

LITIGATION CAPITAL MANAGEMENT LIMITED
ACN 608 667 509

INTERIM FINANCIAL REPORT

APPENDIX 4D - INTERIM FINANCIAL REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

Previous corresponding period: 31 December 2015

Results for Announcement to the Market

Key Information	Consolidated Half-Year		
	Dec 2016 \$	Dec 2015 \$	Change %
Revenue from ordinary activities	-	227,555	-100%
Profit / (loss) after tax from ordinary activities attributable to members	(2,415,510)	(873,558)	-177%
Net profit / (loss) attributable to members	(2,360,231)	(935,202)	-152%

Dividends paid and proposed	Amount per Security (cents)	Franked Amount per Security at 30% (cents)
	Ordinary shares:	
2015 - final	N/A	N/A
2016 - interim	N/A	N/A

Explanation of Key Information and Dividends

An explanation of the above figures is contained in the "Review of Operations" included within the attached directors' report.

Net Tangible Assets per Share

Net tangible assets per share	Half-year ended Dec 2016 \$ / Share	Year ended Jun 2016 \$ / Share
		0.02

Investments in Associates and Joint Ventures

N/A

LITIGATION CAPITAL MANAGEMENT LIMITED
ACN 608 667 509

DIRECTORS' REPORT

Your directors submit the financial report of the consolidated group for the half-year ended 31 December 2016.

Directors

The names of directors who held office during or since the end of the half-year.

Dr. David King
Mr. Patrick Moloney
Mr. Steven McLean

Operating and financial review

The Directors of LCM are pleased with the progress that the company is making as it transforms its business model to a direct investment model rather than a model in which LCM manages Litigation Projects on behalf of third parties.

The loss for LCM after providing for income tax amounted to \$2.4m for the 6 month period ending 31 December 2016 (31 December 2015: loss of \$0.9m).

During the period LCM partially settled one Litigation Project with recognised revenue of \$0.5m. A further \$0.15m will be recognised in the second half of the 2017 financial year.

Material items included a non-recurring expense of \$0.2m attributable to costs associated with the IPO of LCM on the ASX in December 2016. The balance of the costs associated with the IPO were offset against equity.

As at 31 December 2016 LCM had recognised \$10.4m of Litigation Projects as assets. Pursuant to the commitment made to investors in the IPO LCM has repaid the Credit Facility and subsequently has no debt. A non-recurring foreign exchange loss of \$0.3m was recognised as a direct result of the US dollar denominated Credit Facility.

LCM is currently managing 14 Litigation Projects, 11 of which LCM is financing directly. LCM is pleased with the composition and maturation of its Litigation Project portfolio and reaffirms its forecast NPAT for FY17 of approximately \$4.4m.

LCM continues to see a consistent and material market for the deployment of capital into Litigation Projects.

Auditor's Independence Declaration

The lead auditor's independence declaration under s 307C of the *Corporations Act 2001* is set out on page 3 for the half-year ended 31 December 2016.

This directors' report is signed in accordance with a resolution of the Board of Directors.



.....
Dr. David King
Chairman

Dated this 28th day of February 2017.

**DECLARATION OF INDEPENDENCE
BY G K EDWARDS
TO THE DIRECTORS OF LITIGATION CAPITAL MANAGEMENT LIMITED**

As lead auditor for the review of Litigation Capital Management Limited for the half-year ended 31 December 2016, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Litigation Capital Management Limited and the entities it controlled during the period.



G K Edwards
Director

BDO Audit (SA) Pty Ltd

Adelaide, 28 February 2017

LITIGATION CAPITAL MANAGEMENT LIMITED
ACN 608 667 509

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

	Note	Consolidated Half-Year	
		Dec 2016	Dec 2015
		\$	\$
Revenue		-	227,555
Other Income		3,718	11,676
Total Income		3,718	239,231
Expenses			
Corporate and Office Expenses		671,045	398,339
Legal & Professional Fees		134,360	456,342
IPO Listing Expense		182,335	-
Employment Expenses	4	598,094	637,597
Foreign exchange loss	4	310,323	-
Finance Costs	4	1,663,666	19
Net (gain)/loss on derecognition of intangible asset			
Litigation contracts in progress - settlements and judgements		(466,653)	(119,077)
Litigation contracts in progress - expenses		292,653	119,077
Litigation contracts in progress - written down		9,396	70,690
Net loss on derecognition of intangible asset		(164,604)	70,690
Profit/(Loss) Before Income Tax		(3,391,501)	(1,323,756)
Income tax expense / (benefit)	5	(975,991)	(450,198)
Net Profit/(Loss) For the Half-Year		(2,415,510)	(873,558)
Other comprehensive income		-	-
Total comprehensive income for the half-year		(2,415,510)	(873,558)
Loss for the half-year and total comprehensive income attributable to:			
Owners of the company		(2,360,231)	(935,202)
Non-controlling interest		(55,279)	61,644
		(2,415,510)	(873,558)
Earnings per share			
From continuing operations:			
- basic / diluted weighted average earnings per share (cents)		(6.49)	(2.50)
From continuing and discontinued operations:			
- basic / diluted weighted average earnings per share (cents)		(6.49)	(2.50)

The Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with notes to the financial statement

LITIGATION CAPITAL MANAGEMENT LIMITED
ACN 608 667 509
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2016

	Note	Consolidated	
		Dec 2016 \$	Jun 2016 \$
<u>CURRENT ASSETS</u>			
Cash and cash equivalents		5,144,558	5,918,862
Trade and other receivables		111,349	672,645
Intangible assets - litigation contracts	6	7,944,074	3,573,866
TOTAL CURRENT ASSETS		13,199,981	10,165,373
<u>NON-CURRENT ASSETS</u>			
Property, plant and equipment		13,083	13,083
Intangible assets - litigation contracts	6	2,448,473	2,920,377
Deferred tax asset	7	7,958,411	5,125,323
TOTAL NON-CURRENT ASSETS		10,419,967	8,058,783
TOTAL ASSETS		23,619,948	18,224,156
<u>CURRENT LIABILITIES</u>			
Trade and other payables		3,783,022	3,075,866
Employee Benefits		105,770	85,188
Borrowings	8	-	7,504,916
TOTAL CURRENT LIABILITIES		3,888,792	10,665,970
<u>NON CURRENT LIABILITIES</u>			
Deferred tax liability	7	3,117,763	1,948,273
TOTAL NON CURRENT LIABILITIES		3,117,763	1,948,273
TOTAL LIABILITIES		7,006,555	12,614,243
NET ASSETS		16,613,393	5,609,913
<u>SHAREHOLDERS' EQUITY</u>			
Issued Capital	9	24,942,208	11,546,618
Share Based Payments Reserve	10	119,103	95,703
Retained Earnings		(8,432,639)	(6,072,408)
Parent interest		16,628,672	5,569,913
Non-controlling interest		-	40,000
		16,613,393	5,609,913

The Consolidated Statement of Financial Position should be read in conjunction with notes to the financial statement

LITIGATION CAPITAL MANAGEMENT LIMITED
ACN 608 667 509

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

	Issued capital	Retained profits	Share based payments reserve	Total	Non- controlling interests	Total equity
Consolidated						
Balance at 1 July 2015	11,005,621	(3,826,562)	95,703	7,274,762	108,281	7,383,043
Profit / (Loss) for the half-year	-	(935,202)	-	(935,202)	61,644	(873,558)
Total comprehensive income for the half-year	-	(935,202)	-	(935,202)	61,644	(873,558)
Transactions with owners in their capacity as owners:						
Contributions of equity (note 8)	540,997	-	-	540,997	-	540,997
Distributions	-	-	-	-	(61,644)	(61,644)
	540,997	-	-	540,997	(61,644)	479,353
Balance at 31 December 2015	11,546,618	(4,761,764)	95,703	6,880,557	108,281	6,988,838
Balance at 1 July 2016	11,546,618	(6,072,408)	95,703	5,569,913	40,000	5,609,913
Profit / (Loss) for the half-year	-	(2,360,231)	-	(2,360,231)	(55,279)	(2,415,510)
Total comprehensive income for the half-year	-	(2,360,231)	-	(2,360,231)	(55,279)	(2,415,510)
Transactions with owners in their capacity as owners:						
Contributions of equity (note 8)	13,395,590	-	-	13,395,590	-	13,395,590
Distributions	-	-	-	-	-	-
Share based payments	-	-	23,400	23,400	-	23,400
	13,395,590	-	23,400	13,418,990	-	13,418,990
Balance at 31 December 2016	24,942,208	(8,432,639)	119,103	16,628,672	(15,279)	16,613,393

The Consolidated Statement of Changes in Equity should be read in conjunction with notes to the financial statement

LITIGATION CAPITAL MANAGEMENT LIMITED
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CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

	Note	Consolidated	
		Dec 2016 \$	Dec 2015 \$
Cash flows from operating activities			
Payments to suppliers and employees		(749,240)	(1,822,874)
Receipts from management and performance fees		-	227,555
Interest received		3,718	11,676
Interest and other finance costs paid		(1,663,666)	(19)
Net cash used in operating activities		(2,409,188)	(1,583,662)
Cash flows from investing activities			
Proceeds from settlements		466,653	1,174,618
Payments for litigation funding and capitalised supplier costs		(4,200,353)	(1,948,146)
Payment of security deposits		-	-
Payment for property, plant and equipment		-	(3,124)
Net cash used in investing activities		(3,733,700)	(776,652)
Cash flows from financing activities			
Proceeds from issue of shares		15,000,000	541,000
Repayment of borrowings		(7,851,698)	-
Share issue transaction costs		(1,779,718)	(180,989)
Income and capital distributions paid - non controlling interests		-	(61,644)
Dividends paid		-	-
Repayment from related party loans		-	-
Net cash from financing activities		5,368,584	298,367
Net increase/(decrease) in cash and cash equivalents		(774,304)	(2,061,947)
Cash and cash equivalents at the beginning of the period		5,918,862	3,338,364
Cash and cash equivalents at the end of the half-year		5,144,558	1,276,417

The Consolidated Statement of Cash Flows should be read in conjunction with notes to the financial statement

LITIGATION CAPITAL MANAGEMENT LIMITED
ACN 608 667 509

NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

Note 1 Corporate Information

The financial statements and interim report of Litigation Capital Management Limited for the half-year ended 31 December 2016 were authorised for issue in accordance with a resolution of the directors and covers the consolidated entity consisting of Litigation Capital Management Limited and its subsidiaries. Litigation Capital Management Limited is a for-profit entity for the purpose of preparing these financial statements.

Litigation Capital Management Limited is incorporated and domiciled in Australia. The principal activities of the consolidated entity are the investigation, management and funding of litigation.

The financial statements are presented in Australian dollars.

Note 2 Significant Accounting Policies

a) Basis of preparation

The consolidated financial statements are general purpose financial statements which have been prepared in accordance with the *Corporations Act 2000* and Australian Accounting Standard AASB 134 *Interim Financial Reporting*. The consolidated financial statements also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

The consolidated financial statements have also been prepared on a historical cost basis. Non-current assets are measured at the lower of carrying amounts and fair value less costs to sell.

These half-year financial statements do not include all the notes of the type normally included in annual financial statements and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial statements. Accordingly, these half-year financial statements are to be read in conjunction with the annual financial statements for the year ended 30 June 2016 of Litigation Capital Management Limited.

b) Significant accounting policies

The same accounting policies and methods of computation have been followed in these half-year financial statements as compared with the most recent annual financial statements.

The Group has considered the implications of new or amended Accounting Standards, but determined that their applications to the financial statements is either not relevant or not material.

Note 3 Segment information

The consolidated entity is organised into one operating segment which provides only one service, being litigation funding. Accordingly, all operating disclosures are based upon analysis of the Group as one segment. The consolidated entity operates in one geographical location, being Australia.

LITIGATION CAPITAL MANAGEMENT LIMITED
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NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

	Consolidated	
	Dec 2016	Dec 2015
	\$	\$
Note 4 Expenses		
<i>Employment Expenses</i>		
Employee Benefits Expense	530,462	560,908
Superannuation	39,296	44,373
Provision for employee entitlements	20,582	20,568
Payroll tax	7,754	11,748
	<u>598,094</u>	<u>637,597</u>
<i>Foreign exchange loss</i>		
Net foreign currency translation gain/(loss)	310,323	-
<i>Finance costs</i>		
Interest Expense	1,663,666	19
Note 5 Income tax expense		
<i>The components of tax expense comprise:</i>		
Current tax expense	-	-
Deferred tax expense	975,991	450,198
	<u>975,991</u>	<u>450,198</u>

Note 6 Intangible assets

(a) Reconciliation of carrying amounts at the beginning and end of the period

	Consolidated \$
Year ended 30 June 2016	
Balance at 1 July 2015	2,575,239
Additions	4,651,092
Litigation contracts in progress - expenses	(620,098)
Litigation contracts in progress - written down	(111,990)
Balance at 30 June 2016	<u>6,494,243</u>
Balance at 1 July 2016	6,494,243
Additions	4,200,353
Litigation contracts in progress - expenses	(292,653)
Litigation contracts in progress - written down	(9,396)
Balance at 31 December 2016	<u>10,392,547</u>

	Consolidated	
	Dec 2016	Jun 2016
	\$	\$
Current	7,944,074	3,573,866
Non Current	2,448,473	2,920,377
	<u>10,392,547</u>	<u>6,494,243</u>

(b) Description of Group's intangible assets

Intangible assets consist of Litigation Contracts in Progress. The carrying value of Litigation Contracts in Progress includes the capitalisation of external costs of funding the litigation, such as solicitors' fees, counsels' fees and experts' fees. No internal costs are considered directly attributable to managing current Litigation Contracts in Progress.

The carrying value of Litigation Contracts in Progress is written off when the case is lost by the consolidated entity or the consolidated entity decides not to pursue cases further.

The recoverable amount of each Litigation Contract in Progress is determined based on a value in use calculation using cash flow projections based on financial budgets approved by management.

The classification of Litigation Contracts in Progress is determined by management's best estimate of resolution of the Litigation Project, with those expected to be resolved in the 12 month period to December 2018 classified as current assets and the balance as non-current assets.

The following describes each key assumption on which management has based its cash flow projections when determining the value in use of Litigation Contracts in Progress:

- The estimated cost to complete a Litigation Contract in Progress is budgeted, based on estimates provided by the external legal advisors handling the litigation

- The value to the Group of the Litigation Contracts in Progress, once completed, is estimated based on the expected settlement or judgement amount of the litigation and the fees due to the Group under the litigation funding contract.
- The discount rate applied to the cash flow projections is based on the Group's weighted average cost of capital and other factors relevant to the particular Litigation Contracts in Progress. The discount rate applied ranged between 13% and 15%.

No impairment has been identified as a result of impairment testing performed.

LITIGATION CAPITAL MANAGEMENT LIMITED
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NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

Note 7 Deferred taxes

Deferred tax asset comprises temporary differences attributable to:

	Consolidated	
	Dec 2016	Jun 2016
	\$	\$
Amounts recognised in profit or loss:		
Property, plant and equipment	895	895
Employee benefits	31,731	25,556
Other Provisions	-	-
Accrued expenses	6,875	34,586
Tax losses carried forward	7,256,418	4,955,511
	<u>7,295,919</u>	<u>5,016,548</u>
Amounts recognised in equity:		
Transaction costs on share issue	662,492	108,775
	<u>7,958,411</u>	<u>5,125,323</u>

Deferred tax liability comprises temporary differences attributable to:

Amounts recognised in profit or loss:		
Intangibles	3,117,763	1,948,273
Other	-	-
	<u>3,117,763</u>	<u>1,948,273</u>

Note 8 Current liabilities - Borrowings

Secured current borrowings	-	7,504,916
	<u>-</u>	<u>7,504,916</u>

Secured current borrowings

Current borrowings related to a facility provided by Hattie Investments Limited in June 2016 and comprised one (1) instalment repaid on 29 December 2016. A fixed and floating charge over all assets and undertakings had been provided as security.

	Consolidated			
	Dec 2016	Jun 2016	Dec 2016	Jun 2016
	Shares	Shares	\$	\$
Note 9 Equity - issued capital				
Ordinary shares - fully paid	53,533,247	32,104,675	24,942,208	11,546,618
Ordinary shares - partly paid	2,866,050	2,866,050	-	-

Movements in fully paid ordinary share capital

	Date	No of shares	Issue price	\$
Opening balance at 1 July 2015		5,170,447	n/a	11,005,621
Issue of ordinary shares - fully paid	Jul-15	180,332		540,996
Elimination of shares on reverse acquisition by Litigation Capital Management Limited	Oct-15	(5,350,779)		-
Existing shares of Litigation Capital Management Limited*	Oct-15	32,104,675		1
Balance at 30 June 2016		<u>32,104,675</u>		<u>11,546,618</u>
Opening balance at 1 July 2016		32,104,675	n/a	11,546,618
Issue of shares	Dec-16	21,428,572	\$0.70	15,000,000
Share issue transaction costs, net of tax				(1,604,410)
Balance at 31 December 2016		<u>53,533,247</u>		<u>24,942,208</u>

Movements in partly paid ordinary share capital

	Date	No of shares	Issue price	\$
Opening balance at 1 July 2015		477,675	n/a	-
Elimination of shares on reverse acquisition by Litigation Capital Management Limited	Oct-15	(477,675)		-
Existing shares of Litigation Capital Management Limited*	Oct-15	2,866,050		-
Balance at 30 June 2016		<u>2,866,050</u>		<u>-</u>
Opening balance at 1 July 2016		2,866,050	n/a	-
Issue of shares		-	n/a	-
Balance at 31 December 2016		<u>2,866,050</u>		<u>-</u>

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

LITIGATION CAPITAL MANAGEMENT LIMITED
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NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

	Consolidated	
	Dec 2016 \$	Jun 2016 \$
Note 10 Share based payments reserve		
Options issued under option plan	119,103	95,703

Employee option plan

The Option Plan gives directors David King and Patrick Moloney the opportunity to participate in the plan. The directors have been granted 600,000 and 900,000 options respectively, which vest 3 years after grant date.

When vesting occurs, each option can be exercised to purchase 1 ordinary share in Litigation Capital Management Limited at an exercise price of \$1.00.

Details of options outstanding as part of the employee option plan during the period are as follows:

31 December 2016

Grant date	Exercise date	Exercise Price	Balance at beginning of the year	Granted during the year	Exercised during the year	Expired during the year	Balance at the end of the year	Exercisable at the end of the year
01/12/2013	01/12/2013	\$ 0.473	3,190,116	-	-	-	3,190,116	3,190,116
20/09/2016	01/11/2018	\$ 1.000	-	1,500,000	-	-	1,500,000	-
			3,190,116	1,500,000	-	-	4,690,116	3,190,116

Fair value of options granted

The fair value at grant date was determined by using a Black-Scholes option pricing model that takes into account the share price at grant date, exercise price, expected volatility, option life, expected dividends, the risk free rate, vesting and performance criteria, the impact of dilution, the fact that the options are not tradeable. The inputs used for the Black-Scholes option pricing model for options granted during the half-year ended 31 December 2016 were as follows:

- options are granted for no consideration, have a 3 year life and are exercisable after the vesting date of 1 November 2018
- grant date: 20/09/2016
- share price at grant date: \$0.70
- exercise price: \$1.00
- expected volatility: 25%
- expected dividend yield: 0%
- risk free rate: 5%

Expected volatility was determined based on the historic volatility (based on the remaining life of the option), adjusted for any expected changes to future volatility based on publicly available information.

The fair value of the options issued during the period is \$195,000. An amount of \$23,400 has been expensed during the period, with the remainder to be expensed over the remaining vesting period.

Note 11 Related party transactions

Significant transactions with Director's and their associates

Steven McLean is a shareholder and director of 145 Fleet Pty Ltd, which carries out financial advisory services. During the half-year, 145 Fleet has consulted to LCM and earned fees of \$512,430 (2016: \$53,000), which were deemed to be of a commercial and on an arms-length basis.

Directors David King and Patrick Moloney were granted 600,000 and 900,000 options respectively during the period. Refer to note 9 for further details.

Transactions with non-controlling interests

Director Patrick Moloney has a non-controlling interest in LCM Unit Trust.

Note 12 Events after the reporting period

Litigation Capital Management Limited has partially resolved one of its Litigation Projects, resulting in total settlement income received in February 2017 of \$150,000 with no associated expenditure.

Litigation Capital Management Limited has resolved one of its Litigation Projects, resulting in total settlement income of \$1,950,000 with associated expenditure of \$734,933, receivable after February 2017.

LITIGATION CAPITAL MANAGEMENT LIMITED
ACN 608 667 509

DIRECTORS DECLARATION

In the directors' opinion:

1. the attached financial statements and notes comply with the *Corporations Act 2001*, including:
 - a. complying with Accounting Standard AASB 134: *Interim Financial Reporting*; and
 - b. the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 31 December 2016 and of its performance for the half-year ended on that date;
2. there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and

Signed in accordance with a resolution of directors.

On behalf of the directors



Director

Dated this 28th day of February 2017.

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF LITIGATION CAPITAL MANAGEMENT LIMITED GROUP

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Litigation Capital Management Limited, which comprises the consolidated statement of financial position as at 31 December 2016, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

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 a 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 half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 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 Litigation Capital Management Limited, 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*, which has been given to the directors of Litigation Capital Management Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

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 Litigation Capital Management Limited is not in accordance with the *Corporations Act 2001* including:

- (i) Giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 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*.



BDO Audit (SA) Pty Ltd



G K Edwards
Director

Adelaide, 28 February 2017