

Lowell Resources Fund (ASX: LRT)

ARSN 093 363 896

Appendix 4D

For the Half Year Ended 31 December 2018

Interim Report

This half year report is for the reporting period from 1 July 2018 to 31 December 2018.

The previous corresponding half year year period end was 31 December 2017.

Results for announcement to the market

	31 December 2018	31 December 2017	Increase / (Decrease)
	\$'000	\$'000	at the end of the reporting year
Net assets attributable to unitholders	15,137	21,165	(28.48%)
Revenues from continuing operations	17	3,185	(99.47%)
Profit / (Loss) for the half year	(7,012)	2,192	(419.84%)

Earnings per unit	31 December 2018	31 December 2017
Earnings / (loss) per unit	(\$2.507)	\$0.907
Dilluted earnings / (loss) per unit	(\$2.507)	\$0.907

Brief explanation of results

Despite the difficult market conditions of the past 6 months, the Fund's long term total portfolio performance is over 10% p.a. for the past 10 years as stated on the ASX release of the Fund's Unitholder Half Year Report. 2018 was impacted by a general sell off of microcap equities in all sectors with the ASX Microcap index down nearly 20% for the year, exacerbated in the sub-\$10m market cap ASX resource companies down more than 25% for H2 2018. The Fund Manager's outlook for resource shares is positive in the longer term but the short-term outlook remains uncertain, weighed down by international trade tariffs, debt, a slowing world economy, and reduced global liquidity, all adding to the climate of uncertainty.

The financial results of the operations of the Fund are disclosed in the statement of comprehensive income. The net accounting loss for the Fund for the year ended 31 December 2018 was (\$7,011,629). This compares to a net accounting profit of \$2,192,200 for the year ended 31 December 2017.

As as 31 December 2018, the net asset of the Fund was \$15,137,450. This compares to a net asset of \$21,165,623 for the year ended 31 December 2017. The decrease in assets was a result of portfolio depreciation caused by the market conditions mentioned above.

Distribution information

As at 31 December 2018, the Fund had no distributable income for distribution.

Net tangible assets

	31 December 2018	31 December 2017
Net tangible assets per security	\$5.4296	\$8.8337

Other information

There was no gain or loss of control of entities during the current year.

The Fund does not have associates or joint venture entities.

The Fund carried out Buy-back arrangement during the half year as advised on the asx announcement dated 5 October 2018. There were 4 Buy-back transactions completed in the reporting period.

The Fund is not a foreign entity.

Audit

This report is based on accounts which have been audited by the Fund's Auditors – Nexia Melbourne Audit Pty Ltd.

Melbourne
20 February 2019

Lowell Resources Fund

ARSN 093 363 896

Interim Report

For the Half Year Ended 31 December 2018

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Interim Report

For the Half Year Ended 31 December 2018

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These financial statements cover Lowell Resources Fund as an individual entity.

The Responsible Entity of Lowell Resources Fund is Cremorne Capital Limited (ACN 006 844 588) (AFSL 241175).

The Responsible Entity's registered office is:

8 Chapel Street
Cremorne VIC 3121

Directors' Report

The Directors of Cremorne Capital Limited (ACN 006 844 588, AFSL 241175), the Responsible Entity of Lowell Resources Fund (LRT), present their report together with the financial statements of Lowell Resources Fund ('the Fund') for the half year ended 31 December 2018. Cremorne Capital Limited was appointed as the Responsible Entity on 26 June 2000 for the Fund.

Lowell Resources Funds Management Limited (ACN 006 769 982, AFSL 345674) is the Investment Manager of the Fund.

Directors

The following persons held office of Cremorne Capital Limited from 1 July 2018 to 31 December 2018:

- Michel Ramsden (Director)
- Oliver Carton (Director)
- Don Carroll (Director)
- Lisa Ratcliffe (Secretary)
- Julie Edwards (Secretary)

Principal activities

The Fund invests predominantly in securities listed on the ASX and investments that are likely to be listed on the ASX in the future and Australian denominated cash. The Fund's goal is to produce superior long-term returns from a selected number of underlying investments, irrespective of short term price movements.

The Fund did not have any employees during the half year.

The Fund did not raise any capital during the half year.

There were no other significant changes in the nature of the Fund's activities during the half year.

Units on Issue

Units on issue in the Fund at year end are set out below:

	31 December 2018	31 December 2017
	Number of units	Number of units
Units on issue	2,787,957	2,395,999

Options:

The Fund issued 1,221,594 Unlisted Options on 28 February 2018. The Options' exercise price is \$9.1521 expiring on 21 March 2020 being 24 months from the date that the Fund's official quotation was completed on ASX.

Review and results of operations:

During the year, the Fund continued to invest its funds in accordance with target asset allocations as set out in the governing documents of the Fund and in accordance with the provisions of the Fund's Constitutions.

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

	31 December 2018	31 December 2017
	\$	\$
Operating profit/(loss) before finance costs attributable to unitholders (\$'000)	(7,012)	2,192
<i>Distributions</i>		
Distributions paid and payable	nil	nil
Distributions (dollar per unit)	nil	nil

Financial Position

As at 31 December 2018, the Fund's total assets amounted to \$15,218,510 (31 December 2017: \$21,964,625).

Net Tangible Assets (NTA) per unit as disclosed to the ASX, from the period of listing on 1 July 2018 through to 31 December 2018 was, as follows:

	31 December 2018
	\$
At reporting period	5.4296
High during period	7.2361
Low during period	5.2443

Significant changes in state of affairs

In the opinion of the Directors, there were no other significant changes in the state of affairs of the Fund that occurred during the half year.

Matters subsequent to the end of the half year

No matter or circumstance has arisen since 31 December 2018 that has significantly affected, or may significantly affect:

- (i) the operations of the Fund in future financial years, or
- (ii) the results of those operations in future financial years, or
- (iii) the state of affairs of the Fund in future financial years.

Likely developments and expected results of operations

The Fund will continue to be managed in accordance with the investment objectives and guidelines as set out in the governing documents of the Fund and the provisions of the Fund's Constitution.

The results of the Fund's operations will be affected by a number of factors, including the performance of investment markets in which the Fund invests. Investment performance is not guaranteed and future returns may differ from past returns. As investment conditions change over time, past returns should not be used to predict future returns.

Indemnification and insurance of officers

No insurance premiums are paid for out of the assets of the Fund in regards to insurance cover provided to the officers of the Responsible Entity (Cremorne Capital Limited) so long as the officers of the Responsible Entity act in accordance with the Fund's Constitution and the Law, the officers remain indemnified out of the assets of the Fund against losses incurred while acting on behalf of the Fund.

Fees paid to and interests held in the Fund by the Responsible Entity and its associates

Fees paid to the Responsible Entity out of the Fund's property during the year are the management fees disclosed on the Condensed Statement of Profit or Loss and Other Comprehensive Income.

No fees were paid out of the Fund's property to the Directors of the Responsible Entity during the year. The number of interests in the Fund held by the Responsible Entity as at the end of the financial year remain unchanged as disclosed in the 2018 annual financial report.

Interests in the Fund

The movement in units on issue in the Fund during the year is disclosed in Note 3 to the financial statements. The value of the Fund's assets and liabilities is disclosed in the Statement of Financial Position and derived using the basis set out in Note 2 to the financial statements.

Indemnification of auditor

The auditor of the Fund is in no way indemnified out of the assets of the Fund.

Independence Declaration by Auditor

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 10.

Signed in accordance with a resolution of the directors of the Responsible Entity made pursuant to s.306 (3) of the Corporations Act 2001.

On behalf of the Directors



Michael Ramsden
Chairman

Auditor's Independence Declaration Lowell Resources Fund

As auditor for the audit of Lowell Resources Fund for the half-year ended 31 December 2018, I declare that, to the best of my knowledge and belief, there have been:

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



**Nexia Melbourne Audit Pty Ltd
Melbourne**



**Andrew S. Wehrens
Director**

Dated this 20th day of February 2019

Lowell Resources Fund
Condensed Statement of Profit or Loss and Other Comprehensive Income
For the Half Year Ended 31 December 2018

Condensed Statement of Profit or Loss and Other Comprehensive Income

	Note	Half Year Ended 31 December 2018	Half Year Ended 31 December 2017
		\$	\$
INCOME			
Interest revenue		14,996	6,848
Dividends revenue		-	8,300
Net gain on financial assets classified through profit and loss		-	3,164,323
Other revenue		2,000	5,187
Net Income		16,996	3,184,658
EXPENSES			
Management fee		211,541	222,199
Custodian's fee		15,983	31,898
Net loss on financial assets classified through profit and loss		6,638,034	-
Performance fee		-	262,571
Auditor's remuneration		12,161	8,268
Administration expenses		150,906	467,522
Total Expenses		7,028,625	992,458
Profit / (Loss) from operating activities		(7,011,629)	2,192,200
Change in net assets attributable to unitholders		(7,011,629)	2,192,200
Net Income / (Loss) for attributable to unitholders		(7,011,629)	2,192,200
Other comprehensive Income		-	-
Total Comprehensive Income		(7,011,629)	2,192,200
Distribution To Unitholders		-	-
Earnings per unit for profit / (loss) attributable to unitholders of the Fund			
Basic earnings / (loss) per unit	7	(\$2.507)	\$0.907
Diluted earnings / (loss) per unit		(\$2.507)	\$0.907

The above Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

Condensed Statement of Financial Position

	Note	Year Ended 31 December 2018 \$	Year Ended 30 June 2018 \$
ASSETS			
Cash and cash equivalents	5	1,356,699	2,165,460
Trade and other receivables		15,653	12,264
Prepayments		15,753	-
Financial assets	6	13,830,405	20,496,000
Total Assets		15,218,510	22,673,724
LIABILITIES			
Trade and other payables		81,060	478,511
Total Liabilities (excluding net assets attributable to unitholders)		81,060	478,511
Net assets attributable to unitholders (liability)	3	15,137,450	22,195,213

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

Condensed Statement of Changes in Net Assets Attributable to Unitholders

	Net Assets Attributable to Unitholders
	\$
As at 30 June 2017	18,964,719
Net profit / (loss) attributable to unitholders	2,192,200
Distribution reinvested from unitholders	512,495
Applications for units	-
Redemption of units	(503,792)
As at 31 December 2017	21,165,623
As at 30 June 2018	22,195,213
Net profit / (loss) attributable to unitolders	(7,011,629)
Distribution reinvested from unitholders	-
Applications for units	-
Redemption of units *	(46,134)
As at 31 December 2018	15,137,450

* the redemptions above were Buy-backs carried out by the Fund.

*The above Statement of Changes in Net Assets Attributable to
Unitholders should be read in conjunction with the accompanying notes.*

Condensed Statement of Cash Flows

	Note	Half Year Ended 31 December 2018 \$	Half Year Ended 31 December 2017 \$
Cash flows from Operating Activities			
Distributions and dividends received		-	8,300
Interest received		21,876	7,217
Payments for expenses		(802,358)	(473,135)
Net Cash provided by / (used in) operating activities		(780,482)	(457,617)
Cash flows from Investing Activities			
Proceeds from sale of securities		3,594,025	3,239,219
Payment for securities		(3,576,169)	(3,110,735)
Net Cash provided by (used in) investing activities		17,856	128,484
Cash flows from Financing Activities			
Payments for redemption of units		(46,135)	(503,792)
Payments for distribution		-	(987,775)
Receipts for application of units		-	512,495
Net cash provided by / (used in) financing activities		(46,135)	(979,072)
Net increase / (decrease) in cash and cash equivalents held		(808,761)	(1,308,205)
Cash and cash equivalents at beginning of the half year		2,165,460	2,269,472
Cash and cash equivalents at end of the half year	5	1,356,699	961,267

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

Notes to the Condensed Financial Statements

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1 General information

These financial statements cover Lowell Resources Fund ('the Fund') as an individual entity. The Fund is an Australian registered managed investment scheme under the *Corporations Act 2001*, which was constituted on 21st January 1986 and was admitted to the Australian Securities Exchange ('ASX') on 22nd March 2018.

The Responsible Entity of the Fund is Cremorne Capital Limited (ACN 006 844 588) (AFSL 241175), the Responsible Entity. The Responsible Entity's registered office is 8 Chapel Street, Cremorne, VIC 3121. The Responsible Entity is incorporated and domiciled in Australia.

The Fund invests predominantly in securities listed on the ASX and investments that are likely to be listed on the ASX in the future and Australian denominated cash. The Fund's goal is to produce superior long-term returns from a selected number of underlying investments, irrespective of short term price movements.

The condensed financial statements of the Fund are for the year ended 31 December 2018.

The condensed financial statements are presented in the Australian currency.

The condensed financial statements were authorised for issue by the Directors on the date the Directors' Declaration was signed.

The Directors of the Responsible Entity have the power to amend and reissue the financial statements.

2 Basis of preparation

The general purpose interim financial statements have been prepared in accordance with AASB 134 Interim Financial Reporting and the Corporations Act 2001.

These interim financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these statements are to be read in conjunction with the annual statements for the year ended 30 June 2018 and any public announcement made in respect of the Fund during this interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The Fund is a for-profit unit trust for the purpose of preparing the financial statements.

(a) Significant accounting policies

The accounting policies and methods of computation adopted in the preparation of the half year financial report are consistent with those adopted and disclosed in the Fund's annual financial report for the financial year ended 30 June 2018, except for the impact of the Standards and Interpretations described below. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

(d) Adoption of new accounting standard

The Fund has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to their operations and effective for the current reporting period.

The adoption of all the new and revised Standards and Interpretations has not resulted in any changes to the Fund's accounting policies and has no effect on the amounts reported for the current or prior periods. The new and revised Standards and Interpretations has not had a material impact and not resulted in changes to the Fund's presentation of, or disclosure in, its half-year financial statements.

3 Net assets attributable to unitholders

Movements in the number of units and net assets attributable to unitholders during the year were as follows:

(a) Movements in net assets attributable to unit holders

	31 December 2018	30 June 2018
	\$	\$
At beginning of the half year	22,195,213	18,964,719
Units issued during the half year	-	3,526,020
Cost of capital raising during the half year	-	(196,771)
Units redeemed during the half year	(46,134)	(705,231)
Transfer of the net undistributed income from the statement of comprehensive income	(7,011,629)	93,980
Distribution reinvestment from unitholders	-	512,496
Closing balance of net assets attributable to unit holders	15,137,450	22,195,213

(b) Movements in number of units

On issue at beginning of the half year	2,797,239	2,391,279
Units reinvested	-	64,468
Units issued during the half year	-	423,797
Units redeemed during the half year *	(9,282)	(82,305)
On issue at half year end	2,787,957	2,797,239

* these units were bought back by the Fund during the half year.

As stipulated within the Fund's Constitution, each unit represents a right to an individual unit in the Fund and does not extend to a right to the underlying assets of the Fund. There are no separate classes of units and each unit has the same rights attaching to it as all other units of the Fund.

4 Distributions to unitholders

The distributions declared during the half year were as follows:

	31 December 2018		31 December 2017	
	\$ Total	\$Per Unit	\$Total	\$Per Unit
Distributions paid or payable	Nil	Nil	Nil	Nil

5 Reconciliation of profit to net cash inflow/ (outflow) from operating activities

cash and cash equivalents

	31 December 2018	31 December 2017
	\$	\$
Cash	1,356,699	961,267
Deposits at call	-	-
Total cash and cash equivalents	1,356,699	961,267

6 Fair value measurement

Fair value measurement recognised in the statement of financial position

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other quoted prices within Level 1 that are observable for the asset or liability, either directly (ie as prices) or indirectly (ie derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for assets or liability that are not based on observable market data (unobservable inputs).

As at 31 December 2018

	\$ Level 1	\$ Level 2	\$ Level 3	\$ Total
Financial assets at FVTPL				
Shares in listed entities	12,913,967			12,913,967
Options in listed entities	392,274			392,274
Shares in unlisted entities		524,164		524,164
Total	13,306,241	524,164		13,830,405

There were no transfer between Level 1 and 2 in the period.

7 Earnings per unit

Basic earnings per unit amounts are calculated by dividing net profit/(loss) attributable to unitholders before distributions by the weighted average number of units outstanding during the half year.

Diluted earnings per unit are the same as basic earnings per unit.

	31 December 2018	31 December 2017
Profit / (Loss) attributable to unitholders	(\$7,011,629)	\$2,192,200
Weighted average number of units in issue	2,796,509	2,416,586
Basic and diluted earnings / (loss) per unit in dollars	(\$2.507)	\$0.907

8 Events occurring after the reporting period

No significant events have occurred since the end of the half year which would impact on the financial position of the Fund as disclosed in the Statement of Financial Position as at 31 December 2018 or on the results and cash flows of the Fund for the year ended on that date.

9 Contingent assets and liabilities and commitments

There are no contingent assets, liabilities or commitments as at 31 December 2018 and 31 December 2017.

DIRECTORS' DECLARATION

In the opinion of the directors of the responsible entity - Cremorne Capital Limited:

(a) the financial statements and notes set out on pages 11 to 19 are in accordance with the Corporations Act 2001, including:


(i) complying with Accounting Standard AASB 134 Interim Financial Reporting, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and

(ii) giving a true and fair view of the consolidated entity's financial position as at 31 December 2018 and of its performance, as represented by the results of its operations, changes in equity and its cash flows, for the half-year ended on that date; and

(b) there are reasonable grounds to believe that Lowell Resources Fund will be able to pay its debts as and when they become due and payable.

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

On behalf of the Directors



Michael Ramsden

Director

MELBOURNE

Dated:

20-2-2019

Independent Auditor's Report To the Members of Lowell Resources Fund

Report on the Audit of the Financial Report

We have reviewed the accompanying half-year financial report of Cremorne Capital Limited – Lowell Resources Fund which comprises the condensed statement of financial position as at 31 December 2018, and the condensed statement of profit or loss and other comprehensive income, condensed statement of changes in equity and condensed statement of cash flows for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes and the directors' declaration.

Directors' Responsibility for the Half-Year Financial Report

The directors of the fund are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report* Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the fund's financial position as at 31 December 2018 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Lowell Resources Fund, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the Corporations Act 2001. We confirm that the independence declaration required by the Corporations Act 2001 has been provided to the directors of Cremorne Capital Limited.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Lowell Resources Fund is not in accordance with the Corporations Act 2001 including:

- (i) giving a true and fair view of the fund's financial position as at 31 December 2018 and of its performance for the half-year ended on that date; and
- (ii) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

Nexia

Nexia Melbourne Audit Pty Ltd
Melbourne

Dated this 20th day of February 2019

A. Wehrens

Andrew S. Wehrens
Director

