years		Over 5 Years		Total	
Financial liabilities due for payment	**2013 $**	**2012 $**	**2013 $**	**2012 $**	**2013 $**	**2012 $**	**2013 $**	**2012 $**
Trade and other payable	268,995	606,876	-	-	-	-	268,995	606,876
Amounts payable to related parties	2,604	47,779	-	-	-	-	2,604	47,779
Loans payable	-	-	-	-	1,619,398	-	1,619,398	-
Total expected outflow	**271,059**	**654,655**	-	-	**1,619,398**	-	**1,890,997**	**654,655**
Financial assets – cashflows realisable								
Cash and cash equivalents	278,777	11,379	-	-	-	-	278,777	11,379
Trade, term and loan receivables	39,022	71,465	-	-	-	-	39,022	71,465
Total anticipated inflows	**317,799**	**82,844**	-	-	-	-	**317,799**	**82,844**

(f) Liquidity Risk

Liquidity risk is the risk that the Scheme will encounter difficulty in meeting obligations associated with financial liabilities. The Scheme manages this risk through the following mechanisms:

- preparing forward-looking cash flow analysis in relation to its operational, investing and financing activities;
- monitoring credit facilities;
- managing credit risk related to financial assets; and
- only investing surplus cash with major financial institutions

(g) Market Risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates, and equity prices. Market risk is managed and monitored using sensitivity analysis, and minimised through ensuring that all investment activities are undertaken in accordance with established mandate limits and investment strategies.

13 Financial Instruments (continued)

Interest rate risk management

30 June 2013	Weighted Average Int Rate (% p.a.)	Variable Int. Rate $'000	Non-Interest Bearing $'000	Total $'000
Financial Assets				
Cash & Equivalents	3.19%	278,777	-	278,777
Receivables	-	-	39,022	39,022
		278,777	39,022	317,799
Financial Liabilities				
Investments Payable	19.75%	1,619,398	-	1,619,398
Trade and Other Payables	-	-	271,599	271,599
		1,619,398	271,599	1,890,997

30 June 2012	Weighted Average Int Rate (% p.a.)	Variable Int. Rate $'000	Non-Interest Bearing $'000	Total $'000
Financial Assets				
Cash & Equivalents	-	-	11,379	11,379
Receivables	-	-	71,465	71,465
		-	82,844	82,844
Financial Liabilities				
Investments payable	-	-	-	-
Trade and Other Payables	-	-	654,655	654,655
		-	654,655	654,655

14 Going Concern

This report has been prepared on the going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and settlement of liabilities in the normal course of business.

Future operating expenses will either be met through subscriptions received from members who are yet to join the Scheme or from the proceeds of asset sales. Based on sales to date, the Responsible Entity is confident that the Scheme will be successful in achieving its objectives.

Lowell Capital Limited (A.C.N. 006 844 558) a company incorporated and operating in Australia is the Responsible Entity of the Lowell Capital Limited - HVT Land Trust.

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