



EXPERIENCE COUNTS

SYDNEY | MELBOURNE | ADELAIDE | BRISBANE

ASX Announcement

31 January 2018

COMPANY UPDATE

Key points

- As disclosed earlier today in an announcement to the ASX, Litigation Capital Management Limited (“LCM”) (ASX Code: LCA) has settled (on a confidential basis) three of its Litigation Projects. Two of those Litigation Projects were being funded on LCM’s balance sheet and the third was funded via an International Litigation Funding Partner.
- The resolution of the two Litigation Projects funded on LCM’s own balance sheet will generate immediate revenue of approximately A\$18.5 million which will be received before the end of February 2018. That amount represents profits generated from the two Litigation Projects together with the recovery of capital invested in the Litigation Projects. More detailed project performance data will be announced to the market upon receipt of funds.
- LCM has increased the Principal Sum Borrowed on its Credit Facility by A\$250,000.00 to assist in operational costs until LCM receives its revenue generated from the resolution of the Litigation Projects during the month of February 2018.
- LCM will be in a position to repay its Credit Facility upon receipt of revenue from the settlement of the Litigation Projects and the Board will give further consideration to that repayment upon receipt of those funds. That would result in LCM being debt free.

LCM’s Litigation Project portfolio

LCM’s management is very pleased with the exceptional result of the Litigation Projects which have reached settlement. The revenue generated from those settlements will permit LCM to enter into a number of new Litigation Projects which are currently subject to due diligence. Separate announcements will be made to the market once final commercial terms are entered into.

LCM has a further two Litigation Projects which are listed for final hearing in early February and management believes that there are reasonable prospects of those matters reaching a

resolution in this financial year. Management is very pleased with the progress of those Litigation Projects.

Additional Capital

Upon receipt of the revenue generated from the resolution of two Litigation Projects in February 2018, LCM will have the option of repaying its current debt and operating on a debt free basis moving forward.

LCM continues to explore options with respect to raising external funds to supplement its capital base and allow it to enter into a larger number of funding projects in addition to those Litigation Projects currently funded from its own balance sheet. LCM will keep the market informed of those considerations and developments as they progress.

2018 Financial Year Outlook

The resolution of the Litigation Projects as described above will ensure that LCM will move to a significant profit position this financial year. LCM will enjoy its most favourable financial outcome since it commenced operations. LCM is seeing increased number and quality of applications for litigation funding and finance. Management is excited about the opportunities that the increased revenue position will present for LCM during the second half of the 2018 financial year.

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.

Appendix 4C

Quarterly report for entities subject to Listing Rule 4.7B

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

Name of entity

Litigation Capital Management Limited

ABN

54 074 858 674

Quarter ended ("current quarter")

31 December 2017

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	70	101
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	-	-
(c) advertising and marketing	-	-
(d) leased assets	-	-
(e) staff costs	(426)	(847)
(f) administration and corporate costs	(406)	(674)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	3	5
1.5 Interest and other costs of finance paid	(1)	(1)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives		
1.8 Other:		
(a) capitalised litigation project costs	(1,620)	(3,837)
1.9 Net cash from / (used in) operating activities	(2,380)	(5,253)

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(134)	(189)
(b) businesses (see item 10)	-	-
(c) investments	-	-
(d) intellectual property	-	-
(e) other non-current assets	-	-
2.2 Proceeds from disposal of:		
(a) property, plant and equipment	-	-
(b) businesses (see item 10)	-	-
(c) investments	-	-
(d) intellectual property	-	-
(e) other non-current assets	-	-
2.3 Cash flows from loans to other entities	-	-
2.4 Dividends received (see note 3)	-	-
2.5 Other (provide details if material)	-	-
2.6 Net cash from / (used in) investing activities	(134)	(189)

3. Cash flows from financing activities		
3.1 Proceeds from issues of shares	-	-
3.2 Proceeds from issue of convertible notes	-	-
3.3 Proceeds from exercise of share options	-	-
3.4 Transaction costs related to issues of shares, convertible notes or options	-	-
3.5 Proceeds from borrowings	-	4,000
3.6 Repayment of borrowings	-	-
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other (provide details if material)	-	-
3.10 Net cash from / (used in) financing activities	-	4,000

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of quarter/year to date	2,935	1,863
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(2,380)	(5,253)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(134)	(189)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	-	4,000
4.5 Effect of movement in exchange rates on cash held	-	-
4.6 Cash and cash equivalents at end of quarter	421	421

5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1 Bank balances	421	2,935
5.2 Call deposits	-	-
5.3 Bank overdrafts	-	-
5.4 Other	-	-
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	421	2,935

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

Current quarter \$A'000
31
-

Payments of director's fees to current directors.

7. Payments to related entities of the entity and their associates

**Current quarter
\$A'000**

7.1 Aggregate amount of payments to these parties included in item 1.2

-

7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3

-

7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

Nil

8. Financing facilities available

Add notes as necessary for an understanding of the position

**Total facility amount
at quarter end
\$A'000**

**Amount drawn at
quarter end
\$A'000**

8.1 Loan facilities

4,220

4,000

8.2 Credit standby arrangements

-

-

8.3 Other (please specify)

-

-

8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.

The Group holds a loan facility to provide operating capital and to fund project costs. A loan facility of \$4,219,688 (disclosed at Section 3.5) has been provided by Ambro Nominees Pty Ltd. The facility has been provided to the Group under normal commercial terms and is secured by way of charge.

9. Estimated cash outflows for next quarter

\$A'000

9.1 Research and development

-

9.2 Product manufacturing and operating costs

-

9.3 Advertising and marketing

35

9.4 Leased assets

-

9.5 Staff costs

426

9.6 Administration and corporate costs

371

9.7 Other:

Capitalised litigation project costs

1,620

9.8 Total estimated cash outflows

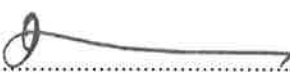
2,452

10. Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)	Acquisitions	Disposals
10.1 Name of entity	Nil	Nil
10.2 Place of incorporation or registration		
10.3 Consideration for acquisition or disposal		
10.4 Total net assets		
10.5 Nature of business		

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here:



 (Director/Company secretary)

Date: 31 December 2017

Print name: **Patrick John Moloney**

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.