

23 October 2024

**TO INVESTORS**

Dear Member

**LM FIRST MORTGAGE INCOME FUND ARSN 089 343 288  
(RECEIVER APPOINTED) (“THE FUND”)**

I attach the final unaudited accounts for the Fund for the period 1 July 2024 to 17 October 2024 (‘the Period’).

The accounts have been prepared in accordance with the Scheme Constitution, the recognition and measurement requirements of the Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. The accounts have been reviewed by the BDO audit team. However, their work does not constitute a full audit and therefore, the accounts are provided on an unaudited basis.

Should members require further information, please contact BDO on the details provided below.

**BDO**

GPO Box 457

Brisbane QLD 4001

Phone: +61 7 3237 5999

Fax: +61 7 3221 9227

Email: [lmfmif@bdo.com.au](mailto:lmfmif@bdo.com.au)

Yours sincerely



David Whyte  
Court Appointed Receiver

**Disclaimer:**

*The Period’s financial statements were compiled by BDO Business Restructuring Pty Ltd however we did not audit those financial statements and, accordingly, express no opinion or other form of assurance on them.*

**LM FIRST MORTGAGE INCOME FUND**  
**(RECEIVER APPOINTED)**  
**ABN: 66 482 247 488**

Final report for the period 1 July 2024 to 17 October 2024 ('the Period')

Disclaimer

The Period's financial statements were compiled by BDO Business Restructuring Pty Ltd but we did not audit those financial statements and, accordingly, express no opinion or other form of assurance on them.

**LM FIRST MORTGAGE INCOME FUND**  
**(RECEIVER APPOINTED)**  
**ABN: 66 482 247 488**

**Financial Statements for the period 1 July 2024 to 17 October 2024**

**CONTENTS**

Statement of comprehensive income	3
Statement of financial position	4
Statement of changes in net assets attributable to unitholders	5
Statement of cash flows	6
Notes to the financial statements for the period 1 July 2024 to 17 October 2024	7

**LM FIRST MORTGAGE INCOME FUND (RECEIVER APPOINTED)**

**STATEMENT OF COMPREHENSIVE INCOME**

**For the period 1 July 2024 to 17 October 2024**

	Note	For the period 1 July 2024 to 17 October 2024 \$	For the year ended 30 June 2024 \$
<b>Income</b>			
Interest revenue - cash assets	11	117,249	2,719,237
Adjustment of Accrued Payables		-	95,854
		<b>117,249</b>	<b>2,815,091</b>
<b>Expenses</b>			
Custodian fees & legal fees	9	12,431	21,450
Other expenses	5	299,472	2,814,398
<b>Total expenses excluding distributions to unitholders</b>		<b>311,903</b>	<b>2,835,848</b>
		<b>(194,654)</b>	<b>(20,757)</b>
<b>Net profit (loss) before non-capital distributions to unitholders</b>			
Net non-capital distributions paid/payable to unitholders		-	-
<b>Net profit (loss) after non-capital distributions to unitholders</b>		<b>(194,654)</b>	<b>(20,757)</b>
Other comprehensive income		-	-
<b>Net profit (loss) after non-capital distributions to unitholders</b>		<b>(194,654)</b>	<b>(20,757)</b>
Income tax expense		-	-
<b>Changes in net assets attributable to unitholders after income tax expense</b>		<b>(194,654)</b>	<b>(20,757)</b>

The Statement of Comprehensive Income is to be read in conjunction with the notes to the financial statements.

**LM FIRST MORTGAGE INCOME FUND (RECEIVER APPOINTED)**

**STATEMENT OF FINANCIAL POSITION**

**As at 17 October 2024**

	Note	As at 17 October 2024 \$	As at 30 June 2024 \$
<b>ASSETS</b>			
Cash and cash equivalents	10	6,948,421	53,051,620
<b>TOTAL ASSETS</b>		<b>6,948,421</b>	<b>53,051,620</b>
<b>LIABILITIES</b>			
Payables and accrued expenses	8	-	406,182
Distributions payable	3	6,383,605	2,408,582
Ledgers payable	4	564,816	
<b>Total liabilities excluding net assets attributable to unitholders</b>		<b>6,948,421</b>	<b>2,814,764</b>
<b>NET ASSETS</b>		<b>-</b>	<b>50,236,856</b>
Represented by:			
<b>Net assets attributable to unitholders</b>	6	<b>-</b>	<b>50,236,856</b>
(calculated in accordance with IFRS)			

The Statement of Financial Position is to be read in conjunction with the notes to the financial statements.

**LM FIRST MORTGAGE INCOME FUND (RECEIVER APPOINTED)**  
**STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS**

**For the period 1 July 2024 to 17 October 2024**

	Note	For the period 1 July 2024 to 17 October 2024 \$	For the year ended 30 June 2024 \$
<b>TOTAL</b>			
Opening balance		50,236,856	50,257,613
Units issued during the year		-	-
Units redeemed during the year		-	-
Units issued on reinvestment of distributions		-	-
Changes in net assets attributable to unitholders	6	(50,236,856)	(20,757)
<b>Closing Balance</b>		<b>-</b>	<b>50,236,856</b>

The Statement of Changes in Net Assets Attributable to Unitholders is to be read in conjunction with the notes to the financial statements.

**LM FIRST MORTGAGE INCOME FUND (RECEIVER APPOINTED)**

**STATEMENT OF CASH FLOWS**

**For the period 1 July 2024 to 17 October 2024**

	Note	For the period 1 July 2024 to 17 October 2024 \$	For the year ended 30 June 2024 \$
<b>Cash flows from operating activities</b>			
Interest received		117,249	2,719,237
Payments for other operating expenses		(626,555)	(3,929,398)
Directors' proceedings - cost order payable		-	(5,000,000)
Receivables, GST, and withholding tax (paid)/received		-	858,526
<b>Net cash inflow/(outflow) from operating activities</b>	10 (b)	<b>(509,306)</b>	<b>(5,351,635)</b>
<b>Cash flows from investing activities</b>			
Payments for secured mortgage loans	7	-	-
Receipts from settled mortgage loans	7	-	-
<b>Net cash inflow/(outflow) from investing activities</b>		<b>-</b>	<b>-</b>
<b>Cash flows from financing activities</b>			
Capital Distributions paid		(44,749,798)	(93,522)
Ledger payments paid		(844,095)	-
<b>Net cash flows from financing activities</b>	10 (c)	<b>(45,593,893)</b>	<b>(93,522)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(46,103,199)</b>	<b>(5,445,157)</b>
Cash and cash equivalents at beginning of period	10 (a)	<b>53,051,620</b>	<b>58,496,777</b>
<b>Cash and cash equivalents at end of period</b>	10 (a)	<b>6,948,421</b>	<b>53,051,620</b>

The Statement of Cashflows is to be read in conjunction with the notes to the financial statements.

## LM FIRST MORTGAGE INCOME FUND (RECEIVER APPOINTED)

### Notes to the financial statements for the period 1 July 2024 to 17 October 2024

#### 1. CORPORATE INFORMATION

During the period March 2013 to August 2013, a series of insolvency events occurred in respect of both the Fund and the Responsible Entity for the Fund, these are detailed in the table below:

Date	Appointment
19 March 2013	John Park and Ginette Muller of FTI Consulting appointed as Administrators of LM Investment Management Ltd ("LMIM") being the Responsible Entity for the Fund.
11 July 2013	Joseph Hayes and Anthony Connelly of McGrathNicol appointed as Receivers and Managers of LMIM as the Responsible Entity of LM First Mortgage Income Fund (Receivers and Managers Appointed) (Receiver Appointed) ('LMFMIF', 'FMIF', 'Scheme' or the 'Fund') by Deutsche Bank. On 10 December 2018, Mr Hayes and Mr Connelly retired.
1 August 2013	John Park and Ginette Muller of FTI Consulting appointed as liquidators of LMIM. On 17 May 2017, Ms Muller ceased to be Liquidator.
8 August 2013	David Whyte of BDO appointed by the Court as Receiver of the assets of the Fund and as the person responsible for ensuring the Fund is wound up in accordance with its Constitution.

The Scheme is an Australian registered Scheme, constituted on 13 April 1999.

#### 2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all periods presented, unless otherwise stated in the following text.

##### (a) Basis of accounting

This financial report has been prepared in accordance with the Scheme Constitution, the recognition and measurement requirements of the Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. The financial report has also been prepared on a historical cost basis, except for financial assets and financial liabilities held at fair value through profit or loss, that have been measured at fair value.

The Statement of financial position is presented in decreasing order of liquidity and does not distinguish between current and non-current items. The amount expected to be recovered or settled within twelve months in relation to the balances cannot be reliably determined.

The financial report is presented in Australian Dollars (\$).

##### Statement of compliance

The financial statements have been prepared in accordance with the recognition and measurement requirements of the Australian Accounting Standards as issued by the Australian Accounting Standards Board and International Financial Reporting Standards as issued by the International Accounting Standards Board except for AASB 9, *Financial Instruments*. The Scheme has not adopted AASB 9 for this financial report given its wind up status, there was no benefit from doing so.



## **LM FIRST MORTGAGE INCOME FUND (RECEIVER APPOINTED)**

**Notes to the financial statements for the period 1 July 2024 to 17 October 2024**

### **2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

#### **(a) Basis of accounting (Continued)**

##### **Status of investment in fund**

During the 2009 year, the Responsible Entity closed the Scheme to new investors and suspended withdrawals subject to certain exceptions. Redemptions were suspended at this time, per the Constitution, as the Responsible Entity considered the suspension of the withdrawals to be in the best interest of the members of the Scheme.

The Scheme is now in the process of being formally wound up with redemptions and hardship provisions remaining suspended.

##### **Liquidation Basis**

Previous financial statements have been prepared on a going concern basis.

The financial statements for the periods ended 30 June 2013 onwards have not been prepared on a going concern basis due to the appointment of Administrators to the Responsible Entity for the Fund on 19 March 2013 and subsequently Liquidators on 1 August 2013 and the appointment of Receivers and Managers and Court Appointed Receiver and person responsible for ensuring it is wound up in accordance with its Constitution as detailed in Note 1. Accordingly, the financial statements for those periods have been prepared on a liquidation basis.

#### **(b) New accounting standards and interpretations**

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Scheme for the reporting period. The impact of these standards and interpretations are not expected to have a material impact on the Scheme have not been included.

#### **(c) Significant accounting judgements, estimates and assumptions**

In the process of applying accounting policies, judgements and estimations have been made which have had an impact on the amounts recognised in the accounts. The key estimates and assumptions that have a significant risk of causing material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

##### **Allowance for impairment loss on loans and receivables**

The Scheme determines whether loans are impaired on an ongoing basis. Individually assessed provisions are raised where there is objective evidence of impairment, where the Scheme does not expect to receive all of the cash flows contractually due. Individually assessed provisions are made against individual facilities.

#### **(d) Cash and cash equivalents**

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. For the purposes of the Statement of cash flows, cash and cash equivalents as defined above, net of outstanding bank overdrafts.

#### **(e) Distribution income**

Distribution income is recognised when the Scheme's right to receive income is established.

## LM FIRST MORTGAGE INCOME FUND (RECEIVER APPOINTED)

### Notes to the financial statements for the period 1 July 2024 to 17 October 2024

#### 2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### (f) Interest income

Interest income is recognised as the interest accrues using the effective interest rate method, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset. Interest ceases to be recognised when a loan is in default and the principal is impaired.

##### (g) Default management fees

Income from default management fees is recognised in line with the executed agreement with the borrower when an event of default occurs.

##### (h) Changes in the fair value of investments

Gains or losses on investments held for trading are calculated as the difference between the fair value at sale, or at year end, and the fair value at the previous valuation point. This includes both realised and unrealised gains and losses.

##### (i) Fees, commissions and other expenses

Except where included in the effective interest calculation (for financial instruments carried at amortised cost), fees and commissions are recognised on an accrual basis. Audit and compliance fees are included with 'other expenses' and are recorded on an accrual basis.

##### (j) Financial instruments

Financial instruments in the scope of *AASB 139 Financial Instruments* are classified as either financial assets or financial liabilities at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale investments or other financial liabilities as appropriate.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transactions costs. The Scheme determines the classification of its financial assets at initial recognition.

All regular way purchases and sales of financial assets are recognised on the trade date i.e. the date that the Scheme commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets under contracts that require delivery of the assets within the period established generally by regulation or convention in the marketplace.

##### 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. Loans and receivables are initially measured at fair value including transaction costs directly attributable to the financial asset. After initial recognition, loans and receivables are carried at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when receivables are derecognised or impaired, as well as through the amortisation process.

Loans and receivables are assessed for impairment at each reporting period. An allowance is made for credit losses when there is objective evidence that the Scheme will not be able to collect the loans and receivables. Impairment losses are written off when identified. Losses expected as a result of future events are not recognised. If a provision for impairment

## LM FIRST MORTGAGE INCOME FUND (RECEIVER APPOINTED)

Notes to the financial statements for the period 1 July 2024 to 17 October 2024

### 2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### (j) Financial instruments (continued)

has been recognised in relation to the loan, write-offs for bad debts are made against the provision. If no provision for impairment has previously been recognised, write-offs for bad debts are recognised as an expense in the statement of comprehensive income.

A provision is made of loans in arrears where the collectability of the debts is considered doubtful by estimation of expected losses in relation to loan portfolios where specific identification is impracticable.

The components of impaired assets are as follows:

“Loans in arrears” are loans and advances for which there is reasonable doubt that the Scheme will be able to collect all amounts of principal and interest in accordance with the terms of the agreement.

“Assets acquired through the enforcement of security” are assets acquired in full or partial settlement of a loan or similar facility through the enforcement of security arrangements.

When it is determined that interest is not recoverable on certain impaired loans, the interest is suspended and not brought into income. Should the analysis of the collectability subsequently change the interest will be brought into income at the time it is determined to be collectable.

#### (k) Payables

Payables are carried at amortised costs and represent liabilities for goods and services provided to the Scheme prior to the end of the financial year and half year that are unpaid and arise when the Scheme becomes obliged to make future payments in respect of the purchases of these goods and services.

The distribution amount payable to investors as at the reporting date is a carried forward balance from a period prior to the appointment of the Court Appointed Receiver, adjusted for claims made by investors and the amounts determined by the Receiver after Court orders made on 27 May 2024.

#### (l) Increase/decrease in net assets attributable to unitholders

Non-distributable income is transferred directly to net assets attributable to unitholders and may consist of unrealised changes in the net fair value of investments, accrued income not yet assessable, expenses accrued for which are not yet deductible, net capital losses and tax free or tax deferred income. Net capital gains on the realisation of any investments (including any adjustments for tax deferred income previously taken directly to net assets attributable to unitholders) and accrued income not yet assessable will be included in the determination of distributable income in the same year in which it becomes assessable for tax. Excess and undistributed income is also transferred directly to net assets attributable to unitholders.

#### (m) Distributions

The remaining return to investors is currently estimated at 10.2 cents per unit (excluding any further benefit of the Feeder Fund Proceedings) and excludes the interim distribution to investors of 6.5 cents made in October 2019.

Mr Whyte applied to the Court for authorisation to make an interim distribution to investors, which was a condition precedent to the settlement of the proceedings against the Feeder Funds of the Fund (**Distribution Application**). Mr Whyte also applied

## LM FIRST MORTGAGE INCOME FUND (RECEIVER APPOINTED)

Notes to the financial statements for the period 1 July 2024 to 17 October 2024

### 2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### (m) Distributions (Continued)

to the Court for judicial advice in relation to a settlement of the proceedings against the Feeder Funds (**Judicial Advice Application**), which was another condition precedent to the settlement. The two applications were heard in Court on 13 March 2019 and on 2 and 3 May 2019 with the decisions reserved. The Court has now handed down its decision in respect of the Judicial Advice Application. Mr Whyte was successful in obtaining judicial advice from the Court that he was justified in settling the proceedings against the Feeder Funds and in causing the Fund to perform the settlement. However, the Distribution Application remained reserved by the Court. Mr Whyte was provided authority to make the interim capital distribution in accordance with a Court order on 2 October 2019. An interim capital distribution to investors of the LM First Mortgage Income Fund was paid to investors in October 2019 in the amount of 6.5 cents per unit.

A final distribution of 11.9 cents per unit was paid to members in July and August 2024.

#### (n) Goods and services tax (GST)

The GST incurred on the costs of various services provided to the Responsible Entity by third parties such as audit fees, custodial services and investment management fees have been passed onto the Scheme. The Scheme qualifies for Reduced Input Tax Credits (RITC's) at a rate of 55%.

Investment management fees, custodial fees and other expenses have been recognised in the statement of comprehensive income net of the amount of GST recoverable from the Australian Taxation Office (ATO). Accounts payable are inclusive of GST. The net amount of GST recoverable from the ATO is included in the statement of cash flows on a gross basis.

The GST component of cash flows arising from investing and financing activities recoverable or payable to the ATO is classified as an operating cash flow.

#### (o) Applications and redemptions

Applications received for units in the Scheme are recorded when units are issued in the Scheme. Redemptions from the Scheme are recorded when the cancellation of units redeemed occurs. Unit redemption prices are determined by reference to the net assets of the Scheme divided by the number of units on issue.

Applications received in foreign currency denominations are initially recorded in the functional currency by applying the exchange rates ruling at the date of the transaction. Foreign currency denominated unitholder funds are translated into the Schemes functional currency at balance date, using the spot rate prevailing at that date. Gains and losses arising from foreign exchange translation are recorded in the Statement of Comprehensive Income in the period in which they arise.

#### (p) Taxation

Under current legislation, the Scheme is not subject to income tax provided the distributable income of the Scheme is fully distributed either by way of cash or reinvestment (i.e. unitholders are presently entitled to the income of the Scheme).

#### (q) Interest-bearing loans and borrowings

All loans and borrowings are initially recognised at cost, being the fair value of the consideration received net of issue costs associated with the borrowing. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Amortised cost is calculated by taking into account any issue costs, and any discount or premium on settlement.

#### (r) Foreign currency translations

The Scheme's transactions in foreign currencies previously comprised applications and withdrawals of foreign currency unitholder funds and payment of distributions. Transactions in foreign currencies were initially recorded in the functional

## LM FIRST MORTGAGE INCOME FUND (RECEIVER APPOINTED)

### Notes to the financial statements for the period 1 July 2024 to 17 October 2024

#### 2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### (r) Foreign currency translations (Continued)

currency by applying the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange prevailing at the balance sheet date, and exchange rate gains and losses are recognised in the statement of comprehensive income.

##### (s) Determination of fair value

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

The fair value for financial instruments not traded in an active market is determined using appropriate valuation techniques. Valuation techniques include: using recent arm's length market transactions; reference to the current market value of another instrument that is substantially the same; discounted cash flow analysis and option pricing models making as much use of available and supportable market data as possible.

##### (t) Provisions

Provisions are recognised when the entity has a present (legal or constructive) obligation as a result of a past event, it is probable the entity will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

##### (u) Net asset amount per unit available to investors

The net assets of the fund and number of units on issue at the end of the periods is detailed in the table below:

	As at 17 October 2024	As at 30 June 2024
Net amount of assets available to investors as at the period end (\$)	-	50,236,856
Total investor units (# of units)	492,125,624	492,125,624
<b>Net asset amount per unit available to investors as at the period end (cents in the dollar)</b>	<b>-</b>	<b>0.102</b>

As stated at note 2(m) above, a final distribution of 11.9 cents per unit was paid to members in July and August 2024.

#### 3. DISTRIBUTIONS PAYABLE

The distributions payable balance is made up of:

- \$6,383,605 (30 June 2024: \$1,091,201), which relates to:
  - a) Distributions that were returned/unclaimed from the interim capital distribution to investors, paid by the Receiver in October 2019 in accordance with the Court order dated 2 October 2019; and
  - b) Distributions that were returned/unclaimed from the final capital distribution to investors, paid by the Receiver in July and August 2024 in accordance with the Court orders dated 27 May 2024.

The distributions payable balance will be paid to ASIC as unclaimed monies pursuant to the Court orders dated 27 May 2024. Following that payment, the winding up will be complete, and the relevant documents will be lodged with ASIC to finalise the process.

## LM FIRST MORTGAGE INCOME FUND (RECEIVER APPOINTED)

### Notes to the financial statements for the period 1 July 2024 to 17 October 2024

#### 4. LEDGERS PAYABLE

The ledgers payable balance is made up of:

- \$564,816 (30 June 2024: \$1,317,381), which relates to distributions that were returned/unclaimed from the payment of ledger distributions made in accordance with Court orders dated 27 May 2024. These ledger distributions were carried in the Fund's financial accounts and appear to have been declared prior to the date of the Court Receiver's appointment which were not paid, or have not cleared or were returned unclaimed.

The ledgers payable balance will be paid to ASIC as unclaimed monies pursuant to the Court orders dated 27 May 2024. Following that payment, the winding up will be complete, and the relevant documents will be lodged with ASIC to finalise the process.

#### 5. OTHER EXPENSES

	For the period 1 July 2024 to 17 October 2024	For the year ended 30 June 2024
	\$	\$
<b>Other Expenses</b>		
Bank fees	4,051	-
Court Appointed Receiver's fees & outlays (BDO)	228,935	833,968
IT expenses	31,189	-
Legal fees	10,875	1,102,105
Liquidators' of LMIM expenses (FTI)	-	573,621
Printing & Stationary	24,422	-
Other expenses	-	304,704
<b>Total</b>	<b>299,472</b>	<b>2,814,398</b>

#### Court Appointed Receiver's fees & outlays (BDO)

	For the period 1 July 2024 to 17 October 2024	For the year ended 30 June 2024
	\$	\$
<b>The Court Appointed Receiver's fees &amp; outlays are represented by the following amounts:</b>		
Court Appointed Receiver's investigations, litigation and other non-operating costs	-	64,933
Operating Costs of the Fund	228,935	734,278
<b>Total</b>	<b>228,935</b>	<b>799,211</b>

The Court Appointed Receiver's investigations and other non-operating costs include time costs in relation to the claim against the former auditors of the Fund, and other litigation matters.

**LM FIRST MORTGAGE INCOME FUND (RECEIVER APPOINTED)**

**Notes to the financial statements for the period 1 July 2024 to 17 October 2024**

**6. CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS**

Movements in the net assets attributable to unitholders during the period were as follows:

<b>Net assets attributable to unitholders</b>	<b>For the period 1 July 2024 to 17 October 2024</b>	<b>For the year ended 30 June 2024</b>
	<b>\$</b>	<b>\$</b>
Opening balance	492,125,624	492,125,624
Adjustment to unitholder funds- refer to Note 5 (i)	-	-
Adjusted balance	492,125,624	492,125,624
Units issued during the year	-	-
Units redeemed during the year	-	-
Units issued upon reinvestment of distributions	-	-
Net capital distributions declared	(50,042,202)	-
Changes in net assets attributable to unitholders after income tax expense for current period	(194,654)	(20,757)
Other cumulative movement in changes in net assets	(441,888,768)	(441,868,011)
<b>Net assets attributable to unitholders</b>	<b>-</b>	<b>50,236,856</b>
Net capital distributions declared	50,042,202	-
<b>Net distributions</b>	<b>50,042,202</b>	<b>-</b>
Gross capital distribution declared	50,042,202	-
Less amounts withheld	-	-
<b>Net capital distributions declared</b>	<b>50,042,202</b>	<b>-</b>
<b>Distributions</b>		
Net capital distribution declared	50,042,202	-
Less amounts unable to be credited to unitholder's bank account and recognised as Distributions Payable	5,292,404	-
<b>Distributions paid in cash</b>	<b>44,749,798</b>	<b>-</b>

**Class A**

Class A consists of unitholders who are entitled to receive the declared distribution rate. There are a number of subclasses attached to class A. These consist of the following products with varying terms:

- 1) Flexi Account investment option
- 2) Fixed Term investment option
- 3) LM Savings Plan investment option

## LM FIRST MORTGAGE INCOME FUND (RECEIVER APPOINTED)

### Notes to the financial statements for the period 1 July 2024 to 17 October 2024

#### 6. CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS (continued)

##### Class B

Class B consists of related Scheme unitholders.

##### Class C

Class C consists of unitholders who invested in foreign currencies and are entitled to receive the declared distribution rate.

Subject to the comments relating to the status of the Scheme in note 2(t) above, unitholders are entitled to one vote per unit at unitholders' meetings and as the Scheme is being wound up, unitholders rank after creditors and are equally entitled to the proceeds of the winding up procedure.

##### (i) Adjustment to the investor funds

Given the discrepancies identified as detailed in Notes 2(r) and 2(t) above in regard to the units of investors who subscribed in a foreign currency and previous capital distributions, and having the benefit of a Court order about the calculation of distributions to foreign currency investors, Mr Whyte has recalculated the units as at the commencement of the winding up of the Fund being 8 August 2013 in the Australian Dollar equivalent amounting to \$492,125,624.

#### 7. LOANS AND RECEIVABLES

	As at 17 October 2024	As at 30 June 2024
	\$	\$
Secured mortgage loans	-	-
Provision for impairment	-	-
	<hr/>	<hr/>
	-	-
	<hr/> <hr/>	<hr/> <hr/>

Loans and receivables are initially measured at the fair value including transaction costs and subsequently measured at amortised cost after initial recognition. Loans and Receivables are assessed for impairment at each reporting date. Where impairment indicators exist, the recoverable amount of the loan will be determined and compared to its carrying amount to determine whether any impairment losses exists. Impairment losses are recognised when the recoverable amount under the individual loan is less than the carrying amount of that loan.

##### Material uncertainty regarding recoverability of Loans and Receivables

For loans in default, an impairment indicator arises which requires the recoverable amount of that loan to be determined. The recoverable amount for each individual loan in default has been determined from independent valuations and/or the assets forming the security for the loans. The valuations are based on current market conditions and provide for appropriate exposure to the market and an orderly realisation of assets forming the security for the loans.

In determining the recoverable amounts, there are uncertainties involved in assessing the market values and the ability to realise those market values, particularly where the market is not active. Consequently, it is likely that there may be differences between the amounts at which the Loans and Receivables are recorded in the financial statements at the year end, and the amounts that are actually realised. Such differences may be material. Accordingly, there is a material uncertainty regarding recoverability of Loans and Receivables.



LM FIRST MORTGAGE INCOME FUND (RECEIVER APPOINTED)

Notes to the financial statements for the period 1 July 2024 to 17 October 2024

7. LOANS AND RECEIVABLES (continued)

Movement in default loans

	For the period 1 July 2024 to 17 October 2024	For the year ended 30 June 2024
	\$	\$
Gross default loans opening balance	-	-
New and increased default loans	-	-
Balances written on / (off)	-	-
Repaid	-	-
Gross default loans closing balance	-	-
Specific provision	-	-
<b>Net default loans</b>	<b>-</b>	<b>-</b>

8. PAYABLES AND ACCRUED EXPENSES

Payables and accrued expenses are carried at cost or estimated and represent liabilities for goods and services or estimated liabilities of the Fund prior to the period end but have not yet been paid.

	As at 17 October 2024	As at 30 June 2024
	\$	\$
Accounts payable and accrued expenses	-	406,182
Total payables and accrued expenses	-	<b>406,182</b>

Note: \$91,530 of the closing balance of accounts payable and accrued expenses as at 30 June 2024 has been reallocated to Ledgers Payable as at 17 October 2024. Please refer to notes 4 and 10(b) for further details of movements and final balances. All other accounts payable and accrued expenses have been discharged.

9. RELATED PARTIES

	For the period 1 July 2024 to 17 October 2024	For the year ended 30 June 2024
	\$	\$
<i>Custodian</i>		
Custodian's fees paid by the Scheme	12,431	21,450
<b>Total</b>	<b>12,431</b>	<b>21,450</b>

**LM FIRST MORTGAGE INCOME FUND (RECEIVER APPOINTED)****Notes to the financial statements for the period 1 July 2024 to 17 October 2024****10. CASH AND CASH EQUIVALENTS****(a) Reconciliation of cash and cash equivalents**

The cash at bank represents the amounts stated at notes 3 and 4 in respect of the returned payments for distributions payable and ledgers payable where the relevant amounts will be paid to ASIC as unclaimed monies pursuant to the Court orders dated 27 May 2024. Following that payment, the winding-up will be complete, and the relevant documents will be lodged with ASIC to finalise the process.

	<b>17 October 2024</b>	<b>30 June 2024</b>
	\$	\$
Cash at bank	6,948,421	53,051,620

**(b) Reconciliation of change in net assets attributable to unitholders to net cash flows from operating activities**

	<b>For the period 1 July 2024 to 17 October 2024</b>	<b>For the year ended 30 June 2024</b>
	\$	
Change in net assets attributable to unitholders from operating activities	(194,654)	(20,757)
<i>Adjustments for:</i>		
Adjustment of Accrued Payables	-	95,854
(increase)/decrease in other receivables	-	858,526
Increase/(decrease) in payables	(314,652)	(6,285,259)
<b>Net cash flows from/(used in) operating activities</b>	<b>(509,306)</b>	<b>(5,351,636)</b>

**(c) Reconciliation of change in net assets attributable to unitholders to net cash flows from financing activities**

	<b>For the period 1 July 2024 to 17 October 2024</b>	<b>For the year ended 30 June 2024</b>
	\$	
Capital Distributions paid	(50,042,202)	-
Less: Returned Capital Distributions paid	5,292,404	-
Ledger payments paid	(1,408,911)	-
Less: Returned Ledger payments paid	564,816	-
<b>Net cash flows from/(used in) financing activities</b>	<b>(45,593,893)</b>	-

**LM FIRST MORTGAGE INCOME FUND (RECEIVER APPOINTED)**

**Notes to the financial statements for the period 1 July 2024 to 17 October 2024**

**11. INCOME**

**Interest revenue**

Interest revenue relates to interest received on funds held in bank accounts.