

25 July 2016

Our Ref: GOK_8982r1

CIRCULAR TO INVESTORS

Dear Sir/Madam

RE: LM Investment Management Limited (In Liquidation) ACN 077 208 461 (LMIM) (the Company) as the responsible entity of the LM Cash Performance Fund (the Fund)

I refer to my previous update regarding this Fund on 7 December 2015. I also refer to the appointment of Ginette Muller and I as Joint and Several Administrators of LM Investment Management Limited (In Liquidation) on 19 March 2013 and our subsequent appointment as Liquidators on 1 August 2013.

I provide the following update in relation to the wind-up of the Fund.

1. Closure of the LM Office

On 23 December 2014, the LMIM office on the Gold Coast was closed by the Liquidators of LM Administration Pty Ltd (In Liquidation).

As you might be aware, there are a number of insolvency firms involved with the winding-up of the various managed funds operated by LMIM. The books and records of each fund managed by LMIM are co-mingled giving rise to proprietary concerns should unrestricted access be provided to all parties involved. A Receiver was subsequently appointed to the books and records to resolve this issue through a Court sanctioned process. The Court ordered the costs of the Receiver be apportioned across the various managed funds involved.

On 29 January 2015, the Supreme Court of Queensland ordered that a copy of the LMIM server be provided to all insolvency practitioners concerned subject to strict privacy restraints.

A copy of the server was received during February 2015. Costs to re-host the server are material and are being apportioned between the managed funds remaining under LMIM's control. I am seeking to spare the Fund the cost of re-hosting the LMIM server given the minor asset value remaining in this Fund. This may not be possible in the event that the outstanding tax lodgements cannot be satisfied without the LM server.

2. Taxation Matters

As noted in my previous update, my office became aware of various outstanding taxation lodgement obligations of the Fund dating from 2006 onwards. Since the date of my previous update I have, in conjunction with the Fund's former accountant, caused the lodgement of Income Tax Returns and Business Activity Statements for the periods up to 30 June 2014.

However, due to the delays experienced in finalising the outstanding taxation matters, I have recently requested transfer of the Fund's taxation matters from the Fund's former accountant to WMS Chartered Accountants (WMS), whom are appointed to also prepare the Fund's management accounts and financial reports. My office is currently working to resolve the issue of the outstanding BAS and ITR's from 1 July 2014 onwards with WMS and I expect these to be brought up to date within the coming months.

Until these matters are resolved the Fund's final taxation position cannot be confirmed.

3. Claim by the Receivers and Managers for the LM First Mortgage Income Fund (FMIF)

My office is currently assessing a claim against the Fund by the Receivers and Managers of the FMIF for contribution to operational funding of the LMIM office. The claim is in the amount of \$39,459 (excluding GST) for the period 26 July 2013 to 23 December 2014.

Further substantiating information has been requested on several occasions but is yet to be received. I note there was no contribution agreement in place with the Receivers and Managers prior to these costs, for which they are seeking reimbursement, being incurred. Whilst the claim is not yet agreed, on a conservative basis I have included the amount in my indicative net asset value at Section 6 of this report. The claim, if valid, will need to be paid from the assets of the Fund, if available.

4. Advisor Commissions

LMIM has historically recognised a liability for advisor commissions paid to advisors calculated as a percentage of funds invested in the Fund. These commissions were paid monthly in arrears and were brought to account on an accrual basis. The records of the Fund indicate commissions were paid up to (or around) our appointment date in March 2013.

I have now received advice the commissions are not payable as a proper expense of the Fund, and the advisors are to be treated as unsecured creditors of LMIM and may make a claim in the Liquidation. This means advisors' commissions will not be paid in priority to the return of capital to members.

Should investors receive a claim for unpaid or accrued commission directly from their advisor, they should seek their own independent legal advice.

5. Audited accounts for financial year ended 30 June 2014

The financial statements for financial year ended 30 June 2014 have been prepared and lodged. Please find ***enclosed** the audited financial statements and Liquidators' report for the Fund for the financial year ended 30 June 2014.

As further detailed in Sections 6 and 8 of this report, the financial statements and Liquidators' report for the year ended 30 June 2014 notes that, based on asset holdings and the anticipated costs to wind up the Fund, it is unlikely that there will be sufficient funds remaining for any further distribution to unit holders.

As noted in my previous update, significant delays have been endured in relation to the completion of the audits for financial year ended 30 June 2014, which has in turn delayed the final audit being progressed and completed. The finalisation of the audit had been initially delayed as a result of sourcing primary documentation to satisfy audit requirements which occurred primarily as a result of issues surrounding accessing server records following the closure of the LMIM office in December 2014. However these issues were resolved by my office and I had expected the auditors to make significant progress when they recommenced their work in August of 2015. This did not occur to my expectations, and I am of the view delays since that time are solely the responsibility of the auditors.

In a recent meeting with the Australian Securities and Investments Commission to discussions centred around the delays and the options moving forward to replace the current auditors and to expedite the finalisation of the wind-up of the Fund. In a separate meeting with the current auditors it was confirmed that they will not be appointed to complete any future audit work on the Fund. As part of this ongoing discussion I will be reviewing their outstanding fees given the delays endured by the Fund. I am also in discussions with a new audit firm whom I believe will be better placed to complete the final audit/s in a more efficient and timely manner.

6. Indicative Net Asset Value

An indicative net asset value of the Fund as at 30 June 2016 is calculated as follows:

	AUD	AUD
Cash at Bank		60,624
<i>Less: expenses of the Fund</i>		
Custodial Fees	(8,056)	
Accounting Fees	(13,616)	
Contingent Liabilities (including FMIF claim)	(39,945)	
Known taxation Liabilities	(8,520)	
Liquidators remuneration and expenses	(25,962)	
		(96,099)
Indicative Net Assets as at 30 June 2016		(35,475)
Estimated Units AUD equivalent at 30 June 2016		665,916

Estimated Unit Price as at 30 June 2016	0.00
--	-------------

I note the expenses listed are excluding GST where applicable.

The above net asset position is calculated before consideration of future wind-up costs (including accounting and audit costs, and Liquidator remuneration and out of pocket expenses) not yet invoiced or yet to be incurred. In this regard I note the Liquidators remuneration has been invoiced to 31 December 2015 only. Given the position of the Fund, LMIM does not intend to invoice the Fund for any time incurred by the Liquidators in dealing with the wind-up of the Fund after 1 January 2016, and will ensure all third party creditors (holding a valid claim) are paid in advance of claiming its outstanding fees at 31 December 2015.

The net asset position is also subject to change should additional liabilities of the Fund be identified. As noted earlier in the report, I am in the process of determining the final creditor claims and taxation obligations of the Fund.

7. Custodian

As you are aware, the Fund had an external custodian that holds all assets in its name and acts on direction of the Responsible Entity. These external custodial services provided to the Fund incur a fee of approximately \$4,400 (including GST) per quarter. The Responsible Entity deemed it in the best interests of members that the external custodial services cease as at 31 March 2016 for the following reasons:

- The Fund is in the final stages of being wound-up and assets distributed to members;
- Remaining Fund assets are limited to cash; and
- The Fund would avoid the ongoing custodial fee.

8. Timing for Finalisation and Distributions

The timing for finalisation is currently unknown as it will depend on the resolution of the outstanding lodgements with the Deputy Commissioner of Taxation and the completion of the Final Audit. I envisage having the wind-up of the Fund completed by calendar year end at the latest.

On 5 November 2014, correspondence was forwarded to investors advising them of a capital distribution which was commenced on 1 November 2014. This distribution was for a total of \$400,000 to be distributed amongst the unit holders in the Cash Performance fund equating to approximately 60% of the Fund at that time.

As detailed in Section 6, the indicative net asset position for this Fund at 30 June 2016 is a deficiency of approximately \$35,475. Unfortunately, due to the limited assets available in this Fund and the costs required to be incurred in wind-up the Fund, at this time it does not appear there will be any surplus funds available after the payment of creditors of the Fund to allow for a further distribution to investors. Given the nature of this Fund, it appears it was not equipped to be able to meet the level of costs involved in meeting the required statutory and taxation obligations, or other costs required to be incurred in the proper wind-up of the Fund.

I regret this position and the delays suffered however LMIM was subject to co-mingled records, and the reliance on third-party consultants appointed to perform statutory and taxation matters in the wind-up of the Fund.

I am in the process of determining the final creditor claims and taxation obligations of the Fund, and if the position regarding a future distribution changes I will advise unit holders

immediately. Otherwise, I intend to complete the wind-up and final reporting obligations as soon as possible.

Contact Details

Investors are able to obtain further information by either:

1. Updates will be provided on the LMIM administration website (www.lminvestmentadministration.com);
2. Sending an email outlining your queries to enquiries@lminvestmentadministration.com.

Yours faithfully
FTI Consulting



John Park
Liquidator

LM CASH PERFORMANCE FUND

ABN: 20 087 304 032

Annual Report

For the year ended 30 June 2014

LM CASH PERFORMANCE FUND

ABN: 20 087 304 032

Annual Report – 30 June 2014

Contents

LIQUIDATORS' REPORT.....	1
AUDITOR'S INDEPENDENCE DECLARATION.....	7
STATEMENT OF COMPREHENSIVE INCOME	8
STATEMENT OF FINANCIAL POSITION	9
STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS.....	10
STATEMENT OF CASH FLOWS.....	11
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014.....	12
LIQUIDATORS' DECLARATION.....	25
INDEPENDENT AUDIT REPORT.....	26

The Responsible Entity of LM Cash Performance Fund is LM Investment Management Limited (in liquidation) (ABN 68 077 208 461).

LM CASH PERFORMANCE FUND

LIQUIDATORS' REPORT

The Directors of LM Investment Management Limited (In Liquidation) (LMIM) appointed John Park and Ginette Muller of FTI Consulting (FTI) as Voluntary Administrators (Administrators) on 19 March 2013. At a meeting of LMIM's creditors on 1 August 2013, the creditors resolved that LMIM be wound-up and appointed John Park and Ginette Muller of FTI Consulting as its Liquidators (Liquidators)

The Liquidators of LMIM, as the Responsible Entity of the LM Cash Performance Fund (CPF) (the Fund), present this report together with the audited financial report (Audited Financial Report) of the Fund for the year ended 30 June 2014. This report does not form part of the Audited Financial Report.

The information contained within this report and the Audited Financial Report has been compiled from information provided in the Audited Financial Report for the year ended 30 June 2013 which relied upon the books and records of the Fund that were available at the time of appointment of the Administrators.

The Liquidators, as disclosed in the Liquidators' Declaration, have not been able to conclude without qualification the accuracy of the books and records that were maintained prior to their appointment as Administrators on 19 March 2013 and subsequently as Liquidators on 1 August 2013. Accordingly any information provided in the Audited Financial Report for the year ended 30 June 2013 is for comparative purposes only and the Liquidators provide no warranty as to the accuracy of that information.

FUND INFORMATION

LMIM has been the Responsible Entity since registration of the Fund in April 1999.

On 19 March 2013 LMIM was placed into voluntary administration, and subsequently Liquidation on 1 August 2013. On 9 April 2013, the AFS Licence of LMIM was conditionally suspended for a period of two years. The terms of the suspension allowed the AFSL to continue so as to permit LMIM, under external administration, to continue to perform its role as manager and Responsible Entity of the Fund. On 2 April 2015, the Australian Securities and Investments Commission provided notice that under s915B(3)(b) of the Corporations Act 2001, the AFSL of LMIM would be suspended until 2 April 2017.

On 4 November 2013 the Liquidators on behalf of LMIM, formed the view that the purpose of the Fund had been accomplished and that therefore the Fund should be wound up. On 4 November 2013, the Liquidators filed notice with the Australian Securities and Investments Commission of that decision.

On 4 November 2013, a proposal to wind up the Fund was sent to Investors under section 601NC of the *Corporations Act 2001* advising of the Liquidators decision to wind up the Fund. As no meeting of Investors was called within 28 days of that proposal, the Liquidators commenced to wind up the Fund.

The winding up is expected to be completed by 30 June 2016; however this timeframe may be shortened or extended as issues are resolved or arise. The Liquidators are taking the following steps towards the wind-up of the Fund:

1. Finalising financial statements for 30 June 2014. This step has been completed and is evidenced by this document.
2. Calling for final notice of liabilities to the Fund.
3. Determine the net asset position of the Fund.
4. Attending to outstanding tax obligations.
5. Distribute available capital, if any, after paying the liabilities and wind-up costs of the Fund.

LM CASH PERFORMANCE FUND

6. Finalise the wind-up and have any final audited accounts prepared.
7. Deregister the Fund.

The registered office for LMIM and the Fund is Level 9, Corporate Centre One, 2 Corporate Court, Bundall, Queensland, and principal place of business of the LMIM and the Fund is Level 3, 38 Cavil Avenue, Surfers Paradise, Queensland.

DIRECTORS

The following persons held office as directors of LMIM, during the 2014 financial year or since the end of the 2014 financial year and up to the date of this report:

Name	Year of directorship
<i>Executive directors</i>	
Mr Peter Charles Drake	Appointed 31 January 1997 – Resigned 9 January 2015
Mr Eghard van der Hoven	Appointed 22 June 2006 – Resigned 31 July 2013
Ms Francene Maree Mulder	Appointed 30 September 2006 – Resigned 31 July 2013

PRINCIPAL ACTIVITIES DURING THE 2014 YEAR

During the 2014 financial year the Fund maintained the existing investments in cash deposits in Australia, in accordance with the Fund's Constitution and in accordance with the investment policy of the Fund as outlined in the current product disclosure document.

The Fund did not have any employees during the 2014 year however consultants, contractors and/or advisors are being contracted by LMIM to ensure the Fund is maintained and is being wound-up in accordance with its constitution. It is noted that "external administrators" are not included as employees of the Fund.

REVIEW OF RESULTS AND OPERATIONS

Results

For the financial year ended 30 June 2014 the Fund maintained investments in cash assets only.

Net loss before distributions to Investors for the year ended 30 June 2014 was \$66,006 (2013: loss of \$9,390).

No distribution to Investors was declared during the year.

The change in net assets attributable to the Investors of the Fund is presented in the Statement of Comprehensive Income was a decrease of \$66,006 (2013: decrease of \$27,240).

Funds under management decreased by \$66,006 (2013: decreased by \$102,192) to \$568,345 (2013: \$634,351).

LM CASH PERFORMANCE FUND

The performance of the Fund, as represented by the results of its operations, was as follows:

	30 June 2014	30 June 2013
	\$	\$
Net operating income/(loss) before distributions	(66,006)	(9,390)
Financing costs:		
Distributions to Investors	-	(17,850)
(Increase) / decrease in net assets attributable to Investors	(66,006)	(27,240)

INVESTOR FUNDS

There was \$568,345 on issue at 30 June 2014 (2013: \$634,351). During the year, there were no units issued by the Fund (2013: \$301,015) and no units were withdrawn (2013: \$375,968). The unit price of the Fund as at 30 June 2014 was \$0.86 (2013: \$0.95).

FUND ASSETS

At 30 June 2014, the Fund held assets to a total value of \$648,246 (2013: \$670,207). The value of the Fund's assets and liabilities is derived using the liquidation basis disclosed in Note 2 of the Audited Financial Statements. The realisation value of assets and liabilities is the estimated value for which assets are realised and liabilities are settled.

FEES PAID TO AND INTERESTS HELD BY THE RESPONSIBLE ENTITY AND ASSOCIATED COMPANIES

The Liquidators will not be claiming the management fees that the Constitution entitles LMIM as Responsible Entity to receive. The remuneration and outlays of the Administrators, Liquidators, auditors and legal advisors will be claimed as a direct cost to the Fund by LMIM in its capacity as responsible entity.

The following fees accrued for LMIM and its associated companies were identified as paid during the financial year ending 30 June 2014.

	2014	2013
	\$	\$
Expenses incurred by the responsible entity and its associated companies which are reimbursed in accordance with the provisions of the Fund's Constitution.	8,969	-
Expenditures incurred by LM Administration Pty Ltd and associated companies on behalf of the Fund, for which reimbursement will not be sought.	-	23,382

LM Administration Pty Ltd (In Liquidation)

The Directors of LM Administration Pty Ltd ('LMA') appointed John Park and Ginette Muller of FTI Consulting as Voluntary Administrators on 19 March 2013. At a meeting of LMA's creditors on 29 July 2013, John Park and Ginette Muller declined to accept the appointment as Liquidators of LMA. At the

LM CASH PERFORMANCE FUND

same meeting of creditors, it was resolved that LMA be wound up and that David Clout and Lorraine Smith of Clout & Associates be appointed liquidators.

Remuneration and Out of Pocket Expenses paid to FTI Consulting

No amounts from the Fund have been directly paid to the LMIM's Voluntary Administrators, Liquidators or to FTI Consulting. The remuneration and out of pocket expenses of the Administrators, Liquidators and their staff are invoiced to the Fund by LMIM as responsible entity and have been included in the above table only where the amounts are invoiced and paid. In the interests of transparency, the following table of amounts were invoiced to the Fund in respect to remuneration and out of pocket expenses of the Liquidators.

Description	\$
Remuneration and out of pocket expenses 1 July 2013 to 31 July 2013	1,399
Remuneration and out of pocket expenses 1 August 2013 to 31 August 2013	557
Remuneration and out of pocket expenses 1 September 2013 to 30 September 2013	1,710
Remuneration and out of pocket expenses 1 October 2013 to 31 October 2013	343
Remuneration and out of pocket expenses 1 November 2013 to 30 November 2013	4,143
Remuneration and out of pocket expenses 1 December 2013 to 31 December 2013	817
Remuneration and out of pocket expenses 1 January 2014 to 31 March 2014	6,626
Remuneration and out of pocket expenses 1 April 2014 to 30 June 2014	24,276
Total Invoiced	<u>39,871</u>
 Total Paid During Financial Year Ended 30 June 2014	 <u>8,969</u>

The interests in the Fund held by the Responsible Entity, FTI Consulting and their associates at the end of the year are disclosed in Note 8 to the Audited Financial Statements.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS DURING THE 2014 YEAR

At a meeting of LMIM's creditors on 1 August 2013, the creditors resolved that LMIM be wound-up and appointed the Liquidators.

On 4 November 2013, a proposal to wind up the Fund was sent to investors under section 601NC of the *Corporations Act 2001*. The liquidators are proceeding to wind up the Fund.

As at the date of preparation, being 18 May 2016, invoices raised after 30 June 2014 totalled \$158,996. A further \$35,000 is estimated as being required to wind up the fund, which will include audit, accounting, legal, custodial, and Liquidator remuneration incurred by LMIM on behalf of the Fund are, out of an abundance of caution, estimated at between \$190,000 and \$200,000.

An estimation of approximately \$190,000 to \$200,000 for future wind-up costs represents a reduction of between 29 cents to 30 cents 35 if calculated using the 2014 unit value.

Please note that these amounts are estimates only and are subject to change without prior notice.

LM CASH PERFORMANCE FUND

EVENTS AFTER BALANCE DATE

On 5 November 2014, correspondence was forwarded to investors advising them of a capital distribution which was commenced on 1 November 2014.

This distribution was for a total of \$400,000 distributed amongst the unit holders in the Cash Performance Fund representing 60.06 cents a unit and equating to approximately 60% of the funds available at that time for distribution.

The Liquidators estimate further costs of approximately \$190,000 to \$200,000 will be incurred between 30 June 2014 and the date of winding up the Fund (which will include accounting, audit, legal, custodial, and Liquidator remuneration). This is based on costs incurred since 30 June 2014 and those anticipated to wind up the Fund. It is therefore likely that there will be insufficient funds remaining for any further distribution to unit holders.

No other significant events have occurred since balance date which would impact on the financial position of the Fund disclosed in the Statement of Financial Position as at 30 June 2014 or on the results and cash flows of the Fund for the year ended on that date.

ENVIRONMENTAL REGULATION AND PERFORMANCE

To the best of Liquidators knowledge:

1. The operations of the Fund are not subject to any particular or significant environmental regulations under a law of the Commonwealth or a State or Territory; and
2. There have been no known significant breaches of any other environmental requirements applicable to the Fund.

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

The Liquidators are unable to verify whether insurance premiums were paid out of Fund assets to provide cover to either directors or officers of the LMIM or the auditors of the Fund. The auditors of the Fund are in no way indemnified out of the assets of the Fund.

LIQUIDATORS DISCLAIMER

The Liquidators are unable to verify the accuracy of the books and records of the Fund that were maintained prior to their appointment as Administrators on 19 March 2013 and subsequently as Liquidators on 1 August 2013 and which were relied upon to complete the comparative financial information in this report.

The balances contained in this report for the financial year ending 30 June 2013 are for comparative purposes only and no warranty is given as to the accuracy of the financial information for the financial year ending 30 June 2013.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 6.

LM CASH PERFORMANCE FUND

Signed as Liquidators of LM Investment Management Limited (In Liquidation).



John Park
Liquidator
LM Investment Management Limited (In Liquidation).
Liquidation).



Ginette Muller
Liquidator
LM Investment Management Limited (In
Liquidation).



Building a better
working world

Ernst & Young
111 Eagle Street
Brisbane QLD 4000 Australia
GPO Box 7878 Brisbane QLD 4001

Tel: +61 7 3011 3333
Fax: +61 7 3011 3100
ey.com/au

Auditor's Independence Declaration to the Directors FTI Consulting as Receivers and Managers of LM Investment Management Limited as Responsible Entity for LM Cash Performance Fund

As lead auditor for the audit of LM Cash Performance Fund for the financial year ended 30 June 2014,
I declare to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- b) no contraventions of any applicable code of professional conduct in relation to the audit.

Ernst & Young

Paula McLuskie
Partner
Brisbane
9 June 2016

LM CASH PERFORMANCE FUND

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2014

	Note	2014 \$	2013 \$
Income			
Interest income	3	14,807	27,340
Total income		14,807	27,340
Expenses			
Advisor commissions		-	1,409
Custodian fees		16,045	7,669
Legal fees		10,423	2,257
Management fees		-	6,825
Audit fees	5	10,198	18,318
Operating Costs		336	-
Liquidation fees		42,142	-
Other expenses		1,669	252
Total expenses excluding distributions to unitholders		80,813	36,730
Net profit before distributions to unitholders		(66,006)	(9,390)
Distributions paid/payable to unitholders	4	-	(17,850)
Net profit/(loss) after distributions to unitholders		(66,006)	(27,240)
Other comprehensive income		-	-
Change in net assets attributable to unitholders		(66,006)	(27,240)
Income tax expense		-	-
Changes in net assets attributable to unitholders after income tax expense		(66,006)	(27,240)

The above statement of comprehensive income has been prepared on a liquidation basis and should be read in conjunction with the accompanying notes.

LM CASH PERFORMANCE FUND**STATEMENT OF FINANCIAL POSITION**

As at 30 June 2014

	Note	2014 \$	2013 \$
ASSETS			
Cash and cash equivalents	10(a)	544,513	670,207
Receivables	9	103,734	-
Total assets		648,247	670,207
LIABILITIES			
Payables	6	79,902	35,856
Distributions payable		-	-
Total liabilities excluding net assets attributable to unitholders		79,902	35,856
NET ASSETS	7, 14	568,345	634,351
Represented by:			
Net assets attributable to unitholders		568,345	634,351

The above statement of financial position has been prepared on a liquidation basis and should be read in conjunction with the accompanying notes.

LM CASH PERFORMANCE FUND

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

For the year ended 30 June 2014

	Note	2014 \$	2013 \$
Opening balance	7	634,351	736,543
Units issued during the year		-	280,728
Units issued upon reinvestment of distributions		-	20,288
Units redeemed during the year		-	(375,968)
Change in net assets attributable to unitholders		(66,006)	(27,240)
Closing Balance		568,345	634,351

The closing balance of units on issue includes \$60,288 of redemption requests received after 19 March 2013 that remain unpaid as at 30 June 2014.

The above statement of changes in net assets attributable to unitholders has been prepared on a liquidation basis and should be read in conjunction with the accompanying notes.

LM CASH PERFORMANCE FUND**STATEMENT OF CASH FLOWS**

For the year ended 30 June 2014

	Note	2014 \$	2013 \$
Cash flows from operating activities			
Interest received		14,807	27,407
Other costs paid		(32,397)	(3,580)
Payments to other funds		(8,104)	-
Receipts from the sale of investments		-	8,104
Prepaid management fees repaid/(paid)		-	-
Net GST and withholding tax (paid)/received		-	-
Net cash inflow/(outflow) from operating activities	10(b)	(25,694)	31,931
Cash flows from investing activities			
Receipts from investing activities		-	-
Payment to other funds		(100,000)	-
Net cash inflow/(outflow) from investing activities		(100,000)	-
Cash flows from financing activities			
Receipts from issue of units		-	280,321
Payment for redemption of units		-	(375,560)
Distributions paid		-	(426)
Net cash inflow/(outflow) from financing activities		-	(95,665)
Net increase/(decrease) in cash and cash equivalents		(125,694)	(63,734)
Cash and cash equivalents at beginning of the year		670,207	733,941
Cash and cash equivalents at the end of the year	10(a)	544,513	670,207

The above statement of cash flows has been prepared on a liquidation basis and should be read in conjunction with the accompanying notes.

LM CASH PERFORMANCE FUND**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014****1. FUND INFORMATION**

LMIM has been the Responsible Entity since registration of the Fund in April 1999.

On 19 March 2013, LMIM, was placed into voluntary administration, and subsequently Liquidation on 1 August 2013. On 9 April 2013, the AFS Licence of LMIM was conditionally suspended for a period of two years. On 2 April 2015 The Australian Securities and Investments Commission provided notice that under s915B(3)(b) of the Corporations Act 2001, the Australian Financial Services Licence of LM Investment Management Limited would be suspended until 2 April 2017. The terms of the suspension allowed the AFSL to continue so as to permit LMIM, under external administration, to continue to perform its role as manager and Responsible Entity of the Fund.

On 4 November 2013, the Liquidators on behalf of LMIM, formed the view that the purpose of the Fund had been accomplished and that therefore the Fund should be wound up. On 4 November 2013, the Liquidators filed notice with the Australian Securities and Investments Commission of that decision.

On 4 November 2013, a proposal to wind up the Fund was sent to Investors under section 601NC of the Corporations Act 200 advising of the Liquidators decision to wind up the Fund. As no meeting of Investors was called within 28 days of that proposal, the Liquidators commenced to wind up the Fund.

The winding up is expected to be completed by 31 December 2016; however this timeframe may be shortened or extended as issues are resolved or arise.

The Liquidators are taking the following steps towards the wind-up of the Fund:

1. Finalising financial statements for 30 June 2014. This step has been completed and is evidenced by this document.
2. Calling for final notice of liabilities to the Fund.
3. Determine the net asset position of the Fund.
4. Attending to outstanding tax obligations.
5. Distribute available capital, if any, after paying the liabilities and wind-up costs of the Fund.
6. Finalise the wind-up and have any final audited accounts prepared.
7. Deregister the Fund.

The registered office of the LMIM and the Fund is Level 9, Corporate Centre One, 2 Corporate Court, Bundall, Queensland and principal place of business of the LMIM and the Fund is Level 1, 38 Cavill Avenue, Surfers Paradise, Queensland.

The nature of the operations and principle activities of the Fund are described in the Liquidators' report.

LM CASH PERFORMANCE FUND

2. BASIS OF PREPARATION AND 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 preparation

This financial report is a general purpose financial report that has been prepared in accordance with the Fund Constitution, and the requirements of the *Corporations Act 2001*, which includes applicable Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board.

The financial statements have been prepared on a liquidation basis.

In November 2013, a proposal to wind up the Fund was sent to investors under section 601NC of the Corporations Act 2001. FTI has have proceeded to wind up the LM Cash Performance Fund. The return of capital to investors, if any, will be as a cash distribution. The wind up process is expected to occur during the financial year ending 30 June 2016.

The wind up commenced on 4 November 2013 and the distribution of capital, if any, is expected to occur during the financial year ending 30 June 2016. As noted earlier, it is likely that there will be insufficient funds remaining for any further distribution to unit holders.

The Liquidators have determined that the going concern basis of preparation is no longer appropriate. This financial report has sought to apply the requirements of paragraph 25 of *AASB 101 Presentation of Financial Statements*. Accordingly, the financial statements have not been prepared on a going concern basis, but a liquidation basis.

Under the liquidation basis of preparation, assets and liabilities (excluding unit holder funds) are measured at their liquidation value. The liquidation value of assets is their net realisable value. Net realisable value is based on the proceeds receivable less restructure and liquidation costs as detailed in the accounting policies noted below. The liquidation value of liabilities is their expected settlement amount as detailed in the accounting policies noted below. Any gains or losses resulting from measuring assets and liabilities to the liquidation value are recognised in the Statement of Comprehensive Income.

As at the date of preparation, being 18 May 2016, invoices raised after 30 June 2014 totalled \$158,996.

Under the liquidation basis of accounting, all assets and liabilities are classified as current.

In adopting the liquidation basis, the Directors have continued to apply the disclosure requirements of Australian Accounting Standards to the extent they are relevant to the liquidation basis, and modified them where considered appropriate. In particular, the financial report does not include all of the disclosures required by the following standards on the basis that the disclosures are not considered relevant for the decision making by users as described below:

- **AASB 7 Financial Instruments: Disclosures**
The information on exposures to financial risks are not considered relevant to users given that the financial risk exposures are not representative of the risks that will exist going forward.
- **AASB 101 Presentation of Financial Statements**
Information on capital management is not considered relevant for users to understand what is managed as capital given the disclosures on scheme of arrangement and the basis of preparation change from "going concern" to "liquidation".

LM CASH PERFORMANCE FUND**2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (continued)**

The accounting policies adopted are consistent with those of the previous financial year. The Fund has not adopted any new Australian Accounting Standards.

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

Statement of Compliance

The financial statements have been prepared in accordance with 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.

b) Information provided by the Responsible Entity, LM Investment Management Limited

The information contained within the Audited Financial Report has comparative balances to the information provided in the Audited Financial Report for the year ended 30 June 2013, which relied upon the books and records of the Fund that were available at the time of appointment of the Administrators. The Liquidators, as disclosed in the Liquidators' Declaration, have not been able to conclude without qualification the accuracy of the books and records that were maintained prior to their appointment as Administrators on 19 March 2013 and subsequently as Liquidators on 1 August 2013 and which were relied upon to complete the financial information in this report. Accordingly any information provided in the Audited Financial Report for the year ended 30 June 2013 is for comparative purposes only.

The Liquidators have caused the preparation of these audited financial accounts and provided a Liquidators' Declaration for the year ended 30 June 2014 but subject to the above limitations

c) Significant accounting judgements, estimates and assumptions**i) Significant accounting judgements**

In the process of applying the Fund's accounting policies, management has made judgements, apart from those involving estimations, which have had an impact on the amounts recognised in the financial statements. With the exception of determining the basis of preparation as being the liquidation basis and the associated accounting policies no judgements have been determined to be individually significant.

ii) Significant accounting estimates and assumptions

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. No estimates and assumptions were considered to have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next annual reporting period.

LM CASH PERFORMANCE FUND**2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (continued)****iii) Fair value of financial instruments**

When the fair value of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of mathematical models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values.

The judgments include considerations of liquidity and model inputs such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. The models are calibrated regularly and tested for validity using prices from any observable current market transactions in the same instrument (without modification or repackaging) or based on any available observable market data.

d) 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.

e) Advisor Commissions

Advisor commissions may be paid to the unitholders' investment advisors and are calculated as a percentage of funds invested in the Fund. These commissions are paid monthly in arrears and are brought to account on an accrual basis. The Fund ceases to pay advisor commissions when the related units are redeemed.

f) 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.

g) 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 Fund. The Fund qualifies for Reduced Input Tax Credits (RITCs) at a rate of between 55% and 75%.

Hence 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 receivable in the Statement of Financial Position. Cash flows relating to GST are included in the Statement of Cash Flows on a gross basis.

LM CASH PERFORMANCE FUND

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (continued)

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.

h) Applications and redemptions

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

i) Taxation

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

The price of a unit is based upon market values of underlying assets and thus may include a share of unrealised capital gains. Should such a gain be realised, that portion of the gain that is subject to capital gains tax will be distributed so that the Fund is not subject to capital gains tax. Realised capital losses are not distributed to unitholders but are retained in the Fund to be offset against any realised capital gains. If realised capital gains exceed realised capital losses, the excess is distributed to unitholders.

The Fund is not subject to any externally imposed capital requirements.

3 INTEREST INCOME

	2014	2013
	\$	\$
Interest income	14,807	27,340
	14,807	27,340

4 DISTRIBUTIONS TO UNITHOLDERS

	2014	2013
	\$	\$
Distributions paid/reinvested	-	17,850
	-	17,850

5 AUDIT FEES

	2014	2013
	\$	\$
Audit fees	10,198	18,318
	10,198	18,318

LM CASH PERFORMANCE FUND

6 PAYABLES

	2014	2013
	\$	\$
Audit fee payable	27,897	18,318
Liquidation fees payable	23,942	-
Payable to related party fund	-	8,104
Funds awaiting investment	407	407
Other payables	27,656	9,027
	79,902	35,856

7. NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

All unitholders are entitled to receive distributions as declared from time to time and are entitled to one vote per unit at unitholders' meetings. Due to the winding up of the Fund, all unitholders rank after creditors and are equally entitled to the proceeds of liquidation.

8. RELATED PARTIES

Responsible Entity

The Responsible Entity of LM Cash Performance Fund is LM Investment Management Limited (in liquidation) (ABN 68 077 208 461). John Park and Ginette Muller of FTI Consulting were appointed Administrators of LM Investment Management Limited on 19 March 2013.

Custodian

The Custodian of the Fund is The Trust Company Limited.

Directors

The names of each person holding the position of director of LMIM during the financial year are disclosed in Note 11.

Directors' remuneration

Due to the winding up of the Fund only one Director received payments during the 2014 financial year. Total salary payments payable by CPF were \$5,311 as detailed in note 11.

Directors' holdings of units

LMIM and its associates held units totalling \$5,130 in the Fund at year-end (2013: \$5,118). Details of these holdings are disclosed below.

Other transactions with the Fund

From time to time the related entities of LMIM may invest or withdraw from the Fund. These investments or withdrawals are on the same terms and conditions as those entered into by other Fund investors. Apart from the details disclosed in this note, no director has entered into a material contract with the Fund since the end of the previous financial year and there were no material contracts involving directors' interests subsisting at year-end.

LM CASH PERFORMANCE FUND

Related party transactions

Administration and funds management services are provided to the Fund on behalf of the Responsible Entity by LM Administration Pty Limited (In Liquidation) ('LMA'). LMA may be paid a fee for these services directly from Fund assets on an arm's length basis.

	2014	2013
<i>Responsible entity's remuneration</i>	\$	\$
Total remuneration received or due and receivable:		
<ul style="list-style-type: none"> • Expenditures incurred by the LM Administration Pty Ltd and associated companies on behalf of the Fund, for which reimbursement will not be sought. 	-	23,382

Balances with related parties

The aggregate amounts receivable/(payable) from related parties by the Fund and included in receivables and payables at balance date are as follows:

LM First Mortgage Income Fund (i)	-	(8,104)
LM Australian Income Fund(ii)	100,000	-

(i) Payable to LM First Mortgage Income Fund

This amount was received in cash by error by the Fund from LM First Mortgage Income Fund.

(ii) Receivable from LM Australian Income Fund

The associated entity LM Australian Income Fund (Rich Sea International) holds an investment in the CPF. An amount of \$100,000 was incorrectly disbursed to the LM Australian Income Fund (Rich Sea International) for the redemption of the units held in the CPF, as upon further consideration it was inappropriate for the CPF to be making a full redemption to a unit holder. The funds are to be returned to the CPF to avoid dilution of the asset pool and to ensure all unit holders were treated equally.

LM Administration Pty Ltd (In Liquidation)

The Directors of LM Administration Pty Ltd (LMA) appointed John Park and Ginette Muller of FTI Consulting as Voluntary Administrators on 19 March 2013. At a meeting of LMA's creditors on 29 July 2013, John Park and Ginette Muller declined to accept the appointment as Liquidators of LMA. At the same meeting of creditors, it was resolved that LMA be wound up and that David Clout and Lorraine Smith of Clout & Associates be appointed liquidators.

Remuneration and Out of Pocket Expenses paid to FTI Consulting

No amounts from the Fund have been directly paid to the LMIM's Voluntary Administrators, Liquidators or to FTI Consulting. The remuneration and out of pocket expenses of the Administrators, Liquidators and their staff are invoiced to the Fund by LMIM as responsible entity and have been included in the above table only where the amounts are invoiced and paid. In the interests of transparency, the following table of amounts were invoiced to the Fund in respect to remuneration and out of pocket expenses of the Liquidators.

LM CASH PERFORMANCE FUND

Description	\$
Remuneration and out of pocket expenses 1 July 2013 to 31 July 2013	1,399
Remuneration and out of pocket expenses 1 August 2013 to 31 August 2013	557
Remuneration and out of pocket expenses 1 September 2013 to 30 September 2013	1,710
Remuneration and out of pocket expenses 1 October 2013 to 31 October 2013	343
Remuneration and out of pocket expenses 1 November 2013 to 30 November 2013	4,143
Remuneration and out of pocket expenses 1 December 2013 to 31 December 2013	817
Remuneration and out of pocket expenses 1 January 2014 to 31 March 2014	6,626
Remuneration and out of pocket expenses 1 April 2014 to 30 June 2014	<u>24,276</u>
Total Invoiced	<u>39,871</u>
 Total Paid During Financial Year Ended 30 June 2014	 <u>8,969</u>

Investing activities

The Fund may purchase and sell units in other approved Funds or investment entities operated by LMIM or its associates in the ordinary course of business at application and redemption prices calculated in accordance with the constitutions of those Funds. At 30 June 2014, the Fund had no investments in other Funds operated by LMIM or its affiliates (2013: nil).

Holdings in Fund by related entities

Details of holdings in the Fund by LMIM, its affiliates including directors and director related persons or other Funds managed by LMIM are set out below:

Related Party	Investment at year end	Interest held in the Fund at year end	Units issued during the year	Units redeemed during the year	Distributions paid and payable
30 June 2014					
Peter Charles Drake	5,130	0.85%	-	-	-
30 June 2013					
Peter Charles Drake	5,118	0.85%	729	(82,867)	1,108

9. RECEIVABLES

	2014	2013
	\$	\$
Other receivables	103,734	-
	<u>103,734</u>	<u>-</u>

LM CASH PERFORMANCE FUND

The associated entity LM Australian Income Fund (Rich Sea International) holds an investment in the CPF. An amount of \$100,000 was incorrectly disbursed to the LM Australian Income Fund (Rich Sea International) for the redemption of the units held in the CPF, as upon further consideration it was inappropriate for the CPF to be making a full redemption to a unit holder. The funds were subsequently returned to the CPF to avoid dilution of the asset pool and to ensure all unit holders were treated equally.

10. CASH AND CASH EQUIVALENTS

	2013	2013
	\$	\$
(a) Cash and cash equivalents		
Cash at bank	544,513	670,207
	544,513	670,207

Cash at bank earns interest at floating rates based on daily bank deposit rates.

	2014	2013
	\$	\$
(b) Reconciliation of change in net assets attributable to unitholders to net cash flows from operating activities		
Change in net assets attributable to unitholders	(66,006)	(26,810)
<i>Adjustments for:</i>	-	-
Distributions to unitholders	-	17,850
(Increase)/decrease in interest receivable	-	68
(Increase)/decrease in prepaid expenditure and receivables	(3,734)	7,077
Increase/(decrease) in payables	44,046	33,746
Net cash flows from/(used in) operating activities	(25,694)	31,931

LM CASH PERFORMANCE FUND

11. KEY MANAGEMENT PERSONNEL DISCLOSURES

(a) Details of Key Management Personnel

(i) *Key Management Personnel*

The Fund does not employ personnel in its own right. However, it is required to have an incorporated Responsible Entity to manage the activities of the Fund which is considered to be key management personnel. For the purposes of winding up the fund the Liquidators have assumed the position of controlling the Responsible Entity, however no amounts from the Fund have been directly paid to LMIM's Voluntary Administrators, Liquidators or to FTI Consulting. The Directors of the Responsible Entity as per the ASIC register during the year were:

Executive directors

Mr Peter Charles Drake

Appointed 31 January 1997 – Resigned 9 January 2015

Mr Eghard van der Hoven

Appointed 22 June 2006 – Resigned 31 July 2013

Ms Francene Maree Mulder

Appointed 30 September 2006 – Resigned 31 July 2013

(b) Compensation of Key Management Personnel

(i) *Compensation Policies and Principles*

Remuneration of KMP is paid by LMA, appointed by LMIM as per its service agreement with that entity. The KMP do not receive any remuneration directly from the Fund and there are no agreements in place between the KMP and the Fund. The remuneration of KMP as disclosed below has been allocated based on the each KMP's cost of remuneration applicable to the Fund. The principles used to allocate these costs (for disclosure purposes only) are discussed in section (iv) below.

(ii) *Executive Directors*

The Executive Directors of the Board of the Directors of LMIM are responsible for determining and reviewing compensation arrangements for the KMP of the Responsible Entity. The Executive directors assess the appropriateness of the nature and amount of emoluments of the KMP on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality board. It is intended that the manner of payment chosen will be optimal for the recipient without creating undue cost for the Responsible Entity.

It is the Executive Directors' policy that employment agreements shall only be entered into with the Executive Directors of the Responsible Entity, but with no other parties.

(iii) *Non- executive directors*

Fees paid to non-executive directors are based on decisions made by the Executive Directors. This takes into account workload requirements and responsibilities of each Director. Fees for duties as Directors are not paid to executive Directors as their remuneration is provided as part of their normal terms and conditions.

LM CASH PERFORMANCE FUND*(iv) Principles of KMP Remuneration Allocations*

For all Funds managed by the Responsible Entity, the cost of total KMP remuneration has been allocated to each Fund. The Responsible Entity has estimated the amount of time spent by each KMP performing responsibilities and duties to individual Funds, and on a percentage basis, has allocated the remuneration cost to each Fund. Where a KMP has not spent time specifically on a Fund, but rather has acted in a role as KMP of the Responsible Entity only, remuneration cost has been allocated evenly across all Funds.

LM CASH PERFORMANCE FUND

11. KEY MANAGEMENT PERSONNEL DISCLOSURES (continued)

(v) Remuneration of KMP allocated to this fund

2014	Specified KMP	Primary		Post-Employment			TOTAL	Total performance related %
		Salary & Fees	Cash Bonus	Non-Monetary Benefits	Super	Retirement Benefits		
	Drake, PC*	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
	Van der Hoven, E**	-	-	-	-	-	-	-
	Mulder, F**	4,873	-	-	438	-	5,311	-
		4,873	-	-	438	-	5,311	-

2013	Specified KMP	Primary		Post-Employment			TOTAL	Total performance related %
		Salary & Fees	Cash Bonus	Non-Monetary Benefits	Super	Retirement Benefits		
	Drake, PC*	\$ 38,669	\$ 34,583	\$ -	\$ 3,621	\$ -	\$ 76,873	-
	Van der Hoven, E**	34,797	34,583	-	3,215	-	72,595	-
	Mulder, F**	14,780	5,106	-	1,456	-	21,342	-
	Tickner, S**	20,507	-	-	-	-	20,507	-
	Fischer, G**	10,655	13,516	-	1,006	-	25,177	-
	Katherine Phillips	31,817	5,667	-	3,273	-	40,757	-
		151,225	93,455	-	12,571	-	257,251	-

* Peter Charles Drake is the beneficial owner of 100% of the ordinary shares of the Responsible Entity. No salary and wages are paid to Peter Drake directly from the company or any of the Funds.

** As executives of the Responsible Entity, LM Darcy, E van der Hoven, F Mulder, S Tickner and G Fischer are entitled to a termination benefit that is payable on cessation of employment or a significant change in ownership of the company. No amount has been reflected in the above disclosures in relation to this potential future benefit. Lisa Darcy resigned as Director on 21 June 2013.

LM CASH PERFORMANCE FUND

11. KEY MANAGEMENT PERSONNEL DISCLOSURES (continued)

	2014	2013
	\$	\$
Short term	5,311	286,286
Post-employment	-	15,906
Other long term	-	-
Termination benefits	-	-
Equity based payment	-	-
Other	-	-
	5,311	302,192

Loans to Specified KMP

The Fund has not made, guaranteed or secured, directly or indirectly any loans to the KMP or their related entities during the period.

(c) Other Transactions and Balances with Specified KMP

Other than those items disclosed in the related party Note 8, the Fund has no other transactions and balances with specified KMP.

12. FAIR VALUE

The Fund's carrying values of financial assets and liabilities included in the Statement of Financial Position approximate their fair values.

13. COMMITMENTS AND CONTINGENCIES

There are no material contingent assets and liabilities or commitments as at 30 June 2014. Future costs in relation to the wind up of the Fund have not been provided for as at 30 June 2014.

14. EVENTS AFTER BALANCE DATE

On 5 November 2014, correspondence was forwarded to investors advising them of a capital distribution which was commenced on 1 November 2014.

This distribution was for a total of \$400,000 distributed amongst the unit holders in the Cash Performance Fund representing 60.06 cents a unit and equating to approximately 60% of the funds available at that time for distribution.

The Liquidators estimate further costs of approximately \$190,000 to \$200,000 will be incurred between 30 June 2014 and the date of winding up the Fund (which will include accounting, audit, legal, custodial, and Liquidator remuneration). This is based on costs incurred since 30 June 2014 and those anticipated to wind up the Fund. It is therefore likely that there will be insufficient funds remaining for any further distribution to unit holders.

No other significant events have occurred since balance date which would impact on the financial position of the Fund disclosed in the Statement of Financial Position as at 30 June 2014 or on the results and cash flows of the Fund for the year ended on that date.

LM CASH PERFORMANCE FUND**LIQUIDATORS' DECLARATION**

The Liquidators of LM Investment Management Limited state that to the best of their knowledge:

- a) The financial statements and notes of the Registered Fund set out on pages 7 to 30 are in accordance with the *Corporations Act 2001*, including:
 - i) complying with Accounting Standards and the Corporation Regulations 2001; and
 - ii) giving a true and fair view of the Fund's financial position as at 30 June 2014, and of its performance, as represented by the results of its operations and its cash flows for the financial year ended on that date.
 - iii) the financial statements and notes to the financial statements are prepared in compliance with International Financial Reporting Standards as made by the International Accounting Standards Board.
- b) there are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable; and
- c) the financial statements are in accordance with the provisions of the Fund's Constitution.

The Liquidators, as disclosed in the Liquidators' Declaration, have not been able to conclude without qualification the accuracy of the books and records that were maintained prior to their appointment as Administrators on 19 March 2013 and subsequently as Liquidators on 1 August 2013. Accordingly any information provided in the Audited Financial Report for the year ended 30 June 2013 is for comparative purposes only and the Liquidators provide no warranty as to the accuracy of that information.

The above declaration is subject to the information outlined in Note 2(b) and disclaimers in the attached Liquidators' report.

Signed as Liquidators of LM Investment Management Limited (In Liquidation).



John Park
Liquidator

LM Investment Management Limited
(In Liquidation).

Date 09/06/2016.



Ginette Muller
Liquidator

LM Investment Management Limited
(In Liquidation)

Date 09/06/2016



Building a better
working world

111 Eagle Street
Brisbane QLD 4000 Australia
GPO Box 7878 Brisbane QLD 4001

Tel: +61 7 3011 3333
Fax: +61 7 3011 3100
ey.com/au

Independent auditor's report to the unitholders of LM Cash Performance Fund

We have audited the accompanying financial report of LM Cash Performance Fund ("the Scheme"), which comprises the statement of financial position as at 30 June 2014, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended, notes comprising a summary of significant accounting policies and other explanatory information and the liquidators' declaration. The financial report has been prepared on a liquidation basis as the company is not expected to continue in operation as a going concern.

Liquidators' responsibility for the financial report

John Park and Ginette Muller of FTI Consulting, as the appointed liquidator of LM Investment Management Limited (in liquidation), the Responsible Entity of the Scheme, are responsible for the preparation of the financial report that gives a true and fair view in accordance with the Australian Accounting Standards and the *Corporations Act 2001*, and for such internal control as the liquidator determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 2, the liquidator also states, in accordance with Account Standard AASB 101 *Presentation of Financial Statements* that the financial statements comply with *International Financial Reporting Standards*.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the liquidator, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the liquidators of the Scheme a written auditor's independence declaration, a copy of which is included in the directors' report.



Building a better
working world

Opinion

In our opinion the financial report of LM Cash Performance Fund is in accordance with the *Corporations Act 2001*, including:

- a. the financial report of LM Cash Performance Fund is in accordance with the *Corporations Act 2001*, including:
 - i giving a true and fair view of the Scheme's financial position as at 30 June 2014 and of its performance for the year ended on that date; and
 - ii complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- b. the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 2.

Emphasis of matter

- 1) Without qualifying our opinion, we draw attention to Note 2 of the financial report which describes the basis of preparation. It is the Responsible Entity's intention to wind up the LM Cash Performance Fund. As a result, the financial report has been prepared on a liquidation basis.
- 2) Without qualifying our opinion, we draw attention to Note 14 of the financial report which describes the events subsequent at balance date and their impact on the net assets of the Scheme. As a result the Liquidators expect that there will be no funds available beyond those already distributed as described in Note 14 of the financial report. The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts.

Ernst & Young

Ernst & Young

PMcLuskie

Paula McLuskie
Partner
Brisbane
9 June 2016