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ASX Announcement

WEDNESDAY 8 MARCH 2017

RE-LODGEMENT OF 30 JUNE 2015 FINANCIAL STATEMENTS

Please find attached an updated version of the financial statements for the year ended 30 June 2015. This version replaces the version lodged with the ASX on 12 December 2016. Any differences between the versions are immaterial and minor in nature.

Litigation Capital Management Limited provides litigation financing and ancillary services to enable the recovery of funds from legal claims in Australia. It serves companies and individuals primarily in the areas of commercial and insolvency matters, and class actions. Litigation Capital Management Limited was founded in 1998 and is based in Sydney, Australia.

LCM LITIGATION FUND PTY LTD
ACN 078 747 092

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2015

	Note	Consolidated June 2015 $	Consolidated June 2014 $
Revenue	5	487,480	409,374
Other Income	6	30,178	160,168
Total Income		517,658	569,542
Expenses			
Corporate and Office Expenses		1,357,698	399,591
Employment Expenses	7	1,435,754	920,168
Finance Costs	7	922	5,700
Depreciation		11,407	3,307
Net loss on derecognition of intangible asset			
Litigation contracts in progress - settlements and judgements		(1,352,878)	(855,221)
Litigation contracts in progress - expenses		746,457	513,853
Litigation contracts in progress - written down		1,113,003	382,508
Net loss on derecognition of intangible asset		506,582	41,140
Profit/(Loss) Before Income Tax		**(2,794,705)**	**(800,364)**
Income tax expense	8	(907,285)	(207,194)
Net Profit/(Loss) For the Year		**(1,887,420)**	**(593,170)**
Other comprehensive income		-	-
Total comprehensive income for the year		**(1,887,420)**	**(593,170)**
Loss for the year and total comprehensive income attributable to:			
Owners of the company		(2,136,850)	(685,277)
Non-controlling interest	25	249,430	92,107
		(1,887,420)	**(593,170)**

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

LCM LITIGATION FUND PTY LTD
ACN 078 747 092

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2015

		Consolidated		
		June 2015	June 2014	June 2013
CURRENT ASSETS	Note	$	$	$
Cash and cash equivalents	9	3,338,364	416,131	398,010
Trade and other receivables	10	1,622,055	404,963	277,650
Related party loans	11	122,228	282,445	126,007
Intangible assets - litigation contracts	13	423,690	330,712	526,992
TOTAL CURRENT ASSETS		5,506,337	1,434,251	1,328,659
NON-CURRENT ASSETS				
Property, plant and equipment	12	6,066	10,214	10,651
Intangible assets - litigation contracts	13	2,151,549	585,662	92,596
Deferred tax asset	14	2,961,033	1,395,844	984,361
TOTAL NON-CURRENT ASSETS		5,118,648	1,991,720	1,087,608
TOTAL ASSETS		10,624,985	3,425,971	2,416,267
CURRENT LIABILITIES				
Trade and other payables	15	2,244,911	1,483,597	1,302,297
Employee Benefits	17	43,161	168,715	94,186
Provisions	19	181,298	-	-
TOTAL CURRENT LIABILITIES		2,469,370	1,652,312	1,396,483
NON CURRENT LIABILITIES				
Deferred tax liability	14	772,572	251,946	105,715
TOTAL NON CURRENT LIABILITIES		772,572	251,946	105,715
TOTAL LIABILITIES		3,241,942	1,904,258	1,502,198
NET ASSETS		7,383,043	1,521,713	914,069
SHAREHOLDERS' EQUITY				
Issued Capital	20	11,005,621	2,951,955	1,687,425
Share based payments reserve	22	95,703	95,703	-
Retained Earnings		(3,826,562)	(1,689,712)	(1,004,435)
Non-controlling interest		108,281	163,767	231,079
		7,383,043	1,521,713	914,069

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

LCM LITIGATION FUND PTY LTD
ACN 078 747 092

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2015

Consolidated	Issued capital	Retained profits	Share based payments reserve	Total	Non-controlling interests	Total equity
Balance at 1 July 2013	1,687,425	(1,004,435)	-	682,990	231,079	914,069
Profit / (Loss) for the year	-	(685,277)	-	(685,277)	92,107	(593,170)
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the year	-	(685,277)	-	(685,277)	92,107	(593,170)
Transactions with owners in their capacity as owners:						
Contributions of equity, net of transaction costs (note 20)	1,264,530	-	-	1,264,530	40,000	1,304,530
Return of capital	-	-	-	-	(100,114)	(100,114)
Distributions	-	-	-	-	(99,305)	(99,305)
Dividends paid (note 24)	-	-	-	-	-	-
Share based payments	-	-	95,703	95,703	-	95,703
	1,264,530	-	95,703	1,360,233	(159,419)	1,200,814
Balance at 30 June 2014	2,951,955	(1,689,712)	95,703	1,357,946	163,767	1,521,713
Profit / (Loss) for the year	-	(2,136,850)	-	(2,136,850)	249,430	(1,887,420)
Other comprehensive income				-		-
Total comprehensive income for the year	-	(2,136,850)	-	(2,136,850)	249,430	(1,887,420)
Transactions with owners in their capacity as owners:						
Contributions of equity, net of transaction costs (note 20)	8,053,666	-	-	8,053,666	-	8,053,666
Return of capital	-	-	-	-	(55,486)	(55,486)
Distributions	-	-	-	-	(249,430)	(249,430)
Dividends paid (note 24)	-	-	-	-	-	-
Share based payments	-	-	-	-	-	-
	8,053,666	-	-	8,053,666	(304,916)	7,748,750
Balance at 30 June 2015	11,005,621	(3,826,562)	95,703	7,179,059	108,281	7,383,043

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

LCM LITIGATION FUND PTY LTD
ACN 078 747 092

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2015

	Note	Consolidated June 2015 $	June 2014 $
Cash flows from operating activities			
Payments to suppliers and employees		(1,507,604)	(938,692)
Receipts from management and performance fees		487,480	409,374
Interest received		30,178	8,287
Interest and other finance costs paid		(922)	(5,700)
Net cash used in operating activities	31	(990,868)	(526,731)
Cash flows from investing activities			
Proceeds from settlements		580,194	855,172
Payments for litigation funding and capitalised supplier costs		(3,337,026)	(1,193,147)
Payment of security deposits		(342,686)	(237,281)
Payment for property, plant and equipment		(7,259)	(2,870)
Net cash used in investing activities		(3,106,777)	(578,126)
Cash flows from financing activities			
Proceeds from issue of shares		8,373,978	1,399,998
Proceeds from related party loans		-	65,597
Share issue transaction costs		(457,591)	(193,526)
Income and capital distributions paid - non controlling interests		(658,262)	(149,091)
Dividends paid		-	-
Repayment from related party loans		(238,247)	-
Net cash from financing activities		7,019,878	1,122,978
Net increase/(decrease) in cash and cash equivalents		2,922,233	18,121
Cash and cash equivalents at the beginning of the financial year		416,131	398,010
Cash and cash equivalents at the end of the financial year	9	3,338,364	416,131

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

Note 1 Corporate Information

The financial statements of LCM Litigation Fund Pty Ltd for the year ended 30 June 2015 were authorised for issue in accordance with a resolution of the directors on 7 September 2016 and covers the consolidated entity consisting of LCM Litigation Fund Pty Ltd and its subsidiaries. LCM Litigation Fund Pty Ltd is a for-profit entity for the purpose of preparing these financial statements.

LCM Litigation Fund Pty Ltd 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.

Re-issue of financial statements

After the issue of the financial statements for the year ended 30 June 2015 the directors became aware that share options that had been issued in the year ended 30 June 2014 had not been accounted for in the special purpose financial statements prepared for that year, or in the general purpose financial statements for the year ended 30 June 2015. Because the financial statements for the year ended 30 June 2015 were the first the consolidated entity had prepared in accordance with IFRS, these financial statements have been re-issued to include the issue of the share options in the comparative information for the year ended 30 June 2014.

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 Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board. The financial statements also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

For all periods up to and including the year ended 30 June 2014, the consolidated entity prepared its financial statements in accordance with local generally accepted accounting practice (Local GAAP). These financial statements for the year ended 20 June 2015 are the first the consolidated entity has prepared in accordance with IFRS. Refer to note 2(t) for information on how the consolidated entity adopted IFRS.

The 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.

b) Principles of consolidation

Subsidiaries

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Non-controlling interest in the results and equity of subsidiaries are shown separately in the statement of profit or loss and other comprehensive income, statement of financial position and statement of changes in equity of the consolidated entity. Losses incurred by the consolidated entity are attributed to the non-controlling interest in full, even if that results in a deficit balance.

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

c) Revenue recognition

Revenue is recognised at the fair value of consideration received or receivable to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Interest

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Performance fees

Performance fees are recognised on the settlement of a litigation project to the extent of the commission agreed upon in the contract for that litigation project.

Note 2 Significant Accounting Policies (cont.)

d) Income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

LCM Litigation Fund Pty Ltd (the 'head entity') and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under the tax consolidation regime. The head entity and each subsidiary in the tax consolidated group continue to account for their own current and deferred tax amounts. The tax consolidated group has applied the 'separate taxpayer within group' approach in determining the appropriate amount of taxes to allocate to members of the tax consolidated group.

In addition to its own current and deferred tax amounts, the head entity also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from each subsidiary in the tax consolidated group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the tax consolidated group. The tax funding arrangement ensures that the intercompany charge equals the current tax liability or benefit of each tax consolidated group member, resulting in neither a contribution by the head entity to the subsidiaries nor a distribution by the subsidiaries to the head entity.

e) Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

f) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Note 2 Significant Accounting Policies (cont.)

g) Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Trade receivables are generally due for settlement within 30 days.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off by reducing the carrying amount directly. A provision for impairment of trade receivables is raised when there is objective evidence that the consolidated entity will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 60 days overdue) are considered indicators that the trade receivable may be impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

Other receivables are recognised at amortised cost, less any provision for impairment.

h) Property, plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a diminishing value basis to write off the net cost of each item of plant and equipment over their expected useful lives as follows:

Plant and equipment	2 to 13 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the consolidated entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

i) Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

A distinction is made between finance leases, which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to the ownership of leased assets, and operating leases, under which the lessor effectively retains substantially all such risks and benefits.

Operating lease payments, net of any incentives received from the lessor, are charged to profit or loss on a straight-line basis over the term of the lease.

j) Intangible assets

Litigation Contracts in Progress

Litigation Contracts in Progress represent future economic benefits controlled by the consolidated entity. As Litigation Contracts in Progress may be exchanged or sold, the consolidated entity is able to control the expected future economic benefits, hence meeting the definition of intangible assets.

Litigation Contracts in Progress are measured at cost on initial recognition and are not amortised as the asset is not available for use until a successful judgement or settlement relating to the project has been determined. It is at this point that the asset is derecognised.

Gains or losses arising from derecognition of Litigation Contracts in Progress are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the profit or loss when the asset is derecognised.

When litigation is outstanding and pending a determination, Litigation Contracts in Progress are carried at cost. Subsequent expenditure is capitalised when it meets the following criteria:

- the consolidated entity has the ability and intention to complete the litigation;
- the asset is expected to generate a future economic benefit;
- adequate, technical, financial and other resources are available to complete the litigation; and
- the expenditure attributable to the litigation during it's duration can be measured reliably.

When the litigation has been determined in favour of the consolidated entity or a positive settlement has been agreed, this constitutes a derecognition of the intangible asset and accordingly a gain or loss is recognised in the Statement of Comprehensive Income.

Any future costs relating to the defence of an appeal process are expensed when incurred.

Unsuccessful judgement

Where the litigation is unsuccessful at trial, this is a trigger for impairment of the intangible asset and the asset is written down to its recoverable amount. If the claimant, having been unsuccessful at trial, appeals against the judgement, then future costs of the appeal are expensed as incurred.

Note 2 Significant Accounting Policies (cont.)

k) Impairment of non-financial assets
Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

l) Trade and other payables
These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

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

n) Employee benefits

Short-term employee benefits
Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits
The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows

Share based payments
Share-based payments to employees are measured at the fair value of the instruments issued and amortised over the vesting periods. The corresponding amount is recorded to the option reserve. The fair value of options is determined using the Black-Scholes pricing model and adjusted to reflect market vesting conditions, but excludes the impact of any non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each reporting date, the entity revises its estimate of the number of options that are expected to become exercisable.

o) Issued capital
Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

p) New Accounting Standards and Interpretations not yet mandatory or early adopted
Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2015. The consolidated entity's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the consolidated entity, are set out below.

AASB 9 Financial Instruments
This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard replaces all previous versions of AASB 9 and completes the project to replace IAS 39 'Financial Instruments: Recognition and Measurement'. AASB 9 introduces new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost, if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows, which arise on specified dates and solely principal and interest. All other financial instrument assets are to be classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading) in other comprehensive income ('OCI'). For financial liabilities, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity. New impairment requirements will use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment will be measured under a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. The standard introduces additional new disclosures. The consolidated entity will adopt this standard from 1 July 2018 but the impact of its adoption is yet to be assessed by the consolidated entity.

Note 2 Significant Accounting Policies (cont.)

p) New Accounting Standards and Interpretations not yet mandatory or early adopted (cont.)

AASB 15 Revenue from Contracts with Customers
This standard is applicable to annual reporting periods beginning on or after 1 January 2017. The standard provides a single standard for revenue recognition. The core principle of the standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard will require: contracts (either written, verbal or implied) to be identified, together with the separate performance obligations within the contract; determine the transaction price, adjusted for the time value of money excluding credit risk; allocation of the transaction price to the separate performance obligations on a basis of relative stand-alone selling price of each distinct good or service, or estimation approach if no distinct observable prices exist; and recognition of revenue when each performance obligation is satisfied. Credit risk will be presented separately as an expense rather than adjusted to revenue. For goods, the performance obligation would be satisfied when the customer obtains control of the goods. For services, the performance obligation is satisfied when the service has been provided, typically for promises to transfer services to customers. For performance obligations satisfied over time, an entity would select an appropriate measure of progress to determine how much revenue should be recognised as the performance obligation is satisfied. Contracts with customers will be presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Sufficient quantitative and qualitative disclosure is required to enable users to understand the contracts with customers; the significant judgments made in applying the guidance to those contracts; and any assets recognised from the costs to obtain or fulfil a contract with a customer. The consolidated entity will adopt this standard from 1 July 2017 but the impact of its adoption is yet to be assessed by the consolidated entity.

q) New, revised or amending Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the consolidated entity.

The following Accounting Standards and Interpretations are most relevant to the consolidated entity:
AASB 2012-3 Amendments to Australian Accounting Standards - Offsetting Financial Assets and Financial Liabilities
The consolidated entity has applied AASB 2012-3 from 1 July 2014. The amendments add application guidance to address inconsistencies in the application of the offsetting criteria in AASB 132 'Financial Instruments: Presentation', by clarifying the meaning of 'currently has a legally enforceable right of set-off'; and clarifies that some gross settlement systems may be considered to be equivalent to net settlement.

AASB 2013-3 Amendments to AASB 136 - Recoverable Amount Disclosures for Non-Financial Assets
The consolidated entity has applied AASB 2013-3 from 1 July 2014. The disclosure requirements of AASB 136 'Impairment of Assets' have been enhanced to require additional information about the fair value measurement when the recoverable amount of impaired assets is based on fair value less costs of disposals. Additionally, if measured using a present value technique, the discount rate is required to be disclosed.

AASB 2014-1 Amendments to Australian Accounting Standards (Parts A to C)
The consolidated entity has applied Parts A to C of AASB 2014-1 from 1 July 2014. These amendments affect the following standards: AASB 2 'Share-based Payment': clarifies the definition of 'vesting condition' by separately defining a 'performance condition' and a 'service condition' and amends the definition of 'market condition'; AASB 3 'Business Combinations': clarifies that contingent consideration in a business combination is subsequently measured at fair value with changes in fair value recognised in profit or loss irrespective of whether the contingent consideration is within the scope of AASB 9; AASB 8 'Operating Segments': amended to require disclosures of judgements made in applying the aggregation criteria and clarifies that a reconciliation of the total reportable segment assets to the entity's assets is required only if segment assets are reported regularly to the chief operating decision maker; AASB 13 'Fair Value Measurement': clarifies that the portfolio exemption applies to the valuation of contracts within the scope of AASB 9 and AASB 139; AASB 116 'Property, Plant and Equipment' and AASB 138 'Intangible Assets': clarifies that on revaluation, restatement of accumulated depreciation will not necessarily be in the same proportion to the change in the gross carrying value of the asset; AASB 124 'Related Party Disclosures': extends the definition of 'related party' to include a management entity that provides KMP services to the entity or its parent and requires disclosure of the fees paid to the management entity; AASB 140 'Investment Property': clarifies that the acquisition of an investment property may constitute a business combination.

r) Critical accounting estimates
The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

s) Parent entity information
In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 29.

Note 2 Significant Accounting Policies (cont.)

t) First-time adoption of IFRS

These financial statements, for the year ended 30 June 2015, are the first the consolidated entity has prepared in accordance with IFRS. For periods up to and including the year ended 30 June 2014, the consolidated entity prepared its financial statements in accordance with local generally accepted accounting practice (Local GAAP).

Accordingly, the consolidated entity has prepared financial statements which comply with IFRS applicable for periods ending on or after 30 June 2015, together with the comparative period data as at and for the year ended 30 June 2014, as described in the accounting policies. In preparing these financial statements, the consolidated entity's opening statement of financial position was prepared as at 1 July 2013, the consolidated entity's date of transition to IFRS. This note explains the principal adjustments made by the Group in restating its local GAAP statement of financial position as at 1 July 2013 and its previously published Local GAAP financial statement as at and for the year ended 30 June 2014.

Estimates

The estimates at 1 July 2013 and at 30 June 2014 are consistent with those made for the same dates in accordance with Local GAAP (after adjustments to reflect any differences in accounting policies).

Reconciliation of equity as at 1 July 2013 (date of transition to IFRS)		Consolidated		
		Local GAAP	Remeasure-ments	IFRS as at 1 July 2013
CURRENT ASSETS	Notes	$	$	$
Cash and cash equivalents	A	246,192	151,818	398,010
Trade and other receivables	A	455	277,195	277,650
Related party loans		126,007	-	126,007
Intangible assets - litigation contracts	A	-	526,992	526,992
TOTAL CURRENT ASSETS		372,654	956,005	1,328,659
NON-CURRENT ASSETS				
Property, plant and equipment		10,651	-	10,651
Intangible assets - litigation contracts	A	296,200	(203,604)	92,596
Investments	A	74,659	(74,659)	-
Deferred tax asset	C	-	984,361	984,361
TOTAL NON-CURRENT ASSETS		381,510	706,098	1,087,608
TOTAL ASSETS		754,164	1,662,103	2,416,267
CURRENT LIABILITIES				
Trade and other payables	A	788,549	513,748	1,302,297
Loans from Associated entities	A	74,335	(74,335)	-
Employee Benefits		94,186	-	94,186
TOTAL CURRENT LIABILITIES		957,070	439,413	1,396,483
NON CURRENT LIABILITIES				
Deferred Tax Liability	C	-	105,715	105,715
TOTAL NON CURRENT LIABILITIES		-	105,715	105,715
TOTAL LIABILITIES		957,070	545,128	1,502,198
NET ASSETS		(202,906)	1,116,975	914,069
SHAREHOLDERS' EQUITY				
Issued Capital		1,687,425	-	1,687,425
Retained Earnings	A	(1,890,331)	885,896	(1,004,435)
Non-controlling interest	A	-	231,079	231,079
		(202,906)	1,116,975	914,069

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Note 2 Significant Accounting Policies (cont.)

t) First-time adoption of IFRS (continued)

Reconciliation of equity as at 30 June 2014 (date of transition to IFRS)

	Notes	Consolidated Local GAAP $	Remeasure-ments $	IFRS as at 30 June 2014 $
CURRENT ASSETS				
Cash and cash equivalents	A	644,449	(228,318)	416,131
Trade and other receivables	A	60,105	344,858	404,963
Related party loans	A	288,550	(6,105)	282,445
Intangible assets - litigation contracts	A	-	330,712	330,712
TOTAL CURRENT ASSETS		993,104	441,147	1,434,251
NON-CURRENT ASSETS				
Property, plant and equipment		10,214	-	10,214
Intangible assets - litigation contracts	A	834,626	(248,964)	585,662
Investments	A	61,529	(61,529)	-
Deferred tax asset		-	1,395,844	1,395,844
TOTAL NON-CURRENT ASSETS		906,369	1,085,351	1,991,720
TOTAL ASSETS		1,899,473	1,526,498	3,425,971
CURRENT LIABILITIES				
Trade and other payables	A	993,682	489,915	1,483,597
Loans from Associated entities	A	523,084	(523,084)	-
Employee Benefits		168,715	-	168,715
TOTAL CURRENT LIABILITIES		1,685,481	(33,169)	1,652,312
NON CURRENT LIABILITIES				
Deferred Tax Liability	C	-	251,946	251,946
TOTAL NON CURRENT LIABILITIES		-	251,946	251,946
TOTAL LIABILITIES		1,685,481	218,777	1,904,258
NET ASSETS		213,992	1,307,721	1,521,713
SHAREHOLDERS' EQUITY				
Issued Capital	C	2,893,897	58,058	2,951,955
Share based payments reserve	D	-	95,703	95,703
Retained Earnings	A, D	- 2,679,905	990,193	(1,689,712)
Non-controlling interest	A	-	163,767	163,767
		213,992	1,307,721	1,521,713

Reconciliation of total comprehensive income for the year ended 30 June 2014

	Notes	Consolidated Local GAAP $	Remeasure-ments $	IFRS as at 30 June 2014 $
Revenue	A, B	829,688	(420,314)	409,374
Other Income	A, B	-	160,168	160,168
Total Income		829,688	(260,146)	569,542
Expenses				
Corporate and Office Expenses	A, B	785,790	(386,199)	399,591
Employment Expenses	D	824,465	95,703	920,168
Finance Costs		5,700	-	5,700
Depreciation		3,307	-	3,307
Profit/(Loss) Before Income Tax		(789,574)	30,350	(759,224)
Income tax benefit	C	-	(207,194)	(207,194)
Net Profit/(Loss) For the Year		(789,574)	237,544	(552,030)
Other comprehensive income		-	-	-
Total comprehensive income for the year		(789,574)	237,544	(552,030)

Note 2 Significant Accounting Policies (cont.)

t) First-time adoption of IFRS (continued)

Notes to the reconciliation of equity as at 1 July 2013 and 30 June 2014 and total comprehensive income for the year ended 30 June 2014

A Remeasurements - consolidation
Under Local GAAP, the consolidated entity only consolidated entities which were 100% owned. Under IFRS, the consolidated entity has determined that it controls LCM Unit Trust, LCM Litigation Investment Fund No.1 Trust and Basis Partnership, despite having less than 100% interest in these entities. The remeasurement amount reflects the underlying balances of these entities, adjusted for investments, distributions and intercompany balances which are now eliminated but were previously recorded in the financial statements as a result of these entities previously not being consolidated.

B Revenue, other income and corporate and office expenses
Under Local GAAP, the consolidated entity considered litigation contract settlements and judgements to be revenue, while the associated litigation contracts in progress expenses and write-downs were considered corporate and office expenses. Under IFRS, the net of litigation contract settlements and associated costs have been recorded in other income as the net gain on recognition of intangible assets.

C Taxation
Under Local GAAP, the consolidated entity did not record taxable temporary differences in the statement of financial position. Under IFRS, the consolidated entity has recorded taxable temporary differences in accordance with AASB 112 resulting in the recognition of deferred tax assets, deferred tax liabilities and an associated tax expense/(benefit). Equity has also been adjusted to take into account the deferred tax implications of capital raising costs recorded directly against equity.

D Share based payments
Under Local GAAP, the consolidated entity did not record share based payments at fair value. Under IFRS, the the fair value of share based payments have been recorded in employee expenses with a credit to the share based payment reserve.

Note 3 Critical accounting judgements, estimates and assumptions
The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

i) Impairment of non-financial assets other than goodwill and other indefinite life intangible assets

The consolidated entity assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the consolidated entity and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions. This process includes an assessment of each litigation project as to whether it is likely to be successful, the cost and timing of completion and the ability of the defendant to pay upon completion.

ii) Income tax

The consolidated entity is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The consolidated entity recognises liabilities for anticipated tax audit issues based on the consolidated entity's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

iii) Recovery of deferred tax assets

Deferred tax assets are recognised for deductible temporary differences only if the consolidated entity considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses. Assumptions about the generation of future taxable profits depend on management's estimates of future cash flows. These depend on estimates of future income, operating costs and capital expenditure.

iv) Impairment of intangibles with indefinite useful lives

The consolidated entity determines whether intangible assets with indefinite useful lives are impaired at least on an annual basis. The assumptions used in the estimation of the recoverable amount and the carrying amount of intangibles with indefinite useful lives are discussed in note 13.

Note 4 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.

	Consolidated	
Note 5 Revenue	June 2015 $	June 2014 $
Revenue		
Management Fees	42,000	42,000
Performance Fees	445,480	367,374
Distribution Income	-	-
	487,480	409,374
Note 6 Other Income/Expenses		
Other Income		
Sundry Income	-	151,881
Interest Received	30,178	8,287
Total other income	30,178	160,168
Net gain/(loss) on derecognition of intangible asset	(506,582)	(41,140)
Note 7 Expenses		
Finance costs		
Interest Expense	922	5,700
Rental expense relating to operating leases		
Minimum lease payments	274,786	124,590
Employment Expenses		
Employee Benefits Expense	1,423,531	701,683
Superannuation	79,981	48,253
Provision for employee entitlements	(125,554)	74,529
Payroll tax	57,796	-
Share based payment	-	95,703
	1,435,754	920,168
Note 8 Income tax expense		
The components of tax expense comprise:		
Current tax expense	-	-
Deferred Tax expense	907,285	207,194
	907,285	207,194

The prima facie income tax expense on pre-tax accounting profit from operations reconciles to the income tax expense/(benefit) in the financial statements as follows:

Profit/(loss) for the year	(2,794,705)	(800,364)
Tax at the Australian tax rate of 30% (2014: 30%)	(838,412)	(240,109)
Non-deductible expenses:		
- entertainment	5,086	989
- fines and penalties	22	1,508
- share based payments	-	28,711
- other non-deductible expenses	(67)	27,180
Non-assessable distributions to non-controlling interests	(73,914)	(25,473)
Income tax expense	(907,285)	(207,194)
Amounts charged/(credited) directly to equity		
Deferred tax assets (note 14)	137,279	58,058

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	Consolidated	
	June 2015	June 2014
Note 9 cash and cash equivalents	$	$
Cash at Bank	3,338,364	416,131
	3,338,364	416,131
Note 10 Trade and other receivables		
Trade receivables	772,733	49
Less: Provision for impairment of receivables	-	-
Other receivables	263,040	161,318
Security Deposit	586,282	243,596
Interest receivable	-	-
	1,622,055	404,963
Note 11 Related Party Loans		
Related Party Loans	122,228	282,445
	122,228	282,445
Note 12 Non-current assets - property, plant and equipment		
Plant and Equipment	88,879	81,619
Less: Accumulated depreciation	(82,813)	(71,405)
	6,066	10,214
Total plant and equipment	6,066	10,214

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

	Furniture & Fittings	Total
Consolidated	$	$
Balance at 1 July 2013	10,651	10,651
Additions	2,870	2,870
Disposals	-	-
Revaluation increments	-	-
Depreciation expense	(3,307) -	3,307
Balance at 30 June 2014	10,214	10,214
Additions	7,259	7,259
Disposals	-	-
Depreciation expense	(11,407)	(11,407)
Balance at 30 June 2015	6,066	6,066

Note 13 Intangible assets

(a) Reconciliation of carrying amounts at the beginning and end of the period	Consolidated $
Year ended 30 June 2014	
Balance at 1 July 2013	619,588
Additions	1,193,147
Litigation contracts in progress - expenses	(513,853)
Litigation contracts in progress - written down	(382,508)
Balance at 30 June 2014	916,374
Balance at 1 July 2014	916,374
Additions	3,518,325
Litigation contracts in progress - expenses	(746,457)
Litigation contracts in progress - written down	(1,113,003)
Balance at 30 June 2015	2,575,239

	Consolidated	
	June 2015 $	June 2014 $
Current	423,690	330,712
Non Current	2,151,549	585,662
	2,575,239	916,374

(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 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.

Note 14 Non-current assets - deferred tax

	Consolidated	
Deferred tax asset comprises temporary differences attributable to:	June 2015 $	June 2014 $
Amounts recognised in profit or loss:		
Property, plant and equipment	1,275	-
Employee benefits	12,948	50,614
Other Provisions	54,390	-
Accrued expenses	6,860	2,400
Tax losses carried forward	2,736,232	1,295,536
	2,811,705	1,348,550
Amounts recognised in equity:		
Transaction costs on share issue	149,328	47,294
	2,961,033	1,395,844

Movements in deferred tax assets - 2015	Opening Balance 1 July 2014 $	(Charged)/ credited to profit or loss $	(Charged)/ credited to equity $	Closing Balance 30 June 2015 $
Amounts recognised in profit or loss				
Property, plant and equipment	-	1,275	-	1,275
Employee benefits	50,614	(37,666)	-	12,948
Other Provisions	-	54,390	-	54,390
Accrued expenses	2,400	4,460	-	6,860
Tax losses carried forward	1,295,536	1,440,696	-	2,736,232
Amounts recognised in equity				-
Transaction costs on share issue	47,294	-	102,034	149,328
Closing balance	1,395,844	1,463,155	102,034	2,961,033

Movements in deferred tax assets - 2014	Opening Balance 1 July 2013 $	(Charged)/ credited to profit or loss $	(Charged)/ credited to equity $	Closing Balance 30 June 2014 $
Amounts recognised in profit or loss				
Property, plant and equipment		-	-	-
Employee benefits	28,256	22,358	-	50,614
Other Provisions	46,346	(46,346)	-	-
Accrued expenses	2,400	-	-	2,400
Tax losses carried forward	905,645	389,891	-	1,295,536
Amounts recognised in equity				-
Transaction costs on share issue	1,715	-	45,579	47,294
Closing balance	984,362	365,903	45,579	1,395,844

Recognition of deferred tax assets

The consolidated entity has recognised a deferred tax asset relating to carried forward tax losses as the consolidated entity's ability to utilise tax losses is considered probable based on the forecasting of future projects from reporting date to June 2018.

Note 14 Non-current assets - deferred tax (cont.)

	Consolidated	
Deferred tax liability comprises temporary differences attributable to:	June 2015 $	June 2014 $
Amounts recognised in profit or loss:		
Intangibles	772,572	250,388
Other	-	1,558
	772,572	251,946

Movements in deferred tax liabilities - 2015	Opening Balance 1 July 2014 $	(Charged)/ credited to profit or loss $	(Charged)/ credited to equity $	Closing Balance 30 June 2015 $
Amounts recognised in profit or loss				
Intangibles	250,388	522,184	-	772,572
Other	1,558	(1,558)		-
Closing balance	251,946	520,626	-	772,572

Movements in deferred tax liabilities - 2014	Opening Balance 1 July 2013 $	(Charged)/ credited to profit or loss $	(Charged)/ credited to equity $	Closing Balance 30 June 2014 $
Amounts recognised in profit or loss				
Intangibles	88,860	161,528	-	250,388
Other	16,855	(15,297)		1,558
Closing balance	105,715	146,231	-	251,946

	Consolidated	
Note 15 Current liabilities - trade and other payables	June 2015 $	June 2014 $
Trade payables	1,902,215	622,373
Distribution Payable	90,954	444,300
Other payables	251,742	416,924
	2,244,911	1,483,597

Note 16 Current liabilities - income tax

Provision for income tax	-	-

Note 17 Current liabilities - Employee benefits

Employee Benefits - Annual Leave	43,161	35,471
Employee benefits - Long Service Leave	-	133,244
	43,161	168,715

Amounts not expected to be settled within the next 12 months
The current provision for employee benefits includes all unconditional entitlements where employees have completed the required period of service and also those where employees are entitled to pro-rata payments in certain circumstances. The entire amount is presented as current, since the consolidated entity does not have an unconditional right to defer settlement. However, based on past experience, the consolidated entity does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months.

Note 18 Non-current liabilities - employee benefits

Employee benefits - Long Service Leave	-	-
	-	-

Note 19 Provisions

Provision for onerous contracts	181,298	-
	181,298	-

Onerous Contract

The consolidated entity is liable for unavoidable costs associated with a litigation project funded by the consolidated entity for which no recovery is expected. All expected future unavoidable costs associated with this project have been provisioned and the associated intangible asset has been written-down to nil in the period.

	Consolidated			
	June 2015	June 2014	June 2015	June 2014
Note 20 Equity - issued capital	Shares	Shares	$	$
Ordinary shares - fully paid	5,170,447	2,119,121	11,005,621	2,951,955
Ordinary shares - partly paid	477,675	477,675	-	-

Movements in fully paid "M" class share capital	Date	No of shares	Issue price	$
Opening balance at 1 July 2013		100	n/a	100
Conversion to ordinary shares	Feb-14	(100)	n/a	(100)
Balance at 30 June 2014 and 30 June 2015		-		-

Movements in fully paid "I" class share capital	Date	No of shares	Issue price	$
Opening balance at 1 July 2013		1,254,825	n/a	1,687,325
Conversion to ordinary shares	Feb-14	(1,254,825)	n/a	(1,687,325)
Balance at 30 June 2014 and 30 June 2015		-		-

Movements in fully paid ordinary share capital	Date	No of shares	Issue price	$
Opening balance at 1 July 2013		-	n/a	-
Conversion of M and I class shares to ordinary shares	Feb-14	1,254,925	n/a	1,687,425
Issue of shares	Feb-14	864,196	$1.62	1,399,998
Share issue transaction costs, net of tax				(135,468)
Balance at 30 June 2014		2,119,121		2,951,955
Issue of shares	Jul-14	1,560,000	$2.50	3,900,000
Issue of shares	Jun-15	1,491,326	$3.00	4,473,978
Share issue transaction costs, net of tax				(320,312)
Balance at 30 June 2015		5,170,447		11,005,621

Movements in partly paid "I" class share capital	Date	No of shares	Issue price	$
Opening balance at 1 July 2013		477,675	n/a	-
Conversion to ordinary shares	Feb-14	(477,675)	n/a	-
Balance at 30 June 2014 and 30 June 2015		-		-

Movements in partly paid ordinary share capital	Date	No of shares	Issue price	$
Opening balance at 1 July 2013		-	n/a	-
Conversion to ordinary shares	Feb-14	477,675	n/a	-
Balance at 30 June 2014 and 30 June 2015		477,675		-

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.

Capital risk management

When managing capital, which is defined as contributed equity, management's objective is to ensure that the consolidated entity continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders. Management also aims to maintain a capital structure that ensures the lowest cost of capital to the consolidated entity and takes advantage of favourable costs of capital or high returns on assets. The Company is not subject to any externally imposed capital requirements.

The capital risk management policy has not changed during the year.

	Consolidated June 2015 $	June 2014 $
Note 21 Share based payments		
Options issued under employee option plan	-	95,703

Employee option plan

The Employee Option Plan was approved on 1 December 2013 and gives Executive Directors Patrick Coope and Patrick Moloney the opportunity to participate in the plan. The Directors have been granted 265,843 options each, which vest 5 years after grant date.

When vesting occurs, each option can be exercised to purchase 1 ordinary share in LCM Litigation Fund Pty Ltd at an exercise price of $2.835.

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

2015

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
1/12/2013	1/12/2013	$ 2.835	531,686	-	-	-	531,686	531,686

2014

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
1/12/2013	1/12/2013	$ 2.835	-	531,686	-	-	531,686	531,686

Fair value of options granted

The weighted average fair value of options granted during the year was nil (2014: 0.18 cents). The fair value at grant date was determined by an independent valuator 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 year ended 30 June 2014 were as follows:

- options are granted for no consideration, have a 5 year life and are exercisable immediately
- grant date: 01/12/2013
- share price at grant date: $ 1.62
- exercise price: $2.835
- expected volatility: 25%
- expected dividend yield: 0%
- risk free rate: 3.5%

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.

Note 22 Reserves

Share based payments reserve

The share-based payments reserve is used to recognise the fair value of options issued to employees under the Employee Share Option Scheme. This reserve can be reclassified as retained earnings if options lapse and subsequently be declared as a dividend.

	Consolidated	
	June 2015	June 2014
Note 23 Equity - Controlling Interest	$	$
Issued capital	11,005,621	2,951,955
Retained Earnings	(3,826,562)	(1,689,712)
	7,179,059	1,262,243

Note 24 Equity - dividends

Dividends
No dividends were paid during the financial year.

Franking credits

Franking credits available for subsequent financial years based on a tax rate of 30%	-	-

The above amounts represent the balance of the franking account as at the end of the financial year, adjusted for:

- franking credits that will arise from the payment of the amount of the provision for income tax at the reporting date
- franking debits that will arise from the payment of dividends recognised as a liability at the reporting date
- franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date

Note 25 Subsidiaries and Transactions With Non-Controlling Interests

Interests in Subsidiaries
Information relating to the group's interests in subsidiaries at 30 June 2015 is set out below. All entities are incorporated in and operate within Australia. The ownership of each subsidiary is equal to the voting rights of each entity.

	Ownership Interest		Ownership Interest held by non-controlling interests	
	2015	2014	2015	2014
Name of Entity	%	%	%	%
LCM Litigation Fund Pty Ltd	100%	100%	-	-
ALF No.4 Pty Ltd	100%	100%	-	-
LCM No 11 Pty Ltd	100%	100%	-	-
ALF No 9 Pty Ltd	100%	100%	-	-
LCM No 13 Pty Ltd	100%	100%	-	-
LCM Litigation Management Pty Ltd	100%	100%	-	-
LCM Litigation Investment Fund No 1 Pty Ltd	100%	100%	-	-
LCM Unit Trust	60%	60%	40%	40%
LCM Litigation Investment Fund No.1 Trust	n/a[1]	50%	n/a[1]	50%
Basis Partnership	30%[2]	30%[2]	70%	70%
ALF No 12 Pty Ltd	n/a[1]	100%	-	-
Baygol Pty Ltd	n/a[1]	100%	-	-
Synthetic Turf Development Pty Ltd	n/a[1]	100%	-	-
Spargos Mining Pty Ltd	n/a[1]	100%	-	-
Queen Margaret Gold Mines Pty Ltd	n/a[1]	100%	-	-
Yellowstone Exploration & Mining Pty Ltd	n/a[1]	100%	-	-
Wandata Pty Ltd	n/a[1]	100%	-	-
Ocita Pty Ltd	n/a[1]	100%	-	-

[1] entity was deregistered during the year.

[2] the consolidated entity is deemed to control Basis Partnership as it directs activities of the entity as part of it's role as Partnership Manager and the non-controlling interests do not have sufficient voting rights to remove the Partnership Manager without the consolidated entities vote.

Note 26 Subsidiaries and Transactions With Non-Controlling Interests (continued)

Non-controlling interests (NCI)

The table below sets out the summarised financial information for each subsidiary that has non-controlling interests that are material to the group. Amounts disclosed are before intercompany eliminations.

	LCM Unit Trust		Basis Partnership		LCM Litigation Investment Fund No.1 Trust	
	2015	2014	2015	2014	2015	2014
	$	$	$	$	$	$
Summarised statement of financial position						
Current assets	181,307	100,001	77,928	476,248	-	3,047
Non-current assets	-	-	-	81,748	-	-
Total assets	181,307	100,001	77,928	557,996	-	3,047
Current liabilities	81,306	-	9,648	435,753	-	-
Non-current liabilities	-	-	-	-	-	-
Total liabilities	81,306	-	9,648	435,753	-	-
Net assets	100,001	100,001	68,280	122,243	-	3,047
Summarised statement of profit or loss and other comprehensive income						
Revenue	203,266	200,000	-	-	-	-
Other income	-	-	238,699	115,651	-	8,779
Expenses	-	150,000	2,000	3,706	-	23,174
Profit before income tax expense	203,266	50,000	236,699	111,945	-	(23,174)
Income tax expense	-	-	-	-	-	-
Profit after income tax expense	203,266	50,000	236,699	111,945	-	(23,174)
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income	203,266	50,000	236,699	111,945	-	(23,174)
Statement of cash flows						
Net cash from operating activities	-	-	(83)	(3,527)	-	(1,035)
Net cash used in investing activities	-	50,000	164,024	270,037	-	146,635
Net cash used in financing activities	-	(49,999)	(64,861)	(408,705)	(3,047)	(146,261)
Net increase/(decrease) in cash and cash equivalents	-	1	99,080	(142,195)	(3,047)	(661)
Other financial information						
Profit attributable to non-controlling interests	81,306	20,000	166,604	79,304	-	(7,198)
Accumulated non-controlling interests at year end	40,000	40,000	68,281	122,243	-	1,524
Distributions paid to non-controlling interests	81,306	(20,000)	166,604	79,305	1,524	-

Transactions with non-controlling interests

On 13 February 2014 the LCM Unit Trust was established. The consolidated entity sold rights to performance fees to LCM Unit Trust for $150,000, which this amount contributed back to LCM Unit Trust for a 60% ownership in the entity. The remaining 40% is equally owned by Australian Insolvency Group Pty Ltd of which Patrick Coope is a shareholder and Heli-Saw Holdings Pty Ltd of which Patrick Moloney is a shareholder.

Note 27 Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by BDO Audit (SA) Pty Ltd, the auditor of the company, its network firms and unrelated firms:

	June 2015 $	June 2014 $
Audit Services		
Amounts paid/payable for audit and review of financial statements for the entity or any entity in the Group	30,200	19,200
Taxation Services		
Amounts paid/payable to a related practice of the auditor for tax compliance and advisory services	9,174	21,005

Note 28 Related party transactions

Parent entity

LCM litigation Fund Pty Ltd is the parent entity of the Group.

Subsidiaries

Interests in subsidiaries are disclosed in note 25

Key Management Personnel Compensation

The aggregate compensation made to directors and other members of key management personnel of the consolidated entity is set out below:

	June 2015 $	June 2014 $
Short-term employee benefits	854,167	666,667
Post-employment benefits	41,667	45,833
Long-term benefits	20,794	39,058
Termination benefits	-	-
Share based payments	-	95,703
	916,628	847,261

Transactions with related parties

The following transactions occurred with related parties:

Patrick Moloney is a director and shareholder of 101 Capital Pty Ltd. 101 Capital Pty Ltd is the Trustee of LCM Litigation Investment Fund and engages LCM Litigation Management Pty Ltd to manage this entity on it's behalf. LCM Litigation Management Pty Ltd. During the year, LCM Litigation Management Pty Ltd has earned a management fee of $42,000 (2014: 42,000) and performance fee of $242,214 (2014:167,374). An amount of $122,228 (2014: 282,445) was owing from LCM Litigation Investment Fund at year end.

Patrick Moloney is a shareholder of Litigation Insurance Pty. Ltd which carries out insurance broking services. This entity arranges After The Event insurance policies for either the consolidated entity or Litigants to whom the consolidated entity is providing funding to. Litigation Insurance Pty Ltd is not paid a fee or commission from the consolidated entity for these insurance broking services however brokerage fees are paid by the insurer.

Patrick Coope and Patrick Moloney are both shareholders of Small Claims Funding Pty Ltd. At 30 June 2014 the consolidated entity owed $40,000 to Small Claims Funding Pty Ltd who paid for costs on behalf of the consolidated entity. No amount was outstanding at 30 June 2015.

Patrick Coope is a shareholder of Australian Insolvency Group Pty Ltd. At 30 June 2014 the consolidated entity owed $20,345 to Australian Insolvency Group Pty Ltd who provided a short term loan to the consolidated entity. No amount was outstanding at 30 June 2015.

Transactions with non-controlling interests

Directors Patrick Coope and Patrick Moloney both have a non-controlling interest in LCM Unit Trust, Basis Partnership and LCM Litigation Investment Fund No.1 Trust.

Note 29 Parent entity information

Set out below is the supplementary information about the parent entity.

	June 2015 $	June 2014 $
Statement of profit or loss and other comprehensive income		
Profit/(loss) after income tax	(2,115,500)	(200,130)
Total comprehensive income	(2,115,500)	(200,130)
Statement of financial position		
Total current assets	5,492,404	969,856
Total assets	10,671,053	3,023,185
Total current liabilities	2,319,410	1,130,334
Total liabilities	3,091,983	1,382,280
Equity		
Issued capital	11,005,621	2,951,955
Share based payments reserve	95,703	95,703
Retained profits	(3,522,254)	(1,406,753)
Total equity	7,579,070	1,640,905

Significant accounting policies
The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in note 2.

Note 30 Events after the reporting period

LCM Litigation Fund Pty Ltd is expected to become part of a listed group on the Australian Securities Exchange in 2015 with a minimum capital raising of $10 million. No other matter or circumstance has arisen since 30 June 2015 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Note 31 Reconciliation of profit after income tax to net cash from operating activities

	June 2015 $	June 2014 $
Profit/(loss) after income tax expense for the year	(1,887,420)	(593,170)
Adjustments for:		
Net impact of the reclassification of litigation related cash flows to cash flows to/(from) investing activities	506,582	41,140
Depreciation and amortisation	11,407	3,307
Non-cash employee expenses - share-based payments	-	95,703
Change in operating assets and liabilities:		
Decrease in trade and other receivables	(101,722)	110,017
(Increase)/decrease in related party loans	160,217	(156,438)
Increase/(decrease) in trade and other payables	1,352,907	105,375
Increase/(decrease) in provision for income tax		-
Increase/(decrease) in deferred taxes	(907,285)	(207,194)
Increase in employee benefits	(125,554)	74,529
Increase in other provisions		-
Net cash from operating activities	(990,868)	(526,731)

Note 32 Commitments and Contingencies

Operating lease commitments
Leasing Arrangement

Operating lease relate to business premises leased in Adelaide, Brisbane and Sydney. The Group has lease terms with between 1 and 6 month cancellation period requirements.

Non-cancellable leases		
- not later than 12 months	53,205	56,711
- between 12 months and 5 years	-	-
- greater than 5 years	-	-
	53,205	56,711

Note 33 Financial Instruments

Financial risk management and policies
The Group's principal financial instruments comprise cash and short-term deposits, receivables and payables.

The Group actively manages its exposure to key financial risks, including interest rate risk. The objective is to support the delivery of the Group's financial targets whilst protecting its future financial security.

The main risks arising from the Group's financial instruments are interest rate risk, credit risk and liquidity risk. The Group uses different methods to measure and manage difference types of risks to which it is exposed. These include monitoring levels of exposure to interest rates and assessments of market forecasts. Aging analyses and monitoring of specific debtors are undertaken to manage credit risk. Liquidity is monitored through the development of future rolling cash flow forecasts.

Risk exposures and responses

Interest rate risk
The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's cash holdings with a floating interest rate. At reporting date, the Group had the following financial instruments exposed to interest rate risk.

	June 2015 $	June 2014 $
Financial Instruments		
Cash and cash equivalents	3,338,364	416,131
	3,338,364	416,131

The following sensitivity analysis is based on the interest rate risk exposures in existence at the reporting date. At 30 June 2015, if interest rates had moved as illustrated in the following table, with all other variables held constant, post tax profit and equity would have been affected as follows:

Potential reasonably possible movements:		
+0.5% (2014: +.5%)	16,692	2,081
-0.5% (2014: -.5%)	(16,692)	(2,081)

Credit Risk

Credit risk arises from the financial assets of the Group, which comprises cash and cash equivalents and receivables. The Group's exposure to credit risk arises from potential default of the counterparty. The maximum exposure equals the carrying amount of these instruments. Exposure at reporting date is addressed in each applicable note.

The Group's cash and cash equivalents are held in financial institutions with a AA credit rating and are subject to the prudential regulation of the Reserve Bank of Australia.

The Group assesses the defendants in the matters funded by the Group prior to entering into any agreement to provide funding and continues this assessment during the course of funding. Whenever possible the Group ensures that security for settlements sums is provided, or the settlements funds are placed into solicitors' trust accounts.

Liquidity Risk

The liquidity position of the Group is managed to ensure sufficient liquid funds are available to meet the Group's expected financial commitments in a timely and cost effective manner. Management continually reviews the Group's liquidity position, including the preparation of cash flow forecasts, to determine the forecast liquidity position and to maintain appropriate liquidity levels. All financial liabilities of the Group are current and payable within 30 days.

The maturity profile of the Group's financial liabilities based on contractual maturity on an undiscounted basis are:

2015	< 6 months	Total
Financial Liabilities		
Trade and other payables	2,244,911	2,244,911
2014		
Financial Liabilities		
Trade and other payables	1,483,597	1,483,597

Fair Value
The net fair value of financial assets and financial liabilities of the entity approximates their carrying value.

LCM LITIGATION FUND PTY LTD
ACN 078 747 092

DIRECTORS DECLARATION

In the directors' opinion:

the attached financial statements and notes comply with the Accounting Standards and other mandatory professional reporting requirements;

the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial statements;

the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 30 June 2015 and of its performance for the financial year ended on that date;

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 7 day of September 2016.

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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF LCM LITIGATION FUND PTY LTD

We have audited the accompanying financial report of LCM Litigation Fund Pty Ltd, which comprises the consolidated statement of financial position as at 30 June 2015, 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 year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the entity and the entities it controlled at the year's end or from time to time during the financial year.

The Directors' Responsibility for the Financial Report

The directors are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards, and for such internal control as the directors determine is necessary to enable the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting 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 about 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 the auditor's 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, the auditor considers internal control 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 control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, 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 Australian professional accounting bodies.

Opinion

In our opinion:

(a) the financial report presents fairly, in all material respects, the financial position of the consolidated entity as at 30 June 2015, and its financial performance and cash flows for the year then ended in accordance with Australian Accounting Standards; and

(b) the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1.

Emphasis of Matter

We draw attention to Note 1 of the financial report, indicating that management has amended a previously issued financial report, issued on 25 May 2016 and describe the reasons for amending the previously issued financial report. Consequently we are reissuing our audit report and our opinion is not modified in respect of this matter.

BDO

BDO Audit (SA) Pty Ltd

G Edwards

Geoff Edwards
Director

Adelaide, 7 September 2016