

Litigation Capital Management Ltd
2017 Full Year Results Presentation
31 August 2017

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Managing Director



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1. Full year results overview and FY18 outlook

FY 2017 results

FY17 financial and operational highlights

- The Directors of LCM continue to be 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 \$2.34m for the full financial year ended 30 June 2017 (30 June 2016: loss of \$2.21m)
- During the first half of the period, 1 July 2016 to 31 December 2016, LCM reported a loss of \$2.42m compared against the loss for the full financial year of \$2.34m
- When considered with the 'one-off' expenses of c. \$0.65m this supports the view held by the Directors of LCM that the transition to profitability is well under way

Strong Litigation Project performance

FY17 financial and operational highlights

- LCM's portfolio of Litigation Projects is now the largest (in terms of number and aggregate Gross Claim Size) that it has been since its inception
- The financial performance of the two Litigation Projects Completed in FY17 positively contributes to LCM's historical financial performance
- LCM is proud to have managed Litigation Projects over the last six financial years that have produced a ROIC of 2.4x at an average time to maturity of 26 months at an IRR of 81%
- As at 30 June 2017 LCM had \$12.5m of capital invested in Litigation Projects as compared with \$6.5m as at 30 June 2016 - an increase of 92%
- LCM is currently managing 14 Litigation Projects, (11 of which LCM is financing directly) with an aggregate Gross Claim Size of c. \$905m
- LCM has also conditionally agreed to fund a further 6 claims with an aggregate Gross Claim Size of \$131.4m

Significant growth in Litigation Project portfolio

Current Litigation Project portfolio

- 14 Litigation Projects in the portfolio
- LCM is managing a portfolio with Gross Claim Size of c. \$905m (\$735.6m of which it is funding directly)
- Weighting to FY18 remains

Forecast Completion	FY18	FY19	Total
LCM	8	3	11
IPFA*	3	0	3
Total	11	3	14

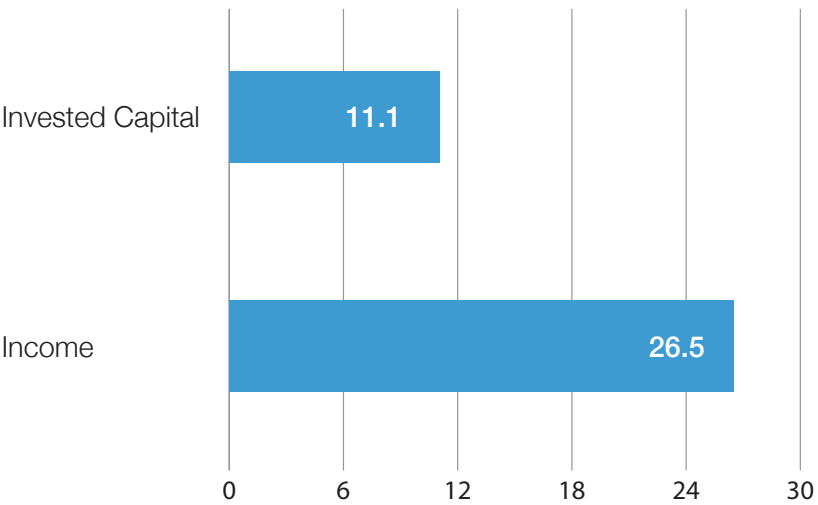
Litigation Project pipeline

- At present there are 29 Pipeline Projects (the composition of that list of Pipeline Projects has changed), 6 of which are subject to a conditional funding agreement. The current Pipeline Projects have an aggregate:
 - estimated Gross Claim Size of c. \$1.89bn
 - estimated budget of \$88m

* International Partner Financing Arrangement

Strong Litigation Project performance – 79% profitable in the 6 financial years to 2017 with an IRR of 81%

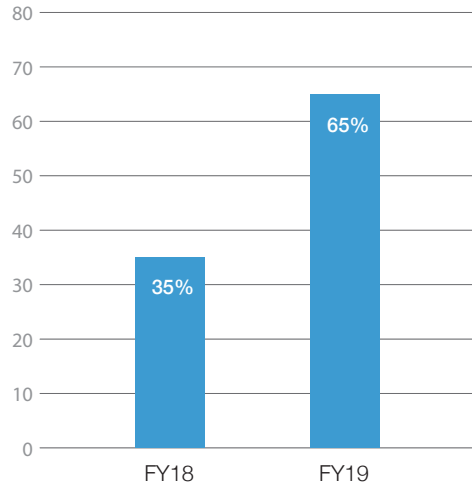
Since inception	<ul style="list-style-type: none"> ■ LCM has managed 48 Litigation Projects to Completion since 1998 ■ 38 of these Litigation Projects (79%) have been profitable
Fund 2	<ul style="list-style-type: none"> ■ Fund 2, one of the external financing arrangements, commenced in March 2012 and completed in June 2016 ■ Capital drawn from Unitholders - c. \$1.75m ■ Capital returned to Unitholders - c. \$5.21m ■ Cash return of 3.0x at an IRR of 42% to Unitholders
Last 6 financial years - \$m	



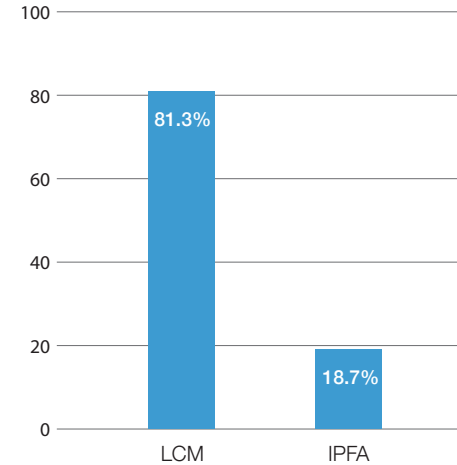
- LCM has managed 26 Litigation Projects to Completion in the last six financial years
- Return on Invested Capital (ROIC) during this period was 2.4x (across all 26 Litigation Projects)
- \$26.5m was returned on total Invested Capital of \$11.1m at an IRR of 81% (across all 26 Litigation Projects)
- The average time to Completion was 26 months
- ROIC means the proceeds from a settlement or judgment that LCM receives in respect of a Litigation Project divided by the Invested Capital on a Litigation Project

LCM's Litigation Project portfolio

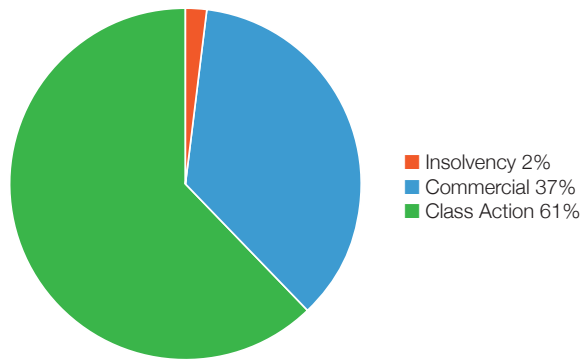
Gross Claim Size by Completion year - %



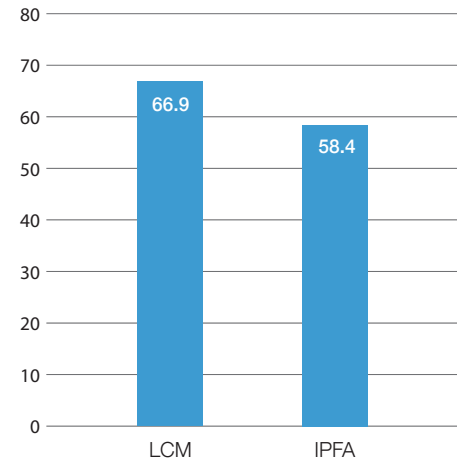
Gross Claim Size by financing entity - %



Gross Claim Size by type of Litigation Project - %



Average Gross Claim Size by financing entity - \$m



Achievements since the IPO

Key developments

- LCM's Pipeline Projects have increased from 15 with an aggregate Gross Claim Size of \$1.4bn at the time of the IPO to 29 Pipeline Projects with an aggregate Gross Claim Size of \$1.89bn
- In April, LCM opened a new office in Melbourne so as to better service the Victorian market
- LCM has employed an international arbitration expert as an Investment Manager who is dedicated to the development of LCM's offering in the international arbitration space in Hong Kong and Singapore.
- 10 new applications for funding in this space have already been received
- The two Litigation Projects which completed in FY17 achieved a result better than forecast
- LCM has recently entered into a new \$4m credit facility to enable it to further invest in its portfolio of Litigation Projects and Pipeline Projects
- Increased by a multiple of 3x the capital invested in the Litigation Project

LCM's Litigation Project portfolio is well on track

Litigation Project portfolio

- The maturation of LCM's current portfolio of Litigation Projects is progressing very well and in respect of some Litigation Projects better than anticipated
- The individual Litigation Projects which together comprise the portfolio of Litigation Projects presently being managed and funded by LCM are generally tracking as, or better than expected
- The Litigation Project which was expected to complete within FY17 is progressing towards a resolution well within FY18
- In addition, the Portfolio of Litigation Projects which LCM had originally forecast for resolution in FY18 are maturing towards a resolution well within that timeframe

FY18 is positioned to be the best year in LCM's history

FY18 outlook

- LCM is pleased with the composition and maturation of its Litigation Project portfolio
- LCM continues to see significant levels of attractive investment opportunities
- The Directors of LCM continue to be encouraged by the scale and pace of the growth of the litigation financing industry globally
- LCM will continue to monitor these developments closely with a view to broadening out its service offering should any of these opportunities present themselves in a suitable manner
- The Board of LCM regard the future prospects of LCM as bright

2. About LCM

About LCM

- LCM is one of the oldest litigation financiers in the world
- Litigation financing first developed in Australia - LCM, along with IMF Bentham, were the pioneers of the asset class
- LCM currently has minimal debt
- LCM has been involved in litigation financing since 1998 - giving LCM an 19 year track record (48 Litigation Projects covering 192 cases)
- Litigation financing has grown rapidly globally - especially in the US and the UK with billions of dollars now in FUM and a diverse range of finance products being offered
- The overwhelming majority of Litigation Projects settle - approx. 95% for LCM giving rise to outcomes which are far less binary than may have been perceived
- Financial returns are very attractive
 - The 26 Litigation Projects managed by LCM over the 6 financial years to 30 June 2017 generated an IRR of 81% - Return on Invested Capital (ROIC) of 2.4x over 26 months average duration
- LCM started an IPO process in 2014 and listed on the ASX in late 2016 (ASX:LCA)

Key highlights

Long track record	<ul style="list-style-type: none">■ Founded in 1998 – LCM was one of the first professional litigation financiers in the world■ Of the 48 managed Litigation Projects to Completion, 38 have been profitable – 79%■ The CEO of LCM, Patrick Moloney, has been with LCM since 2003 and has over 20 years experience as a commercial litigator
Proven historical Litigation Project performance	<ul style="list-style-type: none">■ Over the six financial years to 30 June 2017 LCM managed 26 Litigation Projects to Completion and generated a Return of Invested Capital of 2.4x with an average time to completion of 26 months at an IRR of 81% (across all 26 Litigation Projects)■ The recently completed Fund 2 generated returns to unitholders of 3.0x at an IRR of 42%
Strong ‘in-force’ Litigation Project portfolio	<ul style="list-style-type: none">■ 14 existing Litigation Projects with a Gross Claim Size of c. \$905m■ 29 Pipeline Projects with an estimated Gross Claim Size of \$1.89bn and an estimated budget of \$88m■ 6 of these Pipeline Projects are subject to a conditional funding agreement with an aggregate estimated Gross Claim Size of \$131.4m
Earnings in FY17 and forecast for FY18	<ul style="list-style-type: none">■ Two Litigation Projects Completed in FY17, when considered in aggregate, generated an IRR of 480%, 3.8x ROIC over 18 months average duration■ 11 out of 14 current Litigation Projects are forecast to Complete in FY18
Sector well placed for ongoing growth	<ul style="list-style-type: none">■ Increased global activity in the US and Europe with capital flowing into the sector■ Trends such as large corporates engaging with professional litigation financiers to effectively ‘monetise’ litigation■ Asian markets exhibiting a growing acceptance of the asset class

LCM focusses on four types of claims

Insolvency claims	<ul style="list-style-type: none">■ Insolvency claims include unfair preference claims, claims against former directors for breaches of their duties and insolvent trading as well as other claims brought by liquidators of insolvent companies■ This market typically has counter cyclical characteristics due to the correlation between economic downturns and an increase in the number of insolvency events
Commercial claims	<ul style="list-style-type: none">■ Commercial claims include breach of contract, negligence and misrepresentation■ This market segment is benefitting from a growing trend for companies to outsource the risk capital and management of litigation claims so as to quarantine business interruption both from a financial and time management perspective for key executives
Class actions	<ul style="list-style-type: none">■ Class actions include shareholder claims, product liability, investment claims and event based claims (such as bushfires, floods, etc.)■ LCM has recently announced that it is investigating or funding two new class actions:<ul style="list-style-type: none">> claim by the former shareholders in Quintis Limited; (currently being investigated) and> a claim by the former shareholders in Discovery Metals against KPMG (funding now unconditional)
International arbitration	<ul style="list-style-type: none">■ Recent legislative changes have opened up the market for litigation funding in Singapore and Hong Kong - hubs for international arbitration■ LCM has recruited an international arbitration specialist as an Investment Manager to capitalise on this opportunity

LCM selection process - five pillars

1 Clear legal principles	<ul style="list-style-type: none">■ LCM will generally only finance Litigation Projects where the legal principles involved are clear and accepted, as Litigation Projects which involve the testing of legal principles carry a higher degree of risk and are more likely to result in appeals being made
2 Documentary evidence	<ul style="list-style-type: none">■ LCM prefers not to finance Litigation Projects which are entirely reliant on the acceptance by the Court of oral testimony■ Litigation Projects founded on documentary evidence generally carry far less risk as they are not entirely reliant on the acceptance by the Court of a witness's oral testimony
3 Ability to recover	<ul style="list-style-type: none">■ LCM undertakes investigations to satisfy itself that a defendant may have the financial capacity to meet any judgment that may be made against it or may otherwise have the financial capacity to settle a Litigation Project■ To this end, LCM undertakes asset searches and considers any relevant insurance policies as well as the risk of an insurer seeking to avoid indemnity under these policies
4 Cost/benefit analysis	<ul style="list-style-type: none">■ LCM will undertake detailed analysis of the quantum of the Gross Claim Size and potential Recovery as compared to the likely costs and financing commitment required■ As part of this, LCM may obtain ATE insurance to mitigate the risk of being required to meet any adverse costs order■ LCM will also closely manage these costs throughout the duration of a Litigation Project to ensure that the Litigation Project does not become uneconomic
5 Active management	<ul style="list-style-type: none">■ LCM takes an active role in managing all Litigation Projects with the goal of adding value for its client(s) and acting diligently to manage and protect LCM's capital■ LCM selects and appoints solicitors and barristers to litigate each Litigation Project and seeks to ensure that all necessary work is done on time, efficiently and cost effectively

LCM investment committee process

Preliminary due diligence	<ul style="list-style-type: none"> ■ Investment manager considers applications for financing against LCM’s five key pillars ■ Request and consider all relevant documents ■ Make enquiries as to prospects of successful recovery and request the budget for the Litigation Project
Investment committee review	<ul style="list-style-type: none"> ■ Review by committee of three investment managers (and if necessary a senior independent legal professional) ■ This level of review results in the rejection of a large proportion of Litigation Projects ■ Suggestions made by committee as to how to progress Litigation Project which may be accepted ■ Recommendation may be made to accept a Litigation Project
Board review and approval	<ul style="list-style-type: none"> ■ Preparation of a formal Litigation Project analysis document ■ May require independent opinion from Queens Counsel/Senior Counsel (QC/SC) ■ May require further assessment on the quantum of the Litigation Project or likely recovery ■ May approve entry into conditional financing agreement
Conditional financing agreement	<ul style="list-style-type: none"> ■ Common conditions may include: <ul style="list-style-type: none"> > Further independent QC/SC opinion that the Litigation Project has good prospects > Budget provided and solicitors’ retainer agreement signed ■ Proceedings to commence and claim is prepared to be filed
Additional due diligence	<ul style="list-style-type: none"> ■ LCM meets costs of further DD but, if it elects to proceed to unconditional financing, these costs are recoverable from the outcome of the Litigation Project
Unconditional financing agreement	<ul style="list-style-type: none"> ■ Once LCM is satisfied, LCM issues notice that the financing is unconditional, which will result in LCM being required to pay all costs and may be required to provide an indemnity and/ or security for any adverse cost order that may be made against LCM’s client(s) in respect of the Litigation Project ■ LCM reserves the contractual right to terminate the financing arrangement at any time without cause

LCM Board of Directors

Dr David King - Chairman	Patrick Moloney - MD	Steven McLean - NED
<p>David is an experienced and successful businessman, with substantial experience as a Senior Executive and/ or Director of public and private companies. David is a Fellow of the Australian Institute of Company Directors, a Fellow of the Australasian Institute of Mining and Metallurgy and a Fellow of the Australian Institute of Geoscientists</p> <p>David was the founder and non-executive director of Sapex Ltd, Gas2Grid Ltd and Eastern Star Gas Ltd and previously served as managing director of North Flinders Mines Ltd and CEO of Beach Petroleum and Claremont Petroleum</p> <p>David also has significant experience in complex litigation in both Australia and internationally, having served as CEO of Beach Petroleum and Claremont Petroleum when those companies successfully prosecuted multi-million dollar proceedings against former directors and others for frauds against those companies in Australia, the United States and Europe in the 1990s</p> <p>David currently serves as a non-executive Chairman of ASX listed Galilee Energy Limited and Cellmid Limited and is a non-executive Chairman of Oslo Axess-listed African Petroleum Corporation Ltd</p> <p>David was appointed as a Director of LCM on 9 October 2015 (ie. on incorporation) and was appointed as a Director of LCM Litigation in February 2014</p>	<p>Patrick Moloney has been a Director of LCM Litigation since 2003. In 2013 he became Joint Managing Director and in 2015 he became sole Managing Director</p> <p>As the Managing Director of LCM, Patrick is responsible for overseeing all Litigation Projects in which LCM has an investment and (as a board member) for approving new Litigation Projects for financing. Patrick is also involved in all aspects of the business including devising strategy for future growth, investor relations and corporate affairs</p> <p>Patrick was previously the principal of Moloney Lawyers, which he established in 2003 and has 22 years' experience as a legal practitioner. Moloney Lawyers specialised in commercial litigation and acted in more than 200 commercial litigation cases for its clients</p> <p>Patrick was appointed as a Director of LCM on 9 October 2015 (i.e. on incorporation) and was appointed as a Director of LCM Litigation in 2003</p>	<p>Steven has an investment banking background, with over 20 years' experience, commencing with Ernst & Young Corporate Finance before moving to J.P. Morgan both in Australia and Europe</p> <p>Steven has led equity transactions which have raised in excess of \$50bn for corporates across various countries including Australia, USA, UK, Switzerland, Finland, Holland, Austria, France, Russia, Singapore and Bermuda</p> <p>Steven is currently the Chairman of ASX listed ReNu Energy Ltd</p> <p>Steven was appointed as a Director of LCM on 9 November 2015</p>

LCM executive team

- LCM employs four investment managers whose responsibilities are to manage existing Litigation Projects, undertake preliminary assessment of applications for financing for economically viable Litigation Projects and to engage in business development activities
- These investment managers are each highly experienced solicitors from commercial litigation backgrounds
- This team has an acute understanding of LCM's business and is highly proficient in selecting Litigation Projects which are likely to be profitable and managing those Litigation Projects through to successful Completion
- The current team has the capacity to effectively manage a material increase in the number of Litigation Projects however LCM will continue to make key hires when appropriate opportunities arise

3. Industry overview

Industry overview

- Litigation financing involves the financing of third parties' legal claims in exchange for receiving a share of any amounts recovered from those claims
- Litigation financing started in Australia in the 1990s as financing for liquidators of insolvent companies to bring claims vested in the liquidators or in those companies
- Litigation financing remains an emerging alternative asset class with returns determined by the skill of selecting and managing profitable Litigation Projects
- Since 2006 there has been significant growth of the industry and expansion beyond insolvency claims to commercial claims and class actions
- In early 2013, the litigation market in Australia was estimated to be larger than \$20bn per annum with the litigation financing market estimated at approx. \$3bn¹
- Ongoing growth of the Australian litigation financing market is likely to be fostered by the prohibitive cost of large scale litigation, the desire to avoid the significant risks and the recognition of the value of professional management of litigation which financiers provide

¹ Baillieu Holst Research Report (IMF Australia) (13 February 2013), page 4

Supportive regulatory environment

- In Australia, litigation financiers are not currently subject to any mandatory licensing or prudential oversight requirements and the benefit provided by litigation financiers has consistently been upheld in Australia over a number of years
- Specifically, in 2006, the beneficial role of litigation financing was affirmed by the High Court in *Campbells Cash and Carry Pty Limited v Fostif Pty Ltd*, where it was held that litigation financing is not an abuse of the Court process
- The role of litigation financing was further affirmed with the introduction of the Corporations Amendment Regulation 2012 (No. 6) , which provided litigation financiers with relief from a High Court decision, which would have imposed additional regulatory oversight on litigation financiers, provided that (among other things) litigation financiers maintain adequate practices for managing any conflict of interest that may arise in relation to litigation that they finance
- Report of the Productivity Commission into Access to Justice Arrangements (2014) found that:
 - “Private financing can provide an important avenue for accessing justice for litigants who lack (liquid) financial resources but have meritorious claims”
 - “Since funders choose cases based on commercial viability, their involvement favours cases with relatively high costs, large payouts and low risk.”
- The Productivity Commission also recommended that licensing of litigation financiers be introduced as well as some form of prudential requirements
- Such regulation will be welcomed by established operators with additional barriers to entry for smaller or aspiring providers of litigation finance

Developments in the class actions landscape

Class actions

- Current landscape for the pursuit of class actions is highly competitive for both lawyers and their funders
- To date there has been uncertainty as to how the courts would manage competing class actions against the same defendant
- Recent decision relating to Bellamy's Australia Ltd in relation to two competing open class actions has provided guidance
- The class in one of the actions was ordered to be closed, whilst the other was permitted to remain open. The court compared the two respective funders and preferred the funder whose financial capacity to fund the claim and adverse costs was transparent
- Competitive advantage is now with litigation funders who can readily demonstrate their financial capacity, are listed in a regulated environment such as the ASX and are transparent unlike some off-shore funders who operate from tax havens
- This provides a significant opportunity for LCM as it transitions into a better capitalised fund

Developments in the class actions landscape (cont'd)

Use of technology

- Intelligent technology is playing an ever increasing role in legal services and most particularly, litigation
- The monitoring of the market places in which LCM operates enables us to identify anomalies and potential class action opportunities ahead of our competitors
- LCM has commenced the development of a proprietary system which enables it to identify market opportunities sooner, manage those opportunities and respond in less time than our competitors
- LCM is also developing systems which will enable it to both build classes of affected parties and manage communications with those class members such that the class action opportunities can be optimised and operated with greater efficiency

Recent global developments

Steps taken in the opening of the Asian market

- On 10 January 2016 the Parliament of Singapore abolished the doctrines of maintenance and champerty (which previously prevented parties with no interest in litigation from funding that litigation) and made regulations for the litigation financing of prescribed proceedings including international arbitration
- On 14 June 2017 the Parliament of Hong Kong adopted long-awaited legislation expressly allowing third-party funding of arbitration and mediation in the territory
- LCM sees these steps as crucial to the opening of the litigation financing market in Asia

Senior Minister of State for Law in Singapore Indranee Rajah said of the new law:

“It will offer businesses an additional financing and risk management tool when engaged in the relevant categories of proceedings. This includes the financing of valid claims which they may otherwise not pursue due to financial constraints.”

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Appendix

Summarised financial performance

\$000's		FY17	FY16	Change
Income				
	Revenue and other income	13	565	
	Net profit on derecognition of intangible assets	<u>2,182</u>	<u>108</u>	
Total income		2,195	673	1,522
Expenses				
	Corporate and office expenses	1,272	924	
	Legal and professional fees	200	1,614	
	Employment expenses	1,402	1,230	
	Foreign exchange loss	310	0	
	Finance costs	1,665	102	
	IPO listing expense	202	0	
	Other	<u>6</u>	<u>5</u>	
Net profit/(loss) before tax		(2,860)	(3,202)	342
Income tax (expense)/benefit		<u>522</u>	<u>989</u>	
Net profit/(loss) after tax		(2,340)	(2,213)	(127)

Note: numbers may not add due to rounding

Summarised balance sheet

000's		30 Jun 2017	30 Jun 2016	Change
Assets				
Current	Cash and cash equivalents	1,862	5,919	
	Litigation Projects	11,683	3,574	
	Other	<u>44</u>	<u>673</u>	
Total current		13,590	10,165	
Non current	Litigation Projects	786	2,920	
	Deferred tax asset	7,766	5,125	
	Other	8	13	
Total non current		8,561	8,059	
Total assets		22,151	18,224	3,927
Liabilities				
Current	Borrowings	0	7,505	
	Other	<u>2,037</u>	<u>3,161</u>	
Total current		2,037	10,666	
Non current	Deferred tax	<u>3,429</u>	<u>1,948</u>	
Total non current		3,456*	1,948	
Total liabilities		5,493	12,614	(7,121)
Equity		16,658	5,610	11,048

Note: numbers may not add due to rounding

* Includes \$26,862 of employee benefits

Typical LCM litigation financing agreement

Typical components of an LCM litigation financing agreement

- LCM meets all of the costs of litigation. These costs generally include solicitors' fees, barristers' fees, liquidators' fees, charges of independent experts and court fees
- LCM provides an indemnity to its client(s) in respect of any costs orders that might be made against them in favour of the defendant, in the event that their litigation is unsuccessful
- In exchange, LCM:
 - receives a percentage of the gross proceeds of any award or settlement of the litigation (Recovery), which percentage is generally between 20 and 40%; and
 - is reimbursed for all of the capital deployed to finance the litigation
- A right for LCM to terminate the litigation financing agreement at any stage by providing written notice to its client(s), following which LCM will cease to be liable for any costs or adverse costs orders arising in respect of the period following termination
- LCM often seeks to mitigate the risk of being required to meet any adverse costs orders by obtaining after the event (ATE) insurance in respect of a Litigation Project, which will insure LCM against the costs of being required to meet any adverse costs order up to a specified value

Key milestones

LCM history	
1998	<ul style="list-style-type: none"> ■ Inception of LCM and litigation financing business
2003	<ul style="list-style-type: none"> ■ Patrick Moloney appointed as a Non-Executive Director
2006	<ul style="list-style-type: none"> ■ LCM expands into financing commercial Litigation Projects (in addition to insolvency Litigation Projects)
2009	<ul style="list-style-type: none"> ■ Establishes first satellite fund investing in a specific pool of Litigation Projects
2011	<ul style="list-style-type: none"> ■ Establishes further satellite fund investing in a specific pool of Litigation Projects
Early 2013	<ul style="list-style-type: none"> ■ Enters into third party financing arrangement with International litigation financier
Late 2013	<ul style="list-style-type: none"> ■ Patrick Moloney and Patrick Coope appointed on a full-time basis as Joint Managing Directors
Early 2014	<ul style="list-style-type: none"> ■ Equity raising of \$1.4m to invest in systems and people
2014	<ul style="list-style-type: none"> ■ Three investment managers and two finance professionals appointed ■ Equity raising of \$3.9m for continued investment in people and systems and to strengthen the LCM balance sheet for direct investment in Litigation Projects
2015	<ul style="list-style-type: none"> ■ Patrick Coope ceases to be a Director and Patrick Moloney becomes the sole Managing Director ■ Equity raising of \$5m to strengthen the LCM balance sheet for direct investment in Litigation Projects and to position LCM for IPO
2016	<ul style="list-style-type: none"> ■ Fund 2 completed delivering an IRR to Unitholders of 42% ■ Secures a bridging credit facility for US\$5.665m (paid off from IPO proceeds) ■ Complete listing on the ASX of public company Litigation Capital Management Limited
Current	<ul style="list-style-type: none"> ■ Portfolio of 14 Litigation Projects with an aggregate Gross Claim Size of approx. \$905m ■ \$4m credit facility entered into ■ Advanced pipeline of opportunities, currently estimated as approx. 29 Pipeline Projects with a Gross Claim Size of approx. \$1.89bn. Of these Pipeline Projects, 6 are the subject of a conditional funding agreement

Conservative approach to accounting for Litigation Projects

- LCM capitalises Litigation Projects on its balance sheet as intangible assets
- Only the costs of litigation that are recoverable in the event of a successful outcome are capitalised
- All non-recoverable expenses, such as LCM staff expenses, are expensed through LCM's income statement as incurred
- Further, LCM does not 'mark to market' Litigation Project assets
- Upon Completion, the carrying value of the relevant Litigation Project is fully expensed
- In the event of an overall positive award or settlement (ie. an amount in excess of the carrying value of the relevant Litigation Project) a net revenue item is reflected in LCM's income statement