JUSTKAPITAL

Litigation Partners Limited

Appendix 4E – Final Report
JustKapital Litigation Partners Limited
ABN: 72 088 749 008
Financial Year Ended 30 June 2016

RESULTS FOR ANNOUNCEMENT TO MARKET

Current reporting period: 30 June 2016
Previous reporting period: 30 June 2015

REVENUE AND NET PROFIT

			2016 A $000's	2015 A $000's
Net Revenues from ordinary activities	up	100%	4,864	-
(Loss) from ordinary activities after tax attributable to members	down	73%	(1,343)	(5,040)
Net (loss) for the year attributable to members	down	77%	(1,343)	(5,990)

DIVIDENDS PAID AND PROPOSED

There were no dividends paid or proposed during the year by JustKapital Litigation Partners Limited.

DIVIDEND REINVESTMENT PLAN

There was no dividend reinvestment plan in operation which occurred during the financial year.

EARNINGS PER SHARE (EPS)

	2016	2015
Basic EPS	(1.23) cents	(13.20) cents
Diluted EPS	(1.23) cents	(13.20) cents

NET TANGIBLE ASSET BACKING

Net tangible asset backing per ordinary security	$0.0598	$0.1083

DETAILS OF ENTITIES OVER WHICH CONTROL HAS BEEN GAINED OR LOST DURING THE PERIOD

Name of entity over which control was gained	Date control was gained
JustKapital Financing Pty Ltd	11 November 2015
MML Services Pty Limited (i)	22 January 2016
JustKapital Co-Funding No 1Pty Ltd (i)	2 June 2016

(i) These companies are dormant
There were no companies where control was lost during the period.

Additional Appendix 4E disclosure requirements can be found in the Directors' Report, Financial Statements and the Notes to the Financial Statements contained within the Annual Report of JustKapital Litigation Partners Limited for the year ended 30 June 2016.

AUDIT REPORT

This Appendix 4E (Final Report) is based on the audited financial statements for the year ended 30 June 2016, which are contained within the Annual Report of JustKapital Litigation Partners Limited attached.

JUSTKAPITAL

Litigation Partners Limited

ANNUAL REPORT
2016

CORPORATE DIRECTORY

ABN 72 088 749 008

JustKapital is a leading provider of financing solutions for litigation. The solutions include case funding, disbursement funding and adverse costs insurance.

Directors
Philip Kapp
Tim Storey
Mike Hill
Hugh Warner (Resigned 15 January 2016)

Company Secretaries
Andrew Whitten
Diane Jones (Appointed 1 July 2016)

Registered Office
Level 16
56 Pitt Street
Sydney NSW 2000

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Auditors
Stantons International
Level 2, 1 Walker Avenue
West Perth WA 6005

Solicitors
Corrs Chambers Westgarth
Level 17, 8-12 Chiefly Square
Sydney NSW 2000

Share Registry
Link Market Services
Level 4, 152 St Georges Terrace
Perth WA 6000

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ASX Code
JKL

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ANNUAL REPORT 2016

CHAIRMAN'S STATEMENT

PHILIP KAPP

> I believe we now have the foundations in place for a year of further and accelerated growth in 2017.

Dear Shareholders,

This is the first full financial year of the JustKapital business. I am very pleased to say it has been a year of achievement. At this time last year the Company had invested in one case. We were conducting a number of due diligences, but it was all work in progress. Since then the business of the Company has grown exponentially. We now have a Litigation Funding Division, a Disbursement Funding Division and a new fledgling Insurance Division.

The business plans we put in place in 2014 have and continue to be achieved. In particular:

- The co investment structure with Longford Capital in the USA has been implemented, and we believe will in the near future produce good returns for shareholders;
- JustKapital, after an extensive and detailed due diligence, acquired a medico legal funding business, Macquarie Medico Legal, in January 2016;
- As part of the acquisition JustKapital acquired circa $19 million of gross receivables;
- The Company then put in place with Assetsecure Pty Limited a unique $20 million facility to fund the acquisition and to expand the Disbursement Funding business;
- The Company using the medico legal business as a platform has expanded into general disbursement funding and providing law firms with working capital facilities. Since the acquisition in January 2016 Disbursement Funding has grown by 18%;
- At this time last year, the Litigation Funding Division had one investment with a Gross Claim Value estimated at $300 million. During the course of 2016 and to the date of this report the Company has made 8 new investments with an estimated Gross Claim Value of approximately $1.9 Billion. This equates to a growth in the Litigation Funding Division of 665%;
- A number of these case investments are well progressed and so the Company is cautiously optimistic that some of these investments may generate returns in this financial year;
- The Company has recruited two outstanding managers to the executive management team, Ms Diane Jones as Chief Operating Officer and Chief Financial Officer. Diane brings over 10 years' experience managing a listed litigation funder. In addition Mr Anthony Hersch has been appointed General Manager of the Disbursement Funding Division. Anthony brings a broad range of experience having spent the last decade working in high growth investment firms.

I believe we now have the foundations in place for a year of further and accelerated growth in 2017.

Yours sincerely

Mr Philip Kapp
Executive Chairman

JustKapital Litigation Partners Limited

30 August 2016

OPERATIONS REPORT

FOR THE YEAR ENDED 30 JUNE 2016

> The cost of litigation is often a substantial barrier to a party commencing proceedings. JustKapital provides different funding solutions to assist plaintiffs pursue their claims.

Smaller companies (including those small-to-mid capitalised companies listed on the ASX and NZX) and smaller local authorities also struggle to fund such actions to protect the interests of their stakeholders.

Despite having claims which may have merit, parties may therefore find it difficult to enforce their rights and claim damages which may have been awarded, should the party have had adequate funding to progress the claim to judgement or settlement.

In this way, the provision of litigation funding allows access to justice for claim owners (largely defined as plaintiffs or applicants) who have suffered loss, including through negligence or misleading and deceptive conduct, but are unable to meet the financial commitments of progressing their claim to judgment or settlement.

Globally, litigation funding is a well-accepted practice and can cover a broad range of legal claims. Both common law and civil law jurisdictions have supported the fundamentals of litigation funding as it is considered to be consistent with public policy and provides access to justice to those who find the costs prohibitive.

In contrast, the Australian litigation funding market comprises a small number of funders, many of whom are not listed on the ASX. The Group entered this market in 2015 and established a litigation funding business that is listed on the ASX.

On 21 September 2015 the Group entered into a joint venture with Longford Capital Management LP (**Longford Capital**), an established leader in the United States litigation finance industry.

The Group and Longford Capital intend to jointly fund cases in Australia, New Zealand, the United States and other jurisdictions, such as South East Asia, by mutual agreement. The Group will take the lead in identifying potential cases in Australia and New Zealand, while Longford Capital will take the lead in the U.S. Both firms will collaborate to look for opportunities in other areas.

The joint venture added to the organic growth of the Group and provided an opportunity to accelerate the strategy to build scale via a balanced portfolio of investments. Additionally, Longford Capital possesses a wealth of experience in litigation funding from which the management team can draw.

As at 30 June 2016, the Group was funding two claims: a shareholder class action with a qualified claim value of approximately $50 million and a patent infringement case against a US listed technology company with a claim value in excess of $350 million. (2015: One case funded). Both of these cases are co-funded with Longford Capital. In addition, the Group had conditionally funded a potential shareholder class action against Slater & Gordon Limited with Woodsford Litigation Funding Limited a leading litigation funder based in the United Kingdom.

Further, on 11 July 2016 the Group announced it had acquired a portfolio of five cases with a gross claim value of $230 million. The pipeline of new opportunities continues to grow and we look forward to updating the market on our progress with the litigation funding business.

The Group has an Investment Advisory Committee, comprising Philip Kapp, Tim Storey, David Denton QC. and John Bannister. The Advisory Committee provides guidance, advice and networking assistance to the Board and Senior Management, adding to the experience of the Group's leadership. The Advisory Committee assists with the identification, analysis and management of opportunities and risk associated with the Group's litigation funding activities.

Acquisition of the business of Macquarie Medico Legal

On 22 January 2016, the Group finalised its acquisition of the assets and business of Macquarie Medico Legal (**MML**) following a significant due diligence process. The MML business funds and provides medical reports, radiology reports and provides other services to legal practitioners operating in the personal injury area. The MML business now forms part of wholly owned subsidiary, JustKapital Financing Pty Limited, which also provides funding solutions for other out of pocket expenses incurred by legal practitioners.

In exchange for the assets and business of MML, the purchase consideration was $19.3 million, payable as follows:

- $10.9 million cash payment at settlement;
- $3.0 million deferred cash payment;
- $3 million share consideration at an average price of $0.265 per share of which 11,333,333 shares were issued at settlement;
- Vendor Loan of $2.4 million; and
- Issue of 1.5 million unlisted options exercisable at $0.25 per option at any time within three years of 22 January 2016.

In addition to the fixed purchase consideration, the vendor is entitled to additional consideration by way of earn out. Any earn out will be paid in equal proportions of cash and shares, with shares being issued at $0.40 for year 1, $0.50 for year 2, and $0.60 for year 3. The earn out is calculated as follows:

- Year 1 – 40% of the profits before tax of the acquired business in excess of $4.0 million;
- Year 2 - $1.0 million if the profit before tax is greater than $5.0 million, plus 40% of the profits before tax of the acquired business in excess of $5.0 million; and
- Year 3 - 40% of the profits before tax of the acquired business in excess of $6.25 million of the acquired business. Cumulative earn out capped at $14.0 million.

As part of the Macquarie Medico Legal acquisition, the Group has secured a $20.0 million debt facility.

Since the purchase of MML, the Group now operates as two separate divisions, the litigation funding business and the disbursement funding business.

Management have spent the last five months integrating the MML business into the Group, ensuring its systems and processes are appropriate and robust enough to manage the significant growth opportunities available.

FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2016

Your directors submit the Directors' Report and Financial Report of JustKapital Litigation Partners Limited (the "Company") and its subsidiaries (together the "Consolidated Entity" or "Group") for the year ended 30 June 2016.

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DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2016

Officers and directors

The Directors at any time during or since the end of year are:

Name	Particulars
Philip Kapp	Executive Chairperson
Tim Storey	Executive Director
Michael Hill	Executive Director
Hugh Warner	Executive Director (resigned 15 January 2016)

The above named Directors held office during and since the financial year, except as otherwise stated.

Nature of operations and principal activities

Litigation funding

Since the acquisition of JustKapital Litigation Pty Limited on 30 March 2015, the principal activities of the Group have been the investigation, management and funding of litigation. The Group enters into a contract, a litigation funding agreement, with claimants to provide these services. The Group does not provide legal advice. The key business driver is to manage and fund the litigation to a successful conclusion. If the Litigation is successful, the Group earns a fee and will also be reimbursed the costs paid to progress the litigation, both of which are payable from the sums recovered in the litigation. The fee is generally a percentage of the settlement or judgment proceeds. If the litigation is unsuccessful the Group does not generate any income. In certain jurisdictions the litigation funding agreement contains an undertaking to the contracted parties that the Group will pay any adverse costs ordered in respect of the costs incurred by the defendant(s) during the period of funding.

In any given year the profitability of the litigation funding business is dependent upon the outcome of funded cases resolved in that year. However, the successful completion of a case and the timing of that completion is not ultimately within the Group's control. Legislative, regulatory, judicial and policy changes may have an impact on future profitability.

Over time, the Group should have a mix of the cases it is funding. The Group will provide updates on its cases to the ASX on a regular basis, however, specific details concerning individual cases cannot be provided to ensure client confidentiality. The Group will also provide the ASX with information if a case has completed.

Disbursement funding

On 22 January 2016 the Company acquired the assets and business of MML. This business now forms part of the Company's wholly owned subsidiary, JustKapital Financing Pty Limited, which finances and provides medical and radiology reports and services to legal practitioners as well as providing funding solutions for other out of pocket expenses incurred by legal practitioners.

The disbursement funding business does not fund the legal fees related to the case. The Group agrees to finance the legal disbursements required by lawyers to progress their clients' claims which the client generally cannot fund themselves. The Group charges a mark-up on the disbursement costs paid and immediately invoices the law firm once those costs are paid. The Group's invoice becomes payable upon settlement or judgement of the underlying case and does not depend upon the outcome of the underlying case. However, discounts may be provided from the invoiced cost if the case concludes very quickly or in other exceptional circumstances. The key business driver of the disbursement funding business is to ensure that the law firm client progresses the case within normal parameters.

In any given year the profitability of the disbursement funding business is dependent upon revenue and discount levels. Legislative, regulatory, judicial and policy changes may have an impact on future profitability.

Dividends

No dividends were paid or proposed to be paid to members during the financial year (2015: Nil).

Review of operations and results

The Group made a loss from operations in the year of $1.34 million (2015: Loss $5.99 million). Included in this loss is the costs associated with the due diligence of the acquisition of the MML business.

Additional information on the operations and financial position of the Group is set out in the Directors' Report and Financial Report.

Significant changes in the state of affairs

Significant changes in the state of affairs of the Company during the financial year were as follows:

1) The Group acquired the business and operations of Macquarie Medico Legal (MML) on 22 January 2016 and commenced operating a disbursement funding business;
2) The Group entered into a $20 million financing facility with Assetsecure Pty Limited to finance the purchase of the MML business and to enable the disbursement financing business to capitalise on growth opportunities;
3) The Group issued a further 11,333,333 shares at an agreed value of $3,000,000 as part of the purchase price for the MML business. These shares are escrowed for 2 years; and
4) A joint venture arrangement with Longford Capital Management LP was agreed, enabling the Group to co-fund cases, and reducing the Group's exposure to any one case.

Matters subsequent to the end of the financial year

Convertible bonds
On 11 July 2016 the Company announced it had undertaken a successful capital raising of $5 million by issuing 50,000 Convertible Bonds, each with a face value of $100. The Convertible Bonds mature on 30 June 2018 and require the Company to pay interest to the holders of the Convertible Bonds of 11.5% per annum, quarterly in arrears. The Convertible Bonds are convertible into ordinary shares of the Company at the option of the Convertible Bond holder prior to its maturity. The conversion price if such an election is made is $0.30 per ordinary share, or 80% of the issue price of any future equity.

If more than 50% of the Convertible Bonds convert within six months of the Company's annual general meeting and the lead investor issues an option request upon the Company, the Company must issue 10 million unlisted options with a three year maturity date to the Bondholders on a pro-rated basis, with an exercise price of $0.50 per share.

Bondholders can request an early redemption of the Convertible Bonds at a 10% premium to their face value if there is a material breach of any covenants or if shareholders do not approve the issue of shares upon conversion. The Company can undertake an early redemption of the Convertible Bonds at a 10% premium to its face value.

Litigation funding portfolio
On 11 July 2016, the Company announced it had entered into an Agreement to purchase a litigation funding portfolio of five cases for $3.2 million. The purchase price is payable in cash and ordinary shares. The cash component is payable in two tranches, $0.5 million at settlement and $0.5 million on 30 June 2017, or upon the successful resolution of one of the cases within the portfolio (whichever is the earliest). The Company will also issue the seller 7,333,333 ordinary shares with an agreed issue price of $0.30 per share following approval from shareholders at the annual general meeting. These shares will be escrowed until 15 July 2018 or upon the resolution of the first case.

The seller is also entitled to receive 50% of all proceeds over $4 million from the "free carry" component of the litigation funding agreements. The "free carry" component ranges between 10% and 15% of the proceeds from each of the cases within the portfolio.

Other than the above, the directors are not aware of any significant events since the end of the reporting period.

Likely developments and expected results of operations
The Group will continue to expand its investment portfolio. The Group is unable to provide guidance on the expected results of this division from year to year.

The Group expects to expand the disbursement funding business from its current base in New South Wales to other states in Australia. Management expect the disbursement funding business to contribute in excess of $5 million to the Group's earnings before interest, depreciation and tax in the year ending 30 June 2017.

Environmental regulation
The consolidated entity's operations are not presently subject to significant environmental regulation under the laws of the Commonwealth and the States.

ASIC Class order 2016/191 rounding of amounts
The company is an entity to which ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 applies and, accordingly, amounts in the financial statements and directors' report have been rounded to the nearest thousand dollars.

Information on directors
Philip Kapp - Executive Chairperson, appointed 4 August 2014.

Experience and expertise
Mr Philip Kapp is the Chairman of JustKapital. He has over 25 years' legal experience in M&A, capital restructuring and private equity transactions and was formerly a senior partner of a major law firm.

Mr Kapp is widely regarded as one of Australia's leading lawyers, practicing in the area of private equity, mergers and acquisitions and capital markets. He was previously a Senior Partner with Clayton Utz (Group Head Private Equity), Minter Ellison (Chairman) and Andersen Legal. Mr Kapp founded and was managing partner of Andersen Legal. He also sat on the Board of Arthur Andersen.

Other current directorships
None

Former directorships in the last three years
Rhipe Limited appointed 12 March 2013, resigned 2 September 2014

LiveTiles Limited appointed 1 September 2014, resigned 25 August 2015

AHAlife Holdings Limited appointed 17 January 2014, resigned 24 July 2014

Energy Developments Limited appointed 17 February 2010, resigned 22 October 2015

Special responsibilities
Executive Chairperson since 30 March 2015

Interests in shares and options
5,672,067 ordinary shares and 2,264,263 options.

Tim Storey - Executive director, appointed 4 August 2014

Experience and expertise
Mr Tim Storey chairs Stride Property Group (NZX:SPG), is a Director of Investore Property Limited (NZX:IPL) and holds a number of directorships in various private and public companies.

Mr Storey is a barrister and solicitor and was a partner at one of New Zealand's premier law firms through to 2006 and has practised in both Australia and New Zealand, focussing on corporate, commercial and property transactions. He is a member of the Institute of Directors (NZ) and the Financial Services Institute of Australasia.

Other current directorships
None

Former directorships in the last three years
None

Special responsibilities
Chairman of remuneration committee

Interests in shares and options
2,416,667 ordinary shares and 1,465,705 options.

Mike Hill – Executive director, appointed 30 March 2015.

Experience and expertise
Mr Mike Hill is a former partner of Ernst & Young M&A Sydney and has more than 10 years' experience as a Partner of a large domestic private equity fund in Sydney.

Mr Hill has experience across numerous industries where he has served on boards including retail (Barbeques Galore), healthcare (Healthbridge and Repromed, together now Monash IVF Ltd (ASX:MVF)), media (Radioworks Ltd and TVWorks Ltd), waste services (Envirowaste NZ Ltd), tourism and hospitality (Recreational Tourism Group trading as Base Backpackers).

He is a member of Chartered Accountants Australia and New Zealand.

Other current directorships
Rhipe Limited (Executive Chairman) (appointed 12 March 2013)

AHAlife Holdings Limited (Non-Executive Chairman) (appointed 17 January 2014)

HJB Corporation Limited (Executive Chairman) (appointed 7 July 2014)

LiveTiles Limited (Non-Executive Director) (appointed 1 September 2014)

Noble Mineral Resources Limited (Chairman) (appointed 24 December 2015)

Prime Media Group Limited (Non-Executive Director) (appointed 4 August 2015)

Former directorships in the last three years
None

Special responsibilities
Chairman of audit and risk committee

Interests in shares and options
1,921,592 ordinary shares and 1,465,705 options.

Company secretary

The joint company secretaries are Mr Andrew Whitten who was appointed to that position on 12 February 2015, and Ms Diane Jones who was appointed as Joint Company Secretary on 1 July 2016.

Meetings of directors

The number of meetings of the Company's board held during the year ended 30 June 2016 that each director was eligible to attend, and the number of meetings attended by each director were:

	Board Meetings	
Director	**Eligible to attend**	**Attended**
Philip Kapp	8	8
Tim Storey	8	7
Mike Hill	8	7
Hugh Warner	5	4

REMUNERATION REPORT (AUDITED)

This Remuneration Report, which forms part of the directors' report, outlines the director and executive remuneration arrangements of the Group in accordance with the requirements of the Corporations Act 2001 and its Regulations. For the purposes of this report, Key Management Personnel ('KMP') of the Group are defined as those persons having authority and responsibility for planning, directing and controlling the majority activities of the Group, directly or indirectly, including any Director (whether executive or otherwise) of the Company.

Remuneration Committee

The Remuneration Committee was established on 24 April 2015, and is responsible for determining and reviewing remuneration arrangements for the Board and executives. The Remuneration Committee assesses the appropriateness of the nature and amount of the emoluments of the directors and executive team on a periodic basis by reference to relevant employment market conditions, with the overall objective of ensuring the best stakeholder benefit from the Board and executive team. Prior to 24 April 2015, the Board fulfilled this role.

Remuneration policy

The remuneration policy of the Group has been designed to align KMP objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific long-term incentives based on key performance areas affecting the consolidated group's financial results. The Board believes the remuneration policy to be appropriate and effective in its ability to attract and retain the high-quality KMP to run and manage the consolidated group, as well as create goal congruence between directors, executives and shareholders.

The Board's current policy for determining the nature and amount of remuneration for KMP of the consolidated group is detailed below. The Board has hired external remuneration consultants to assist it to review and modify its policy. The outcome of that review with be shared with shareholders at the Company's upcoming Annual General Meeting.

- The remuneration policy is developed by the remuneration committee and approved by the Board.
- KMP receive a fixed remuneration component (which is based on factors such as length of service and experience).
- KMP may receive a variable remuneration component via performance incentives. Performance incentives currently comprise the Executive Incentive Plan ('EIP') and/or bonuses.
- Performance incentives are generally only paid once predetermined key performance indicators (KPIs) have been met.
- Incentives paid in the form of options or rights are intended to align the interests of the directors and company with those of the shareholders. In this regard, KMP are prohibited from limiting risk attached to those instruments by use of derivatives or other means.
- The remuneration committee reviews KMP packages annually by reference to the consolidated group's performance, executive performance and comparable information from industry sectors.

The performance of KMP is measured against criteria agreed annually with each executive and is based predominantly on the actual and forecast growth of the consolidated group's investment portfolio, profitability and shareholders' value. All bonuses and incentives are largely linked to predetermined performance criteria. The Board may, however, exercise its discretion in relation to approving incentives, bonuses and options, and can recommend changes to the committee's recommendations. Any change must be justified by reference to measurable performance criteria. The policy is designed to attract the highest calibre of executives and reward them for performance results leading to long-term growth in shareholder wealth.

KMP receive a superannuation guarantee contribution where required by the government. Individuals can choose to sacrifice part of their salary to increase payments towards superannuation.

Upon retirement, KMP are paid employee benefit entitlements accrued to the date of retirement.

All remuneration paid to KMP is valued at the cost to the Group and expensed.

The Board's policy is to remunerate non-executive directors at market rates for time, commitment and responsibilities. The remuneration committee determines payments to the non-executive directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders at the Annual General Meeting. At the date of this report, the Company does not have any non-executive directors. KMP may be entitled and encouraged to participate in the employee option arrangements to align directors' interests with shareholders' interests.

Options granted under the arrangement do not carry dividend or voting rights. Each option is entitled to be converted into one ordinary share once the interim or final financial report has been disclosed to the public and is measured using the Black-Scholes methodology or equivalent.

KMP or closely related parties of KMP are prohibited from entering into hedge arrangements that would have the effect of limiting the risk exposure relating to their remuneration.

Fixed remuneration

Fixed compensation is reviewed annually by the Remuneration Committee. The process consists of a review of Group and individual performance, relevant comparative compensation in the market and internally and, where appropriate, external advice on policies and practices.

Variable remuneration

The objective of the variable compensation incentive is to reward executives in a manner that aligns this element of their compensation with the objectives and internal key performance indicators of the Group. The total potential incentive available is set at a level so as to provide sufficient incentive to the executive to achieve the operational targets and such that the cost to the Group is reasonable in the circumstances.

Remuneration report (audited) (continued)

Executive incentive plan

At the EGM on 11 February 2015, Shareholders approved for the Company to adopt an Executive Incentive Plan **(EIP)** as part of the Acquisition of JustKapital Litigation Pty Limited. The objectives of the EIP are:

(a) to provide a mechanism for achieving the Company's overarching remuneration objective of aligning the interests of Directors, officers, employees, advisers and Shareholders of the Company; and

(b) to reward Directors, officers, employees and advisers of the Company for securing litigation funding agreements and for achieving successful judgements or settlements of individual cases.

The EIP will be operated by the Board, subject to all applicable laws, which includes the Corporations Act, Corporations Regulations and the ASX Listing Rules. The Board may, at its absolute discretion:

(a) grant one or more units in the EIP to eligible participant from time to time;

(b) cancel one or more units in the EIP from existing unitholders at any time, including upon the cessation of employment of an EIP unitholder, or the death, bankruptcy or winding-up of an EIP unitholder;

(c) attach additional terms and conditions to any units granted, which may include performance conditions (if any);

(d) determine whether any units granted are transferable, transmissible or assignable;

(e) amend or replace any terms of the EIP;

(f) suspend or terminate the EIP in its entirety; and

(g) determine the bonus pool as an aggregate of the following amounts:

   i. 18% of the net sum of all amounts (before tax) received by the Company (and its subsidiaries) in respect of successful judgements and settlements of individual cases funded by the Company (or its subsidiaries) up to $5 million;

   ii. 22% of the net sum of all amounts (before tax) received by the Company (and its subsidiaries) in respect of successful judgements and settlements of individual cases funded by the Company (or its subsidiaries) in excess of $5 million up to $10 million;

   iii. 26% of the net sum of all amounts (before tax) received by the Company (and its subsidiaries) in respect of successful judgements and settlements of individual cases funded by the Company (or its subsidiaries) in excess of $10 million up to $15 million; and

   iv. 30% of the net sum of all amounts (before tax) received by the Company (and its subsidiaries) in respect of successful judgements and settlements of individual cases funded by the Company (or its subsidiaries) in excess of $15 million.

Individual bonuses to EIP unitholders (subject to any terms and conditions that may be attached to each of their respective units) from the bonus pool (as calculated from time to time) will be determined in accordance with the following formula:

$$B = \left(\frac{U}{TU}\right) \times P$$

Notes:

B is the bonus payable to an EIP unitholder

U is the number of units held by the EIP unitholder

TU is the total number of units that are held by all EIP unitholders

P is the bonus pool

Due to the early stage of its investment portfolio, the Group has not completed any successful judgements or settlements, thus the EIP bonus payable during the period is $Nil (2015: $Nil).

Other performance-based remuneration

KPIs are set annually, with a certain level of consultation with KMP. The indicators are specifically tailored to the area each individual is involved in and has a level of control over. The KPIs target areas the Board believes hold greater potential for group expansion and profit, covering financial and non-financial as well as short and long-term goals. The level set for each KPI is based on budgeted figures for the Group and respective industry standards.

Performance in relation to the KPIs is assessed annually, with bonuses being awarded depending on the number and deemed difficulty of the KPIs achieved. Following the assessment, the KPIs are reviewed by the remuneration committee in light of the desired and actual outcomes, and their efficiency is assessed in relation to the Group's goals and shareholder wealth, before the KPIs are set for the following year.

The KMP may receive a discretionary bonus that reflects additional work performed.

Relationship between remuneration policy and company performance

The remuneration policy has been tailored to increase goal congruence between shareholders, directors and executives. Two methods have been applied to achieve this aim, the first being a performance-based bonus based on KPI, and the second being the issue of options to the majority of directors and executives to encourage the alignment of personal and shareholder interests. The Company believes this policy will be effective in increasing shareholder wealth.

Performance conditions linked to remuneration

The Group seeks to emphasise reward incentives for results and continued commitment to the Group through the provision of various cash bonus reward schemes, specifically the incorporation of incentive payments based on the achievement of growth in the Group's investment portfolio and successful judgements and settlements, and continued employment with the Group.

The performance related proportions of remuneration based on these targets are included in the table below. The objective of the reward schemes is to both reinforce the short and long term goals of the Group and provide a common interest between management and shareholders.

Remuneration report (audited) (continued)

Employment details of members of Key Management Personnel

The following table provides employment details of persons who were, during the financial year, members of KMP of the consolidated group. The table also illustrates the proportion of remuneration that was performance and non-performance based and the proportion of remuneration received in the form of options.

Employment contracts

Group KMP	Position held as at 30 June 2016 and any changes during the year	Contract Details
Directors		
Philip Kapp	Executive Chairperson (appointed on 4 August 2014 as Non-Executive Director. Became Executive Chairperson on 30 March 2015)	From 4 August 2014 to 31 March 2015, was not paid via the Company(i) From 1 April 2015, paid a gross salary of $300,000 pa inclusive of super. From 1 January 2016, paid a gross salary of $657,000 pa inclusive of super. Notice period is 24 months by the Company or 12 months by the employee.
Tim Storey	Executive Director (appointed on 4 August 2014 as Non-Executive Director. Became Executive Director on 30 March 2015)	From 4 August 2014 to 31 March 2015, was not paid via the Company(i). From 1 April 2015, paid a gross salary of $150,000 pa inclusive of super. Notice period is 12 months by the Company or 6 months by the employee.
Mike Hill	Executive Director (appointed on 30 March 2015)	From 1 April 2015, paid a gross salary of $150,000 pa inclusive of super(i) Notice period is 12 months by the Company or 6 months by the employee.
Hugh Warner	Executive Director (resigned 15 January 2016)	Paid a gross salary of $150,000 pa inclusive of super.
Harry Greaves	Non-Executive Director (resigned 12 February 2015)	No formal agreement
Neil Hackett	Non-Executive Director (resigned 4 August 2014)	Paid gross fees of $40,000 pa
Other Executives		
Diane Jones	Chief Operating Officer, Chief Financial Officer (appointed on 15 March 2016) Joint Company Secretary (appointed 1 July 2016)	Paid a gross salary of $475,000 pa inclusive of super. Notice period is 6 months by the Company or 3 months by the employee. A bonus structure is presently being reviewed.
Anthony Hersch	General Manager – Disbursement Funding (appointed on 18 April 2016)	Paid a gross salary of $250,000 pa inclusive of super. Notice period is 3 months. A bonus structure is presently being reviewed.
Jonny Allatt	Chief Operating Officer (resigned 25 September 2015)	Paid a gross salary of $200,000 pa inclusive of super

(i) JustKapital Litigation Pty Limited, acquired by the Company on 30 March 2015, accrued fees to these directors from 1 May 2014 until 30 March 2015. These fees were paid by JustKapital Litigation Pty Limited post acquisition and are not included in this report.

Remuneration report (audited) (continued)

Remuneration of key management personnel

Table 1: Remuneration for the year ended 30 June 2016

	Short Term Benefits					
	Salary and Fees $	EIP & Bonuses $	Post Employment Super $	Share Based Payments $	Total $	Performance related
Directors						
Philip Kapp	465,486	500,000	13,014	–	978,500	51%
Tim Storey	150,000	–	–	–	150,000	–
Mike Hill	136,986	–	13,014	–	150,000	–
Hugh Warner	142,694	–	13,556	28,639	184,889	18%
Executives						
Diane Jones	139,647	100,000	5,917	–	245,564	41%
Anthony Hersch	46,138	50,000	3,862	–	100,000	50%
Jonny Allatt	73,671	–	6,999	–	80,670	–
Total	1,154,622	650,000	56,362	28,639	1,889,623	36%

* The share based payment made to Hugh Warner relates to the issue of options during the prior financial year which have been brought to account as a result of Mr Warner's resignation.

Table 2: Remuneration for the year ended 30 June 2015

	Short Term Benefits					
	Salary and Fees $	EIP & Bonuses $	Post Employment Super $	Share Based Payments $	Total $	Performance related
Directors						
Philip Kapp (i)(ii)	68,493	–	6,507	–	75,000	–
Tim Storey (i)(ii)(iii)	37,500	45,833	–	–	83,333	55%
Mike Hill (i)(ii)	34,247	–	3,253	–	37,500	–
Hugh Warner	125,057	137,500	24,943	5,190	292,690	47%
Harry Greaves (iv)	18,750	112,500	–	–	131,250	86%
Neil Hackett (v)	4,221	–	–	–	4,221	–
Executives						
Jonny Allatt	45,662	–	4,338	1,438	51,438	–
Total	333,930	295,833	39,041	6,628	675,432	44%

(i) The Company acquired JustKapital Litigation Pty Limited on 30 March 2015. At acquisition, accrued fees were outstanding as follows:
- Philip Kapp - $275,000
- Mike Hill - $229,167
- Tim Storey - $91,667

These amounts were paid during the year ended 30 June 2015, but as they relate to pre acquisition, are excluded from the above table.

(ii) The Company issued shares and options to the vendors of JustKapital Litigation Pty Limited. The fair value of these shares and options were not issued as remuneration and are not included in the above numbers. Refer to Note 31 Related Party for further details.

(iii) Prolex Limited, an entity associated with Tim Storey, was paid $150,000 for director fees and bonuses (2015: $83,333).

(iv) Continental Minerals Limited, an entity associated with Harry Greaves, was paid $nil for director fees and bonuses (2015: $131,250)

(v) Corporate Starboard Pty Ltd, an entity associated with Neil Hackett, was paid $nil for non-executive director fees and company secretarial services up until the date of his resignation as a director (2015: $4,221).

Remuneration report (audited) (continued)

Options and rights granted as remuneration
No options were granted to directors or key management personnel during the year. However, 333,333 options issued to key management personnel in the prior year expired during the current financial year.

		During the 2016 financial year				
	Opening balance	Number granted	Number vested	Number forfeited	Closing balance	Value of options issued during year $
Jonny Allatt (b)	111,111	–	–	(111,111)	–	–
Jonny Allatt (c)	111,111	–	–	(111,111)	–	–
Jonny Allatt (d)	111,111	–	–	(111,111)	–	–

		During the 2015 financial year				
	Opening balance	Number granted	Number vested	Number forfeited	Closing balance	Value of options issued during year $
Hugh Warner (a)	–	1,200,000	–	–	1,200,000	33,829
Jonny Allatt (b)	–	111,111	–	–	111,111	5,654
Jonny Allatt (c)	–	111,111	–	–	111,111	3,769
Jonny Allatt (d)	–	111,111	–	–	111,111	1,885

(a) Vest when the 20 day VWAP of the Company's share price is $0.40 or above.
(b) Vests on 1 May 2016 and when the 20 day VWAP of the Company's share price is $0.30 or above. These options were forfeited during the year ended 30 June 2016.
(c) Vests on 1 May 2017 and when the 20 day VWAP of the Company's share price is $0.40 or above. These options were forfeited during the year ended 30 June 2016.
(d) Vests on 1 May 2018 and when the 20 day VWAP of the Company's share price is $0.50 or above. These options were forfeited during the year ended 30 June 2016.

Equity instrument disclosures relating to key management personnel

a) Option holdings
The numbers of options over ordinary shares in the Company held during the financial year by each director, including their personally related parties, are set out below:

2016	Balance at the start of the year	Granted during the year	Exercised during the year	Other changes during the year	Balance at the end of the year	Vested and exercisable at the end of the year
Director						
Philip Kapp	2,264,263 (i)	–	–	–	2,264,263	664,263
Tim Storey	1,465,705 (i)	–	–	–	1,465,705	265,705
Mike Hill	1,465,705 (i)	–	–	–	1,465,705	265,705
Hugh Warner	1,700,000	–	–	(1,700,000) (ii)	–	–
Executives						
Diane Jones	–	–	–	–	–	–
Anthony Hersch	–	–	–	–	–	–
Jonny Allatt	333,333	–	–	(333,333) (iii)	–	–
	7,229,006	–	–	(2,033,333)	5,195,673	1,195,673

Remuneration report (audited) (continued)

2015	Balance at the start of the year	Granted during the year	Exercised during the year	Other changes during the year	Balance at the end of the year	Vested and exercisable at the end of the year
Director						
Philip Kapp	–	–	–	2,264,263 (i)	2,264,263	664,263
Tim Storey	–	–	–	1,465,705 (i)	1,465,705	265,705
Mike Hill	–	–	–	1,465,705 (i)	1,465,705	265,705
Hugh Warner	500,000	1,200,000	–	–	1,700,000	500,000
Harry Greaves	500,000	–	–	(500,000) (ii)	–	–
Neil Hackett	150,000	–	–	(150,000) (ii)	–	–
Executives						
Jonny Allatt	–	333,333	–	–	333,333	–
	1,150,000	1,533,333	–	4,545,673	7,229,006	1,695,673

No options are vested and un-exercisable at the end of the year.

No options were exercised by key management personnel during the year.

(i) Vendor options and vendor performance options received as part of acquisition of JustKapital Litigation Pty Limited.

(ii) Options held at resignation.

(iii) Options forfeited during the year. These options were issued on 1 May 2015.

b) Share holdings

The numbers of shares in the Company held during the financial year by each director, including their personally related parties, are set out below:

2016	Balance at 1-Jul-2015	Received as remuneration	Options exercised	Other changes	Balance at 30-Jun-2016	Notes
Directors						
Philip Kapp	5,672,067	–	–	–	5,672,067	
Tim Storey	2,416,667	–	–	–	2,416,667	
Mike Hill	1,921,592	–	–	–	1,921,592	
Hugh Warner	3,138,890	–	–	(3,138,890)	–	(d)
Executives						
Diane Jones	–	–	–	–	–	
Anthony Hersch	–	–	–	–	–	
Jonny Allatt	–	–	–	–	–	
	13,149,216	–	–	(3,138,890)	10,010,326	

Remuneration report (audited) (continued)

2015	Balance at 1-Jul-2014	Received as remuneration	Options exercised	Other changes	Balance at 30-Jun-2015	Notes
Directors						
Philip Kapp	–	–	–	5,672,067	5,672,067	(a)
Tim Storey	–	–	–	2,416,667	2,416,667	(b)
Mike Hill	–	–	–	1,921,592	1,921,592	(c)
Hugh Warner	3,138,890	–	–	–	3,138,890	
Harry Greaves	1,995,000	–	–	(1,995,000)	–	(d)
Neil Hackett	150,000	–	–	(150,000)	–	(d)
Executives						
Jonny Allatt	–	–	–	–	–	
	5,283,890	–	–	7,865,326	13,149,216	

(a) The KMP received 4,166,667 shares as part of the JustKapital Litigation Pty Limited acquisition. The KMP subscribed for 1,505,400 shares as part of a placement.
(b) The KMP received 1,666,667 shares as part of the JustKapital Litigation Pty Limited acquisition. The KMP subscribed for 750,000 shares as part of a placement.
(c) The KMP received 1,666,667 shares as part of the JustKapital Litigation Pty Limited acquisition. The KMP held 254,925 shares at the date of his appointment.
(d) The KMP ceased employment during the period. There were no other changes to their holding at the date they ceased employment.

(End of Remuneration Report)

Additional information

(i) Shares under option
At the date of this report, there were 13,474,231 ordinary shares under option (30 June 2015: 12,807,564). These options are exercisable as follows:

Details	No of Options	Date of Expiry	Conversion Price $
Management incentive options	3,680,000	31-12-16	0.25
	1,200,000	10-03-18	0.25
Vendor options and vendor performance options	5,195,673	10-03-18	0.25
	1,898,558	27-03-18	0.25
	1,500,000	22-01-19	0.25
	13,474,231		

No option holder has any right under the option to participate in any other share issue of the Company.

(ii) Insurance of officers
During the financial year, the Company paid a premium in respect of a contract insuring the directors of the Company, the Company Secretary, and any executive officers of the Company and of any related body corporate against a liability incurred as such a director, secretary or executive officer to the extent permitted by the Corporation Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

(iii) Agreement to indemnify officers
The Company has entered into agreements with the directors to provide access to Company records and to indemnify them. The indemnity relates to any liability as a result of being, or acting in their capacity as, an officer of the Company to the maximum extent permitted by law; and for legal costs incurred in successfully defending civil or criminal proceedings.

No liability has arisen under these indemnities as at the date of this report.

(iv) Proceedings on behalf of the company
No person has applied to the court under Section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings. No proceedings have been brought or intervened in on behalf of the Company with leave of the court under Section 237 of the *Corporations Act 2001*.

(v) Auditor
Stantons International is the appointed auditor.

(vi) Indemnity of auditor
The auditor (Stantons International) has not been indemnified under any circumstance.

(vii) Audit services
During the financial year $72,338 (excluding GST) was paid or is payable for audit services provided by Stantons International (2015: $35,607 excluding GST).

(viii) Non-audit services
During the financial year no non-audit services were provided by the auditor or any entity associated with the auditor (2015: $32,720). The fees paid in the prior year related to the preparation of an Independent Experts Report and an Independent Accountants Report. The Board of Directors, in accordance with advice from the audit committee, is satisfied that the provision of non-audit services during the prior year is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

(ix) Auditors' independence declaration
A copy of the auditor's independence declaration as required under Section 307C of the *Corporations Act 2001* is set out on page 18 of the Annual Report.

Signed in accordance with a resolution of the directors.

(x) Corporate governance statement
The Directors of the Group support and adhere to the principles of corporate governance, recognising the need for the highest standard of corporate behaviour and accountability. Please refer to the corporate governance statement dated 30 August 2016 released to ASX and posted on the Company's website www.justkapital.com.au.

Philip Kapp.

Philip Kapp
Chairman

Sydney
30 August 2016

AUDITOR’S INDEPENDENCE DECLARATION

Stantons International Audit and Consulting Pty Ltd
trading as
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Chartered Accountants and Consultants

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30 August 2016

Board of Directors
JustKapital Litigation Partners Limited
Suite 2, Level 16,
56 Pitt Street
Sydney NSW 2000

Dear Directors

RE: JUSTKAPITAL LITIGATION PARTNERS LIMITED

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of JustKapital Litigation Partners Limited.

As Audit Director for the audit of the financial statements of JustKapital Litigation Partners Limited for the year ended 30 June 2016, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

Yours faithfully

STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD
(Trading as Stantons International)
(An Authorised Audit Company)

Martin Michalik
Director

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2016

	Note	2016 $'000	2015 $'000
Continuing operations			
Net revenue	5	4,864	–
Cost of sales	5	(2,907)	–
Gross Profit		1,957	–
Employee benefits expense		(2,150)	(630)
Foreign exchange gain		–	229
Other administrative expenses	6	(1,940)	(878)
Impairment of goodwill		–	(3,833)
Expenses associated with business purchase		(1,388)	–
Total expenses		(5,478)	(5,112)
Finance income	7	158	72
Finance costs	7	(1,031)	–
Loss before income tax		(4,394)	(5,040)
Income tax benefit/(expense)	8	3,051	–
Loss after income tax from continuing operations		(1,343)	(5,040)
Discontinued operations			
Loss for the year from discontinued operations	9	–	(950)
Loss for the year		(1,343)	(5,990)
Other comprehensive income/(loss)			
Items that may be reclassified subsequently to profit or loss		–	–
Items that will not be classified subsequently to profit and loss		–	–
Other comprehensive income for the period, net of tax		–	–
Total comprehensive loss for the year		(1,343)	(5,990)
Loss attributable to Equity holders of the Company (cents per share)			
From continuing and discontinued operations			
Basic and diluted loss per share (cents per share)	27	(1.23)	(13.20)
From continuing operations			
Basic and diluted loss per share (cents per share)	27	(1.23)	(11.11)

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2016

	Note	2016 $'000	2015 $'000
Assets			
Current Assets			
Cash and cash equivalents	10	5,568	11,295
Trade and other receivables	11	11,489	23
Prepayments		100	73
Total current assets		17,157	11,391
Non-current assets			
Trade and other receivables	11	3,720	–
Intangible assets	12	999	754
Goodwill	13	5,943	–
Investment held in joint operation	29	656	–
Office plant and equipment	14	124	4
Deferred tax asset	8	3,051	–
Total non-current assets		14,493	758
Total assets		31,650	12,149
Liabilities			
Current liabilities			
Trade and other payables	15	1,421	104
Interest bearing liabilities	16	10,399	–
Provisions	17	582	–
Other liabilities	18	3,000	–
Total current liabilities		15,402	104
Non-current liabilities			
Vendor loan	18	2,400	–
Total non-current liabilities		2,400	–
Total liabilities		17,802	104
Net Assets		13,848	12,045
Equity			
Issued capital	19	18,723	15,723
Share based payments reserve		1,301	1,155
Accumulated losses		(6,176)	(4,833)
Total Equity		13,848	12,045

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2016

	Notes	Issued Capital $'000	Share Based Payments Reserve $'000	Foreign Currency Translation Reserve $'000	Accu-mulated Losses $'000	Non-controlling Interests $'000	Total Equity $'000
Balance at 1 July 2014		34,700	904	2	(32,744)	(122)	2,740
Total comprehensive income for year:							
Loss for the year		–	–	–	(5,990)	–	(5,990)
Total comprehensive loss for the year		–	–	–	(5,990)	–	(5,990)
Transactions with owners in their capacity as owners:							
Issue of ordinary shares		13,602	–	–	–	–	13,602
Issue of ordinary shares and options to acquire subsidiary		2,000	245	–	–	–	2,245
Share issue costs		(678)	–	–	–	–	(678)
Disposal of African Chrome Fields Pte Limited		–	–	(2)	–	122	120
Share based payments transactions		–	6	–	–	–	6
Capital reduction s258F Corporations Act 2001		(33,901)	–	–	33,901	–	–
Balance at 30 June 2015		15,723	1,155	–	(4,833)	–	12,045
Balance at 1 July 2015		**15,723**	**1,155**	**–**	**(4,833)**	**–**	**12,045**
Total comprehensive income for year:							
Loss for the year		**–**	**–**	**–**	**(1,343)**	**–**	**(1,343)**
Total comprehensive loss for the year		**–**	**–**	**–**	**(1,343)**	**–**	**(1,343)**
Transactions with owners in their capacity as owners:							
Issue of ordinary shares		**3,000**	**–**	**–**	**–**	**–**	**3,000**
Issue of ordinary shares and options to acquire subsidiary		**–**	**–**	**–**	**–**	**–**	**–**
Share issue costs		**–**	**–**	**–**	**–**	**–**	**–**
Share based payments transactions		**–**	**146**	**–**	**–**	**–**	**146**
Balance at 30 June 2016		**18,723**	**1,301**	**–**	**(6,176)**	**–**	**13,848**

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2016

	Note	2016 $'000	2015 $'000
Cash flows from operating activities			
Receipts from customers		3,955	–
Payments for staff costs		(1,311)	–
Payments to suppliers		(4,654)	(2,197)
Interest received		158	72
Net cash inflow/(outflow) from operating activities	26	(1,852)	(2,125)
Cash flows from investing activities			
Payments for plant and equipment		(142)	(4)
Payment for litigation case funding		(124)	(301)
Amounts advanced to related party		–	(1,379)
Payments for acquisition of Macquarie Medico Legal		(12,785)	–
Net cash inflow on acquisition of subsidiary		–	11
Investments in joint venture		(201)	–
Payment for exploration expenditure		–	(38)
Net proceeds from sale of subsidiary	9	–	104
Net cash inflow/(outflow) from investing activities		(13,252)	(1,607)
Cash flows from financing activities			
Net proceeds from issues of shares	19	–	12,924
Repayment of loans		–	(1,350)
Finance costs		(1,022)	–
Net proceeds from borrowings	16	10,399	–
Net cash inflow from financing activities		9,377	11,574
Net increase/(decrease) in cash and cash equivalents		(5,727)	7,842
Cash and cash equivalents at beginning of the year		11,295	3,224
Effect of exchange rate changes on balance of cash in foreign currency		–	229
Cash and cash equivalents at end of the year	10	5,568	11,295

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

NOTES TO THE FINANCIAL STATEMENTS

JustKapital Litigation Partners Limited is a company limited by shares, incorporated and domiciled in Australia.

The Financial Report of JustKapital Litigation Partners Limited (**Company**) for the year ended 30 June 2016 was authorised for issue in accordance with a resolution of the board of directors on 30 August 2016.

Note 1 Summary of significant accounting policies

The Group has consistently applied the following accounting policies to all periods presented in the financial statements. The Group has considered the implications of new and amended Accounting Standards applicable for annual reporting periods beginning after 1 January 2015 and determined that their application to the financial statements is either not relevant or not material with the exception of AASB9 *Financial Instruments*. The Group has determined that this standard should be early adopted from 1 July 2015 onwards. The application of this standard has not impacted prior years' results. The principal accounting policies adopted in the preparation of the Financial Report are set out below.

(a) Basis of preparation

This general purpose Financial Report has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board (AASB), Australian Accounting Interpretations and the *Corporations Act 2001*, unless stated otherwise.

It is recommended that this financial report be read in conjunction with the public announcements made by the Company during the year in accordance with the continuous disclosure requirements arising under the *Corporations Act 2001*.

Compliance with IFRS

Australian Accounting Standards include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the Financial Report of the Company complies with International Financial Reporting Standards (IFRS).

Historical cost convention

These financial statements have been prepared under the historical cost convention, modified where appropriate, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

Rounding

The amounts contained within this report have been rounded to the nearest thousand dollars (where rounding is applicable) under the option available to the Company under ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191.

Critical accounting estimates

The preparation of financial statements in conformity with AIFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Where there are areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, these are disclosed in Note 3.

Comparative figures

When required by accounting standards, comparative figures have been adjusted to conform to changes in presentation for the current year. When the Group applies an accounting policy retrospectively, makes a retrospective restatement or reclassifies items in its financial statements, a statement of financial position as at the beginning of the earliest comparative period will be disclosed.

(b) Principles of Consolidation

The consolidated financial statements incorporate all of the assets, liabilities and results of the Company and its subsidiaries ('the Group').

Subsidiaries are all those entities over which the Company has control. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable or convertible are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Investments in subsidiaries are carried at their cost of acquisition in the Company's financial statements.

In preparing the consolidated financial statements all intercompany balances and transactions, income, expenses and profit and loss resulting from intergroup transactions have been eliminated in full.

Minority interests not held by the Company are allocated their share of net profit after tax in the statement of comprehensive income and are presented within equity in the statement of financial position, separately from parent shareholders' equity.

Note 1 Summary of significant accounting policies (continued)

(c) Business Combinations
Business combinations occur where an acquirer obtains control over one or more businesses.

The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

(d) Revenue recognition
Revenue is measured at the fair value of the gross consideration received or receivable. The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of Company's activities. The amount of revenue is not considered to be reliably measurable until all material contingencies relating to the sale have been resolved. The Company bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement. The Group's revenue recognition policy for the disbursement funding business takes into consideration the inherent finance component embedded in that revenue. As at 30 June 2016 the inputs used to reflect the finance component were a discount rate of 15% and an average receivable days of 469 days. For revenue recognition of litigation contracts, refer to Note 1(h)(iii). Interest revenue is recognised on a time proportional basis using the effective interest method.

(e) Other receivables
Other receivables are recognised at fair value and subsequently measured at amortised cost, less provision for impairment.

(f) Recoverable amount of non current assets
The carrying amounts of non-current assets are reviewed annually by Directors to ensure they are not in excess of the recoverable amounts from those assets. The recoverable amount is assessed on the basis of the expected net cash flows, which will be received from the assets employed and subsequent disposal. The expected net cash flows have been or will be discounted to present values in determining recoverable amounts.

(g) Cash and cash equivalents
For Statement of cash flow presentation purposes, cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

(h) Intangible assets

(i) Goodwill

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units and is not amortised but is tested annually for impairment. If impaired, a write down will occur.

(ii) Acquired both separately and from a business combination

Intangible assets acquired separately are capitalised at cost and from a business combination are acquired at fair value as at the date of acquisition. Following initial recognition, the cost model is applied to the class of intangible assets.

The useful lives of these intangible assets are assessed to be either finite or indefinite. Where amortisation is charged on assets with finite lives, this expense is taken to the income statement.

Intangible assets, excluding development costs, created within the business are not capitalised and expenditure is charged against the income statement in the year in which the expenditure is incurred.

Intangible assets are tested for impairment where an indicator of impairment exists and in the case of indefinite life intangibles annually, either individually or at the cash generating unit level. Useful lives are also examined on an annual basis and adjustments, where applicable, are made on a prospective basis.

Note 1 Summary of significant accounting policies (continued)

(iii) Litigation Contracts in Progress

Litigation Contracts in Progress represent future economic benefits controlled by the Group. As Litigation Contracts in Progress may be exchanged or sold, the Group is able to control the expected future economic benefit flowing from the Litigation Contracts in Progress. Accordingly, Litigation Contracts in Progress meet the definition of intangible assets.

Litigation Contracts in Progress are measured at cost on initial recognition. Litigation Contracts in Progress are not amortised as the assets are not available for use until the determination of a successful judgment or settlement, at which point the assets are realised, and revenue is recognised.

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 Statement of Comprehensive Income when the asset is derecognised.

The following specific asset recognition rules have been applied to Litigation Contracts in Progress:

Actions still outstanding:

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

- Demonstration of ability of the Group to complete the litigation so that the asset will be available for use and the benefits embodied in the asset will be realised;
- Demonstration that the asset will generate future economic benefits;
- Demonstration that the Group intends to complete the litigation;
- Demonstration of the availability of adequate technical, financial and other resources to complete the litigation; and
- Ability to measure reliably the expenditure attributable to the intangible asset during the Litigation Contract in Progress.

Successful judgments

Where the litigation has been determined in favour of the Group 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 by the defendant are expensed as incurred.

Unsuccessful judgment

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 judgment, then future costs incurred by the Company on appeal are expensed as incurred.

(i) Plant and Equipment

Each class of property, plant and equipment is carried at cost or fair value, less where applicable, any accumulated depreciation and impairment losses. The carrying amount of the plant and equipment is reviewed annually by the Directors to ensure it is not in excess of the recoverable amount of these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets employed and their subsequent disposal. The expected net cash flows have been discounted to their present value in determining recoverable amounts.

Depreciation

The depreciable amount of all fixed assets including buildings and capitalised leased assets, but excluding freehold land, is depreciated on a straight line basis over their useful lives to the Company commencing from the time the asset is held ready for use. The asset's residual value and useful lives are reviewed and adjusted if appropriate, at each balance sheet date.

An asset's carrying value is written down immediately to its recoverable amount if the asset's carrying value is greater than the estimated recoverable amount. Gains and losses on disposal are determined by comparing proceeds with the carrying amount. These gains and losses are included in the income statement.

Note 1 Summary of significant accounting policies (continued)

(j) Income tax

The income tax expense or revenue for the year is the tax payable on a current year's taxable income based on the income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Deferred tax is accounted for using the liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the year when the asset is realised or liability is settled. Deferred tax is credited in the income statement except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity. Deferred income 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 tax losses.

(k) Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. The amounts are unsecured and usually paid within 30 days of recognition.

(l) Provisions

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

(m) Employee benefits

Provision is made for employee benefits accumulated as a result of employees rendering services up to the reporting date. These benefits include wages and salaries, annual leave, and long service leave.

Liabilities arising in respect of wages and salaries, annual leave and any other employee benefits expected to be settled within twelve months of the reporting date are measured at their nominal amounts based on remuneration rates which are expected to be paid when the liability is settled. All other employee benefit liabilities are measured at the present value of the estimated future cash outflow to be made in respect of services provided by employees up to the reporting date. In determining the present value of future cash outflows, the market yield as at the reporting date on national government bonds, which have terms to maturity approximating the terms of the related liability, are used.

(n) Leases

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are recognised as expenses in the periods in which they are incurred.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the lease term.

(o) Contributed equity

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 from the proceeds.

(p) Earnings per share

Basic earnings per share ("EPS") is calculated by dividing the result attributable to equity holders of the Company by the weighted number of shares outstanding during the year. Diluted EPS adjusts the figures used in the calculation of basic EPS to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed or known to have been issued in relation to dilutive potential ordinary shares.

(q) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST. Cash flows are presented in the statement of cash flow on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

Note 1 Summary of significant accounting policies (continued)

(r) Dividends
Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the Company, on or before the end of the financial year but not distributed at balance date.

(s) Foreign currencies
The financial statements are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each group entity are expressed in Australian dollars ('$'), which is the functional currency of the Company and the presentation currency for the consolidated financial statements. All foreign currency transactions during the financial year are brought to account using the exchange rate in effect at the date of the transaction. Foreign currency monetary items at reporting date are translated at the exchange rate existing at reporting date. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. As at 30 June 2016 all companies in the Group have the Australian dollar as its functional currency.

(t) Joint Venture
A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

When a group entity undertakes its activities under joint operations, the Group as a joint operator recognises in relation to its interest in a joint operation:

- its assets, including its share of any assets held jointly;
- its liabilities, including its share of any liabilities incurred jointly;
- its revenue from the sale of its share of the output arising from the joint operation;
- its share of the revenue from the sale of the output by the joint operation; and
- its expenses, including its share of any expenses incurred jointly.

The Group accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the AASBs applicable to the particular assets, liabilities, revenues and expenses.

(u) Fair value of assets and liabilities
The Group measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard.

Fair value is the price the Group would receive to sell an asset or would have to pay to transfer a liability in an orderly (i.e. unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset or liability (i.e. the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (i.e. the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

The fair value of liabilities and the entity's own equity instruments (excluding those related to share-based payment arrangements) may be valued, where there is no observable market price in relation to the transfer of such financial instruments, by reference to observable market information where such instruments are held as assets.

Where this information is not available, other valuation techniques are adopted and, where significant, are detailed in the respective note to the financial statements.

Note 1 Summary of significant accounting policies (continued)

Valuation techniques

In the absence of an active market for an identical asset or liability, the Group selects and uses one or more valuation techniques to measure the fair value of the asset or liability, the Group selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the Group are consistent with one or more of the following valuation approaches:

– Market approach: valuation techniques that use prices and other relevant information generated by market transactions for identical or similar assets or liabilities.
– Income approach: valuation techniques that convert estimated future cash flows or income and expenses into a single discounted present value.
– Cost approach: valuation techniques that reflect the current replacement cost of an asset at its current service capacity.

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the Group gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability are considered observable, whereas inputs for which market data is not available and therefore are developed using the best information available about such assumptions are considered unobservable.

Fair value hierarchy

AASB 13 requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurements into one of three possible levels based on the lowest level that an input that is significant to the measurement can be categorised into as follows:

Level 1 - Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 2 - Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 - Measurements based on unobservable inputs for the asset or liability.

The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

The Group would change the categorisation within the fair value hierarchy only in the following circumstances:

(i) if a market that was previously considered active (Level 1) became inactive (Level 2 or Level 3) or vice versa; or

(ii) if significant inputs that were previously unobservable (Level 3) became observable (Level 2) or vice versa.

When a change in the categorisation occurs, the Group recognises transfers between levels of the fair value hierarchy (i.e. transfers into and out of each level of the fair value hierarchy) on the date the event or change in circumstances occurred.

Note 1 Summary of significant accounting policies (continued)

(v) New standards and interpretations not yet adopted

- *AASB 15: Revenue from Contracts with Customers* (applicable to annual reporting periods commencing on or after 1 January 2017).

  When effective, this Standard will replace the current accounting requirements applicable to revenue with a single, principles-based model. Except for a limited number of exceptions, including leases, the new revenue model in AASB 15 will apply to all contracts with customers as well as non-monetary exchanges between entities in the same line of business to facilitate sales to customers and potential customers.

  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 the goods or services. To achieve this objective, AASB 15 provides the following five-step process:

  - identify the contract(s) with a customer;
  - identify the performance obligations in the contract(s);
  - determine the transaction price;
  - allocate the transaction price to the performance obligations in the contract(s); and
  - recognise revenue when (or as) the performance obligations are satisfied.

  This Standard will require retrospective restatement, as well as enhanced disclosures regarding revenue. The directors anticipate that the adoption of AASB 15 will not have a material impact on the Group's revenue recognition and disclosure.

- *AASB 16: Leases* (applicable to annual reporting periods commencing on or after 1 January 2019).

  AASB 16 removes the classification of leases as either operating leases or finance leases for the lessee effectively treating all leases as finance leases. Short term leases (less than 12 months) and leases of a low value are exempt from the lease accounting requirements. Lessor accounting remains similar to current practice.

  Although the directors anticipate that the adoption of AASB 16 may have an impact on the Group's financial statements, it is impracticable at this stage to provide a reasonable estimate of such impact.

- AASB 2014-3: Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations [AASB 1 & AASB 11].

  AASB 2014-3 amends AASB 11 *Joint Arrangements* to provide guidance on the accounting for acquisitions of interests in joint operations in which the activity constitutes a business. The amendments require:

  (a) the acquirer of an interest in a joint operation in which the activity constitutes a business, as defined in AASB 3 *Business Combinations*, to apply all of the principles on business combinations accounting in AASB 3 and other Australian Accounting Standards except for those principles that conflict with the guidance in AASB 11.

  (b) the acquirer to disclose the information required by AASB 3 and other Australian Accounting Standards for business combinations.

  This Standard also makes an editorial correction to AASB 11.

- AASB 2014-9: Amendments to Australian Accounting Standards – Equity Method in Separate Financial Statements (AASB 2014-9 applies to annual reporting periods beginning on or after 1 January 2016. Early adoption permitted).

  AASB 2014-9 amends AASB 127 *Separate Financial Statements*, and consequentially amends AASB 1 *First-time Adoption of Australian Accounting Standards* and AASB 128 *Investments in Associates and Joint Ventures*, to allow entities to use the equity method of accounting for investments in subsidiaries, joint ventures and associates in their separate financial statements. AASB 2014-9 also makes editorial corrections to AASB 127.

- *Other standards not yet applicable*

  There are no other standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

None of the new standards and amendments to standards that are mandatory for the first time for the financial year beginning 1 July 2015 affected any of the amounts recognised in the current period or any prior period, although it caused minor changes to the Group's disclosures.

Note 2 Financial risk management

The Group's principal financial instruments comprise cash and short-term deposits, receivables and payables and its finance facility.

The Group manages its exposure to key financial risks, including interest rate risk and currency risk in accordance with the Group's financial risk management policy. The objective of the policy 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, foreign currency risk, credit risk and liquidity risk. The Group uses different methods to measure and manage different types of risks to which it is exposed. These include monitoring levels of exposure to interest rates and currencies and assessments of market forecasts for interest rates and foreign currencies. Aging analyses and monitoring of specific credit allowances are undertaken to manage credit risk. Liquidity risk is monitored through the development of future rolling cash flow forecasts.

(a) Market Risk

(i) Interest rate risk

The Group's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market rates and the effective weighted average interest rates on classes of financial assets and financial liabilities, is as follows:

2016	Weighted average effective interest rate %	Floating interest rate $'000	Non-interest bearing $'000	Total $'000
Financial Assets:				
Cash and cash equivalents	0.29%	5,568	–	5,568
Other receivables	–	–	15,209	15,209
Total Financial Assets		5,568	15,209	20,777
Financial Liabilities				
Trade Payables and accruals	–	–	1,421	1,421
Interest bearing loans and borrowings	13.50%	10,399	–	10,399
Vendor deferred payment	–	–	3,000	3,000
Vendor Loans	7.50%	2,400	–	2,400
Total Financial Liabilities		12,799	4,421	17,220
2015				
Financial Assets:				
Cash and cash equivalents	2.49%	11,225	70	11,295
Other receivables	–	–	23	23
Total Financial Assets		11,225	93	11,318
Financial Liabilities				
Payables	–	–	104	104
Total Financial Liabilities		–	104	104

Note 2 Financial risk management (continued)

The Group has interest bearing assets and liabilities and therefore income and operating cash flows are subject to changes in the market rates. The Group regularly analyses its interest rate exposure. Within this analysis consideration is given to expected interest rate movements and the Group's future cash requirements, potential renewals of existing positions, alternative financing, and the mix of fixed and variable interest rates. A movement in interest rates of +/- 100 basis points will result in less than a +/- $124,708 (2015: $112,000) impact on the Group's income and operating cash flows.

(ii) Price risk

The Group is not exposed to equity securities price risk as it holds no investments in securities classified on the balance sheet either as available for sale or at fair value through profit or loss.

(iii) Currency risk

Currency risk arises from investments and borrowings that are denominated in a currency other than the functional currencies of the Group. The Group has invested in Litigation Contracts in Progress in the United States and therefore foreign currency risk arises from commercial transactions and recognised assets and liabilities denominated in a currency that is not the Group's functional currency. The Group's overseas investments are not hedged as those currency positions are considered to be long term in nature.

The Group's exposure to foreign currency risk at the end of the reporting period, which was expressed in Australian dollars in the financial statements, was as follows:

	2016 USD$'000	**2015 USD$'000**
Cash and cash equivalents	–	–
Trade and other receivables	–	–
Investment held in joint venture	482	–
Total Exposure	482	–

Assuming all other variables remain constant, a 10% strengthening of the Australian dollar at 30 June 2016 against the USD would have resulted in an increased exposure of $48,191 (2015: $nil). A 10% weakening of the AUD would have resulted in a decreased investment of $48,191 (2015: $nil), assuming all other variables remain constant. The Group does not currently hedge against currency risk.

(b) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's cash and cash equivalents and trade receivables.

Cash and cash equivalents comprise of cash on hand and demand deposits. The Group limits its credit risk by holding cash balances and demand deposits with reputable counterparties with acceptable credit ratings.

Trade receivables for the disbursement funding division are with registered solicitors as the counterparty. The Group transacts with in excess of 250 law firms and limits its credit risk by ensuring that there is a credit limit applied to any law firm and that settlement funds are deposited into the law firm's trust accounts (which are periodically audited by the Law Society).

Trade receivables relating to the litigation funding division are as a result of a funded case concluding. 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. The Group's continual monitoring of the defendants' financial capacity mitigates this risk.

(c) 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.

The material liquidity risk for the Group is the ability to raise equity or debt financing in the future. This risk is mitigated somewhat by the finance facility the Group obtained from Assetsecure Pty Limited which has significant headroom as at 30 June 2016 ($9,600,740). In the past, the Group has raised sufficient capital to fund its operations but it is however, at the risk of financial markets to fund its operations.

Note 2 Financial risk management (continued)

The following are the remaining contractual maturities as at the reporting date. The amounts are gross and undiscounted and include contractual interest payments and exclude the impact of netting agreements.

		Contractual cash flows			
2016	**Carrying amount $'000**	**2 months or less $'000**	**2 to 12 months $'000**	**1 to 2 years $'000**	**More than 2 years $'000**
Financial Liabilities:					
Trade and other payables	1,421	1,421	–	–	–
Interest bearing liabilities*	10,399	–	–	10,399	–
Other liabilities	3,000	2,000	1,000	–	–
Vendor deferred payment**	2,400	–	–	2,400	–
Total Financial Liabilities	17,220	3,421	1,000	12,799	–
2015					
Financial Liabilities:					
Total current liabilities	104	104	–	–	–
Interest bearing liabilities	–	–	–	–	–
Other liabilities	–	–	–	–	–
Vendor deferred payment	–	–	–	–	–
Total Financial Liabilities	104	104	–	–	–

* As disclosed in Note 16 the Group has a secured finance facility that contains various covenants. As disclosed in Note 16, the facility is repayable on 22 January 2016, however, a future breach of a covenant may require the Group to repay the loan earlier than indicated in the above table.

** As disclosed in Note 18 the Vendor loan is repayable on 18 January 2018.

Note 3 Critical accounting estimates and judgements

The preparation of the Group's consolidated financial statements requires management and the directors to make judgements, estimates and assumptions that may affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates under different assumptions and conditions.

Significant accounting judgements

The following critical accounting policies for which judgements have been made, as well as key estimates and assumptions that have the most significant impact on the consolidated financial statements. Further details of the nature of these assumptions and conditions may be found in the relevant notes to the consolidated financial statements:

(i) Significant accounting judgments

Taxation

The Group's accounting policy for taxation requires management's judgment in assessing whether deferred tax assets and deferred tax liabilities are recognised in the Statement of Financial Position. Deferred tax assets, including those arising from un-recouped tax losses and temporary differences are recognised only where it is considered more likely than not that they will be recovered, which is dependent upon the generation of sufficient future taxable profits.

Note 3 Critical accounting estimates and judgements (continued)

Assumptions about the generation of future profits depend upon management's estimates of future profitability and cash flows. These depend upon estimates of future income, operating costs, capital expenditure, dividends and other capital management transactions. Judgments and assumptions are also required in relation to the application of income tax legislation. These judgments and assumptions are subject to risk and uncertainty. Therefore there is a possibility that changes in circumstances will alter expectations, which may impact the amount of deferred tax assets and deferred tax liabilities recognised in the Statement of Financial Position and the amount of tax losses and temporary differences not yet recognised. In such circumstances, some or all of the carrying amounts of recognised deferred tax assets and liabilities may require adjustment, resulting in a correction to the Statement of Comprehensive Income.

(ii) Significant accounting estimates and assumptions

Impairment of non-financial assets

The Group assesses impairment of all assets at each reporting date by evaluating conditions specific to the Group and to the particular asset that may lead to impairment. This includes an assessment of each individual Litigation Contract in Progress as to whether it is likely to be successful, the cost and timing of future expected cash flows to completion and the ability of the defendant/s to pay upon successful completion. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves value in use calculations which incorporate a number of key estimates and assumptions (refer to Note 12).

Provision for adverse costs

In the event that litigation funded by the Group is unsuccessful, the Group raises a provision which is based upon the Group's best estimate of the amount of the adverse costs it will have to remit following consultation with external advisors.

Share based payments

The Company measures the cost of equity settled transactions with directors and employees by reference to the fair value of the equity instruments at the date at which they are granted. The assessed fair value of the options at the grant date is allocated equally over the period from the grant date to the vesting date. The fair value at the grant date is determined using the Black Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at the grant date, the expected price volatility of the underlying share, the expected dividend yield, and the risk-free interest rate for the term of the option. The fair value calculation and inputs to the Black Scholes model are shown at Note 20.

Impairment of trade receivables

The Group assesses the trade receivables of the disbursement funding for impairment regularly. The credit provisions raised (specific and collective) represent management's best estimate of the losses incurred on the receivables portfolio at reporting date based on their experienced judgement.

The collective provision is estimated on the basis of historical loss experience for assets with similar credit characteristics. The historical loss experience is adjusted based on the current observable data and events. The use of such judgements and reasonable estimates is considered appropriate (see Note 1(d)).

Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash –generating units to which goodwill has been allocated. The value in use calculation requires the directors to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. Where the actual future cash flows are less than expected, a material impairment loss may arise.

Note 4 Segment information

Identification of reportable segments
The Company has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (chief operating decision makers) in assessing performance and determining the allocation of resources.

On the 22 January 2016, the Group acquired the business of Macquarie Medico Legal and since that date has operated as two divisions: Litigation funding and disbursement funding. Geographically, both divisions operate in Australia. The Litigation funding business also operates in the United States, and believes the following countries as being favourable to litigation funding: New Zealand, Hong Kong, Singapore, United Kingdom, Canada and some European countries.

Segment assets
Where an asset is used across multiple segments, the asset is allocated to the segment that receives the majority of economic value from the asset. In the majority of instances, segment assets are clearly identifiable on the basis of their nature and physical location. Unless indicated otherwise in the segment assets note, investments in financial assets, deferred tax assets and intangible assets have not been allocated to operating segments.

Segment liabilities
Liabilities are allocated to segments where there is a direct nexus between the incurrence of the liability and the operations of the segment. Borrowings and tax liabilities are generally considered to relate to the Group as a whole and are not allocated. Segment liabilities include trade and other payables.

Unallocated items
The following items of revenue, expense, assets and liabilities are not allocated to operating segments as they are not considered part of the core operations of any segment:

– impairment of assets and other non-recurring items of revenue or expense.

	2016 $'000	2015 $'000
(a) Revenue/other income by operating segment		
Disbursement funding	4,864	–
Litigation funding	–	–
Unallocated items	–	–
Total revenue	4,864	–

	2016 $'000	2015 $'000
(b) Profit/(loss) by operating segment		
Disbursement funding	(596)	–
Litigation funding	(747)	(3,833)
Unallocated items	–	(2,157)
Total profit/(loss)	(1,343)	(5,990)

	2016 $'000	2015 $'000
(c) Assets by operating segment		
Disbursement funding	25,478	–
Litigation funding	6,172	12,149
Unallocated items	–	–
Total assets	31,650	12,149

Note 4 Segment information (continued)

	2016 $'000	2015 $'000
(d) Liabilities by operating segment		
Disbursement funding	(16,647)	–
Litigation funding	(1,155)	(104)
Unallocated items	–	–
Total liabilities	(17,802)	(104)

Note 5 Revenue and costs of goods sold

	2016 $'000	2015 $'000
Disbursement funding revenue	6,002	–
Discounts and write-off provision	(975)	–
Fair value (financing component) adjustment	(163)	–
Net revenue	4,864	–
Disbursement funding costs of goods sold	(2,907)	–
Gross profit	1,957	–

Note 6 Other expenses

	2016 $'000	2015 $'000
ASIC, ASX & share registry fees	63	114
Depreciation	10	–
Insurance	49	10
Legal & professional fees	1,270	497
Rent and office costs	247	64
Travel and accommodation	151	150
Share based payments	29	6
Sundry Costs	121	37
Total Expenses	1,940	878

Note 7 Finance income and finance costs

	2016 $'000	2015 $'000
Interest Income	158	72
Interest expenses and line fees	(781)	–
Finance establishment costs	(250)	–
Total finance income and costs	(873)	72

Note 8 Income tax

	2016 $'000	2015 $'000
(a) Income tax expense/(benefit)		
Current tax	–	–
Deferred tax	(3,051)	–
Under/(over) provision in prior years	–	–
Total income tax expense/(benefit)	(3,051)	–

	2016 $'000	2015 $'000
(b) Reconciliation of income tax expense to prima facie tax payable:		
Loss from continuing operations before income tax expense	(4,394)	(5,040)
Tax at the Australian tax rate of 30%	(1,318)	(1,512)
Tax effect of amounts which are non deductible (taxable) in calculating taxable income:	547	1,220
Previously unrecognised deferred tax assets now brought to account	(2,280)	–
Deferred tax assets not brought to account	–	292
Income tax expense/(benefit)	(3,051)	–
The applicable weighted average effective tax rates	231%	0%
(c) Deferred tax asset		
Tax losses	2,476	–
Expenses taken into equity	122	–
Provision for doubtful debts and fair value adjustments	180	–
Other temporary differences	274	–
	3,052	–
Offset deferred tax liability	(1)	–
Net deferred tax assets	3,051	–

In the prior year the Group did not recognise any unrecouped income tax losses. Following tax advice obtained from BDO Corporate Tax (WA) Pty Limited, the Group's tax advisors, the directors have determined that prior unrecouped income tax losses should be brought to account as the Group expects to generate assessable income in the future.

Note 9 Discontinued operations

(a) Disposal of Zimbabwe chrome business

There were no discontinued operations in the current financial year.

In the prior financial year the Company sold its investment in African Chrome Fields Pte Ltd, which owned a 70% interest in chromium mining concessions and a processing facility in Zimbabwe. The sale completed on 19 August 2014. The net proceeds from the sale exceeded the carrying amount of the related net assets.

(b) Relinquishment of Australian coal tenements

In the prior financial year the Company was notified by the Department of Mines and Petroleum that an extension of the coal licenses would not be granted. In order to prevent further costs from being incurred, the Company relinquished its remaining tenements.

(c) Analysis of loss for the year from discontinued operations

The combined results of the discontinued operations (i.e. chrome and coal businesses) included in the loss for the previous year are set out below.

	2016 $'000	2015 $'000
Loss for the year from discontinued operations		
Gain on disposal (see Note 9 (d))	–	302
Expenses	–	–
Write down of exploration and evaluation expenditure (Note 9 (b))	–	(1,252)
Loss before tax	–	(950)
Attributable income tax expense	–	–
Loss for the year from discontinued operations (attributable to owners of the Company)	–	(950)
Cash flows from discontinued operations		
Net cash outflows from operating activities	–	–
Net cash inflows from investing activities	–	66
Net cash (outflow)/inflows from financing activities	–	(1,350)
Net cash (outflow)/inflows	–	(1,284)
(d) Gain on deconsolidation of subsidiary		
Net cash inflow arising on disposal during the year	–	104
Deposit received in the prior reporting period	–	3,114
Total disposal consideration	–	3,218
Less unsecured loans extinguished by the Company from above proceeds	–	(1,382)
Net disposal consideration	–	1,836
Net assets disposed of	–	(1,414)
Non-controlling interest disposed of	–	(122)
Foreign exchange reserves disposed of	–	2
Gain on deconsolidation before income tax	–	302

Note 10 Cash and cash equivalents

	2016 $'000	2015 $'000
Cash at bank and in hand	5,462	11,295
Short term deposits	106	–
	5,568	11,295

Cash at bank earns interest at floating rates based upon daily bank deposit rates. The carrying amounts of cash and cash equivalents represent fair value.

As at 30 June the short term deposits had less than 90 days to mature and earn interest at the respective short term deposit rates.

The cash and cash equivalents has a weighted average interest rate of 0.29% per annum at balance date (2015: 2.49%).

Bank Guarantees

Bank guarantees have been issued by the Group's bankers as security for leases over premises. As at 30 June 2016 guarantees of $105,402 were outstanding (2015: $nil). The guarantees are secured by an offset arrangement with the term deposit.

Note 11 Trade and other receivables

	2016 $'000	2015 $'000
Current		
Trade receivables	15,854	–
Provision for doubtful debts	(2,800)	–
Financing component	(1,617)	–
Other receivables	52	23
Total current	11,489	23
Non-current		
Trade receivables	4,518	–
Provision for doubtful debts	(798)	–
Total non-current	3,720	–

Trade receivables relate to the disbursement funding business and are non-interest bearing. Trade receivables are due and payable upon the conclusion of the underlying case where the disbursements have been funded, which is typically between 12 months and 24 months from the date of funding. As trade receivables are generally collected within 469 days, a portion have been classified as non-current. No trade and other receivables are past due.

At 30 June the aging analysis of trade and other receivables is as follows:

	0-364 days	366-729 days	730-1094 days	1095+ days	Total
2016	12,126	4,723	1,748	1,775	20,372
2015	–	–	–	–	–

Note 11 Trade and other receivables (continued)

Fair value and credit risk

Due to the inherent finance component embedded in the trade receivables, a fair value provision has been determined so that the trade receivables carrying amounts approximates its fair value. It is estimated by discounting future cash flows using rates currently available for debt of similar terms, credit risk and estimated remaining maturities. In addition to being sensitive to a reasonably possible change in the forecast cash flows or the discount rate, the fair value of the trade receivables is also sensitive to possible future growth rates. The valuation requires management to use unobservable inputs in the model, of which the significant unobservable inputs are: a discount rate of 15% and average receivable days of 469 days. Management regularly assesses a range of reasonable possible alternatives for those unobservable inputs and determines their impact on the total fair value (refer to Note 3).

Note 12 Intangible assets

(a) 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, the capitalisation of certain directly attributable internal costs of managing the litigation, such as certain wages and other out of pocket expenses. The capitalised wages in 2016 equated to approximately 8% of the total salary costs (2015: 21%).

The carrying value of Litigation Contracts in Progress can be summarised as follows:

	2016 $'000	2015 $'000
Capitalised external costs	688	623
Capitalised internal costs	311	131
Balance 30 June	999	754

(b) Reconciliation of carrying amounts at the beginning and end of the year	Consolidated $'000
Year ended 30 June 2015	
Cost (gross carrying amount)	–
Additions	754
Disposals (including to co-funders)	–
Write-down of Litigation Contracts in Progress	–
At 30 June 2015, net of accumulated amortisation and impairment	754
Year ended 30 June 2016	
Cost (gross carrying amount)	754
Additions	747
Disposals	(502)
Write-down of Litigation Contracts in Progress	–
At 30 June 2016, net of accumulated amortisation and impairment	999

Note 12 Intangible assets (continued)

(c) Write-off of intangible assets
The carrying amount of Litigation Contracts in Progress is written off when the case is lost by the Group or the Group decides not to pursue cases that do not meet the Group's required rate of return.

(d) Impairment testing of intangible assets
The recoverable amount of each Litigation Contract in Progress is determined based upon a value in use calculation using cash flow projections based upon 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.

(i) The estimated cost to complete the Litigation Contracts in Progress is budgeted, based upon estimates provided by the external legal advisor in charge of the litigation.

(ii) The value of the Group of the Litigation Contracts in Progress, once completed, is estimated based upon the expected settlement or judgment amount of the litigation and the fees due to the Group under the litigation funding contract.

(iii) 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 Contract in Progress. The discount rate applied ranged between 15% and 18%. (2015: nil).

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

Note 13 Goodwill
The Company recognised $5,943,000 of goodwill upon the acquisition of the Macquarie Medico Legal business. The Group performed its annual impairment test at 30 June 2016. The Group considers the relationship between its market value, among other factors when reviewing for indicators of impairment. The recoverable amount of the disbursement funding division has been determined based upon a value in use calculation using cash flow projections from financial budgets approved by management covering a five year period. The pre-tax discount rate applied to the cash flow projections was 15% and cash flows beyond the five-year period are extrapolated using a 1% growth rate. It was concluded that the fair value less costs of disposal did not exceed the value in use.

Key assumptions used in value in use calculations and sensitivity to changes in assumptions
The calculation of value in use for the litigation disbursement funding business unit is most sensitive to the following assumptions:

- Gross margins;
- Discount rates; and
- Growth rate estimates.

Gross margins
Gross margins are based on average values achieved in the two years preceding the beginning of the budget period. These are increased over the budget period for anticipated efficiency improvements. A decrease in the gross margin by 3% would result in impairment in the goodwill value.

Discount rates
Discount rates represent the current market assessment of the risks specific to the disbursement funding business, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Group and its operating segments and is derived from its weighted average cost of capital (WACC). The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment by the Group's investors. The cost of debt is based on the interest-bearing borrowings the Group is obliged to service. Segment-specific risk is incorporated by applying individual beta factors. The beta factors are evaluated annually based on publicly available market data. Adjustments to the discount rate are made to factor in the specific amount and timing of the future tax flows in order to reflect a pre-tax discount rate. A rise in the pre-tax discount rate to 17% would result in an impairment.

Growth rate estimates
Rates are based on management's estimates. Management recognises that the possibility of new entrants can have a significant impact on growth rate assumptions, however, given this is a relatively new industry, the effect of new entrants is not expected to have an adverse impact on the forecasts. A reduction to negative 5% in the long-term growth rate would result in an impairment.

Note 14 Office plant and equipment

	2016 $'000	2015 $'000
At cost	158	28
Accumulated depreciation	(34)	(24)
Total office equipment	124	4
Movements in carrying amounts		
Balance at the beginning of the year	4	–
Additions	130	4
Disposals	–	–
Depreciation expense	(10)	–
Carrying amount at the end of the year	124	4

Note 15 Current liabilities - trade and other payables

	2016 $'000	2015 $'000
Trade, other payables and accruals	1,274	66
Superannuation	79	2
GST payable	68	36
	1,421	104

Note 16 Interest bearing liabilities

On 22 January 2016 the Group secured a three year $20 million facility through Assetsecure Pty Limited. As at 30 June 2016 the facility was drawn-down in the amount of $10.4 million. The loan is secured by a fixed and floating charge over the assets of JustKapital Financing Pty Limited. The parent company and other entities within the Group have guaranteed the facility.

The fees payable under the facility include a mixture of interest charges for amounts draw-down under the facility, line fees and management fees, which total 13.5% per annum. These are expensed as incurred.

The facility repayable on 22 January 2018. The facility is subject to a number of covenants. A future breach of a covenant may require the Group to repay the loan earlier. No covenants have been breached at 30 June 2016.

Note 17 Provisions

	2016 $'000	2015 $'000
Provision for annual leave and long service leave	82	–
Provision for bonuses	500	–
	582	–

Note 18 Other liabilities and vendor loan

On 22 January 2016 the Company purchased the Macquarie Medico Legal business. As part of the purchase price the vendor agreed to defer $3,000,000 of the purchase price. $2,000,000 of the deferred payment was due to be paid on 30 June 2016 and $1,000,000 is due to be paid on 30 June 2017. The payment due on 30 June 2016 was made in July 2016.

The Vendor also provided the Group with an interest bearing loan totaling $2,400,000. The interest payable is 7.5% per annum. This loan is repayable on 22 January 2018.

Note 19 Issued capital

	2016 Number	2015 Number
Issued and ordinary shares	**115,563,124**	104,229,791

Fully paid ordinary shares carry one vote per share and the rights to dividends. There are 18,333,334 ordinary shares escrowed at 30 June 2016 (2015:10,000,001).

(a) Movement in ordinary share capital

Date	Details	Number of shares	$'000
30/06/2014	Opening Balance	1,310,976,382	34,700
17/09/2014	Placement at $0.004	188,000,000	752
20/02/2015	50:1 share consolidation	(1,468,996,592)	–
10/03/2015	Placement at $0.20	2,505,400	501
10/03/2015	Issue of related party vendor shares on acquisition of JustKapital Litigation Pty Limited at $0.20	7,500,001	1,500
27/03/2015	Placement at $0.20	9,244,600	1,849
27/03/2015	Issue of remaining vendor shares on acquisition of JustKapital Litigation Pty Limited at $0.20	2,500,000	500
21/04/2015	Placement at $0.20	52,500,000	10,500
21/04/2015	Capital reduction s258F Corporations Act 2001	–	–33,901
21/04/2015	Costs of share issues	–	–678
30/06/2015	**Balance at the end of the year**	**104,229,791**	**15,723**
22/01/2016	Issue of vendor shares on acquisition of MML business at $0.265	11,333,333	3,000
30/06/2016	**Balance at the end of the year**	**115,563,124**	**18,723**

On 22 January 2016 the Company issued 11,333,333 shares as part of the purchase consideration paid for the Macquarie Medico Legal business at $0.265 per share.

Note 19 Issued capital (continued)

(b) Options

As at 30 June 2016, there were 13,474,231 unissued ordinary shares under option (2015: 12,807,564). These options are exercisable as follows:

Details	Date of Expiry	Conversion Price $	Number of Options
Management incentive options	31/12/2016	0.25	3,680,000
Management incentive options	10/03/2018	0.25	1,200,000
Vendor options JustKapital Litigation Pty Limited	10/03/2018	0.25	5,195,673
Vendor options JustKapital Litigation Pty Limited	27/03/2018	0.25	1,898,558
Vendor options Macquarie Medico Legal	22/01/2019	0.25	1,500,000
			13,474,231

	2016 Number of options	2015 Number of options
Balance at beginning of the year	12,807,564	209,000,000
50:1 share consolidation	–	(204,820,000)
Granted during the year	1,500,000	8,627,564
Exercised during the year	–	–
Forfeited/expired during the year	(833,333)	–
Balance at the end of the year	13,474,231	12,807,564

(c) Capital Management

Management controls the capital of the Group in order to maintain a sustainable debt to equity ratio, generate long-term shareholder value and ensure that the Group can fund its operations and continue as a going concern.

The Group's debt and capital include ordinary share capital and financial liabilities, supported by financial assets.

The Group is not subject to any externally imposed capital requirements. Management effectively manages the Group's capital by assessing the Group's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels, distributions to shareholders and share issues.

Note 20 Share based payments

(a) Recognised share-based payment expense

The expense recognised for employee and consultant services during the year is shown in the table below:

	2016 $'000	2015 $'000
Expense arising from equity-settled share-based payment transactions	28	7

The following share-based payment arrangements were in existence during the current and prior reporting periods:

Option Series	Number	Grant Date	Expiry Date	Exercise Price	Fair Value at Grant Date
Issued 18 Aug 2010 (i)(ii)	300,000	18/08/2010	17/08/2015	$1.50	$0.83
Issued 18 Jan 2013 (i)(iii)	200,000	18/01/2013	31/12/2015	$0.50	$0.24
Issued 23 Oct 2013 (i)(iv)	1,550,000	23/10/2013	31/12/2016	$0.25	$0.08
Issued 6 Nov 2013 (i)(iv)	1,550,000	06/11/2013	31/12/2016	$0.25	$0.08
Issued 28 Nov 2013 (i)(iv)	500,000	28/11/2013	31/12/2016	$0.25	$0.05
Issued 15 Apr 2014 (i)(iii)	80,000	15/04/2014	31/12/2016	$0.25	$0.14
Issued 10 Mar 2015 (iii)	1,195,673	10/03/2015	10/03/2018	$0.25	$0.06
Issued 10 Mar 2015 (v)	1,200,000	10/03/2015	10/03/2018	$0.25	$0.03
Issued 10 Mar 2015 (vi)	4,000,000	10/03/2015	10/03/2018	$0.25	$0.03
Issued 27 Mar 2015 (iii)	398,558	27/03/2015	27/03/2018	$0.25	$0.06
Issued 27 Mar 2015 (vi)	1,500,000	27/03/2015	27/03/2018	$0.25	$0.03
Issued 1 May 2015 (vii)	111,111	01/05/2015	01/05/2020	$0.30	$0.05
Issued 1 May 2015 (viii)	111,111	01/05/2015	01/05/2020	$0.30	$0.03
Issued 1 May 2015 (ix)	111,111	01/05/2015	01/05/2020	$0.30	$0.02
Issued 22 Jan 2016 (x)	1,500,000	01/05/2015	01/05/2020	$0.30	$0.08

(i) This represents the number of options and exercise price subsequent to a 50 for 1 consolidation which occurred during the year.

(ii) Options vested 12 months from issue being 18 August 2011. These options expired in the year.

(iii) Options vest at the date of their issue. These options expired in the year.

(iv) Options vest upon the company exercising its option to acquire a 70% stake in two Zimbabwe companies. These options vested during the prior year.

(v) Options vest when the 20 day VWAP of the Company's share price is $0.40 or above. The Company recognised the expense over a two year period.

(vi) Options vest when the 20 day VWAP of the Company's share price is $0.40 or above.

(vii) Options vest on 1 April 2016 and when the 20 day VWAP of the Company's share price is $0.30 or above. These options were forfeited in the year.

(viii) Options vest on 1 April 2017 and when the 20 day VWAP of the Company's share price is $0.40 or above. These options were forfeited in the year.

(ix) Options vest on 1 April 2018 and when the 20 day VWAP of the Company's share price is $0.50 or above. These options were forfeited in the year.

(x) Options vest at the date of their issue.

Note 20 Share based payments (continued)

(b) Types of share-based payment plans

(i) Management incentive options

There were $28,639 share based payments in 2016 (2015: $6,628). The following table lists the inputs to the model used:

No. of options	1,200,000	111,111	111,111	111,111
Grant date	10-03-15	01-05-15	01-05-15	01-05-15
Share price	$0.20	$0.20	$0.20	$0.20
Exercise price	$0.25	$0.30	$0.30	$0.30
Risk free interest rate	1.96%	2.11%	2.11%	2.11%
Expiry date	10-03-18	01-05-20	01-05-20	01-05-20
Volatility	50.00%	50.00%	50.00%	50.00%
Value per option before discount	$0.06	$0.07	$0.07	$0.07
Discount for 20 day VWAP Condition	50%	25%	50%	75%
Fair value after discount	$0.03	$0.05	$0.03	$0.02

(ii) Vendor options

There were $118,624 share based payments in 2016 (2015: $245,000) recognised as part of the acquisition of Macquarie Medico Legal (prior year payments related to the acquisition of JustKapital Litigation Pty Limited). This amount forms part of the purchase consideration disclosed at Note 34. The following table lists the inputs to the model used:

No. of options	1,195,673	4,000,000	398,558	1,500,000	1,500,000
Grant date	10-03-15	10-03-15	27-03-15	7-03-15	22-01-16
Share price	$0.20	$0.20	$0.20	$0.20	$0.22
Exercise price	$0.25	$0.25	$0.25	$0.25	$0.25
Risk free interest rate	1.96%	1.96%	1.78%	1.78%	1.94%
Expiry date	10-03-18	10-03-18	27-03-18	27-03-18	22-01-19
Volatility	50.00%	50.00%	50.00%	50.00%	59.80%
Value per option before discount	$0.06	$0.06	$0.06	$0.06	$0.08
Discount for 20 day VWAP Condition	N/A	50%	N/A	50%	N/A
Fair value after discount	$0.06	$0.03	$0.06	$0.03	$0.08

Note 20 Share based payments (continued)

(c) Summary of options granted
The following table illustrates the number and weighted average exercise price (WAEP) of, and movements in, share options issued during the year:

	2016 Number	2016 WAEP	2015 Number	2015 WAEP
Outstanding at the beginning of the year	12,807,564	0.28	209,000,000	0.01
Recapitalisation 50:1	–	–	(204,820,000)	–
Options outstanding post recapitalisation	12,807,564	0.28	4,180,000	0.35
Granted during the year	1,500,000	0.25	8,627,564	0.25
Exercised during the year	–	–	–	–
Expired/forfeited during the year	(833,333)	0.78	–	–
Outstanding at the end of the year	13,474,231	0.25	12,807,564	0.28

(d) Weighted average of remaining contractual life
The weighted average remaining contractual life for the share options outstanding as at 30 June 2016 is 1.47 years (2015: 2.32 years).

(e) Range of exercise price
The exercise price for options outstanding at the end of the year was $0.25 (2015: $0.25-$1.50).

(f) Weighted average fair value
The weighted average fair value of options granted during the year was $0.08 (2015: $0.03).

(i) Share options exercised during the year
No options were exercised in 2016 or 2015

(ii) Issue of shares during the year
During the year, the Company issued 11,333,333 fully paid ordinary shares as share based payments (2015: 10,000,001). Details of the shares issued are listed under Note 19.

Note 21 Dividends

There were no dividends recommended or paid during the financial year.

Note 22 Non-Controlling Interest

	2016 $'000	2015 $'000
Balance at beginning of the year	–	(122)
Non-controlling interest reduced on disposal of African Chrome Fields (Private) Limited (see Note 9)	–	122
Balance at end of year	–	–

Note 23 Key management personnel disclosures

(a) Details of Key Management Personnel

There were no changes to Key Management Personnel after the reporting date and before the date the financial report was authorised for issue.

(b) Compensation of Key Management Personnel

	2016 $'000	2015 $'000
Short-term employee benefits	1,805	630
Post-employment benefits	56	39
Share based payments	29	7
	1,890	675

Detailed remuneration disclosures are provided in the Remuneration Report in the Directors' Report.

Note 24 Remuneration of auditors

During the year the following fees (exclusive of GST) were paid or payable for services provided by the auditor of the Company:

	2016 $'000	2015 $'000
Audit and review of financial reports	72	35
Other services	–	33
Total remuneration for audit and other services	72	68

Note 25 Commitments

Operating Lease Commitments

Non-cancellable operating leases contracted for but not recognised in the financial statements:

	2016 $'000	2015 $'000
– Not later than 12 months	363	158
– Between 12 months and five years	752	513
– Later than five years	–	–
	1,115	671

Remuneration Commitments

Commitments for the payment of salaries under employee contracts in existence at reporting date but not recognised in the financial statements as a liability:

	2016 $'000	2015 $'000
– Not later than 12 months	1,304	–
– Between 12 months and five years	657	–
– Later than five years	–	–
	1,961	–

Note 26 Reconciliation of loss after income tax to net cash outflow from operating activities

	2016 $'000	2015 $'000
Loss for the year after tax	(1,343)	(5,990)
Share based payments	29	6
Depreciation	10	–
Employee leave provision	30	–
Impairment of goodwill	–	3,833
Write down of exploration and evaluation expenditure	–	1,266
Gain on sale of subsidiary	–	(302)
Net foreign exchange loss	–	(229)
Changes in assets and liabilities, net of the effects of purchase and disposals of subsidiaries:		
(Increase)/decrease in trade receivables and prepayments	874	(62)
Increase/(decrease) in trade and other payables	1,517	(647)
Increase/(decrease) in provisions	82	–
(Increase)/decrease in deferred tax assets	(3,051)	–
Net cash outflows from operating activities	(1,852)	(2,125)

During the current year, the Group entered into the following non-cash investing and financing activities which are not reflected in the consolidated statement of cash flows:

The Company issued $3,000,000 in new ordinary shares to acquire the Macquarie Medico Legal business, refer to Note 34.

Note 27 Earnings per share

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary equity holders of the Parent by the weighted average number of ordinary shares outstanding during the year.

As at 30 June 2016 there were share options on issue that could potentially dilute basic earnings per share in the future Therefore a diluted earnings per share calculation has been undertaken.

The following reflects the income and share data used in the basic earnings per share computation:

(a) Earnings used in calculating earnings per share	2016 $'000	2015 $'000
Profit/(loss) attributable to ordinary holders of the Parent	(1,343)	(5,990)
Loss for the year from discontinued operations	–	950
Loss used in the calculation of basic loss per share from continuing operations	(1,343)	(5,040)

(b) Weighted average number of shares	2016 Number	2015 Number
Weighted average number of ordinary shares used as the denominator in calculating basic loss per share	109,500,000	45,361,439
Adjustments for calculation of diluted loss per share – Options	–	–
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted loss per share	109,500,000	45,361,439

Options are considered to be potential ordinary shares and have been included in the determination of the diluted profit per share. As the Group made a loss for the year ended 30 June 2016, the options on issue have no dilutive effect in the year.

Note 27 Earnings per share (continued)

(c) Earnings per share calculations

	2016 Cents	2015 Cents
From continuing operations	(1.23)	(11.11)
From discontinued operations	–	(2.09)
Total basic profit/(loss) per share	(1.23)	(13.20)

There have been no transactions involving ordinary shares or potential ordinary shares that would significantly change the number of ordinary shares outstanding between the reporting date and the date of completion of these financial statements.

Note 28 Parent entity disclosures

Information relating to JustKapital Litigation Partners Limited	2016 $'000	2015 $'000
Assets		
Current assets		
Cash and cash equivalents	1,409	11,279
Trade and other receivables	–	–
Prepayments	52	73
Total current assets	1,461	11,352
Non-current asset		
Investment and loan to subsidiaries	11,682	793
Office Equipment	39	4
Deferred Tax Asset	2,629	–
Total non-current assets	14,350	797
Total assets	15,811	12,149
Liabilities		
Current liabilities		
Trade and other payables	1,173	104
Total current liabilities	1,173	104
Total liabilities	1,173	104
Net Assets	14,638	12,045
Equity		
Contributed equity	18,723	15,723
Share based payments reserve	1,301	1,155
Accumulated losses	(5,386)	(4,833)
Total Equity	14,638	12,045
Loss of the Parent	(552)	(5,991)
Total comprehensive loss of the Parent	(552)	(5,991)

The parent entity has guaranteed the finance facility of JustKapital Financing Pty Limited (see Note 16). The parent entity has not provided any other guarantees in relation to the debts of its subsidiaries. For details on commitments see Note 25.

Note 29 Joint Operations

The Group has a material joint operation with Longford Capital Management LP (Longford Capital) where the Group co-invests with Longford Capital in litigation funding. The joint operation is funding one case in the United States on a 50:50 basis. The Group is entitled to its proportionate share of the Litigation Contracts in Progress income received and bears a proportionate share of the joint operation's investment in cases. The total investment as at 30 June 2016 was $0.66 million (2015: $nil). (Please note that the Group is co-funding an Australian case with Longford Capital. The Group's co-funded portion of the Australian case is included in Intangible assets (see Note 12).

Note 30 Subsidiaries

The consolidated financial statements include the financial statements of JustKapital Litigation Partners Limited and the subsidiaries listed in the following table:

	Country of incorporation	Interest 2016	Interest 2015
JustKapital Financing Pty Limited	Australia	100%	–
JustKapital Litigation Pty Limited	Australia	100%	100%
JustKapital Litigation Partners (NZ) Limited (i)	New Zealand	100%	100%
JustKapital Litigation Insurance Pty Ltd (i)	Australia	100%	100%
JustKapital Pty Limited (i)	Australia	100%	100%
JustKapital Co-Funding No 1 Pty Limited (i)	Australia	100%	–
LongKapital Pty Ltd (i)	Australia	100%	100%
MML Services Pty Ltd (i)	Australia	100%	–

(i) These Companies are dormant

Note 31 Related party transactions

(a) Key management personnel

Disclosures relating to key management personnel are set out in Note 23 and the detailed remuneration disclosures to the Directors' Report.

(b) Acquisition of JustKapital Litigation Pty Limited

On 10 March 2015, the Company issued the following shares and options to vendors of JustKapital Litigation Pty Limited.

Related Party	Shares issued (i)	Vendor options (ii)	Vendor performance options (iii)
Philip Kapp	4,166,667	664,263	1,600,000
Tim Storey	1,666,667	265,705	1,200,000
Mike Hill	1,666,667	265,705	1,200,000

(i) Shares were issued at a deemed cost of $0.20.

(ii) Fair value of vendor options is $0.0564 per option. Options vested upon issue.

(iii) Fair value of vendor performance options is $0.0282 per option. Options vest when the 20 day VWAP of the Company's share price is $0.40 or above.

At acquisition, accrued fees were outstanding as follows:

- Philip Kapp - $275,000
- Mike Hill - $229,167
- Tim Storey - $91,667

These amounts were paid during the year, but as they relate to pre acquisition, are excluded from the Consolidated Statement of Profit or Loss and Other Comprehensive Income and the Remuneration Report.

Note 31 Related party transactions (continued)

(c) Transaction with related parties
The Company advanced $1,379,199 to JustKapital Litigation Pty Limited prior to completing the acquisition on 30 March 2015.

Kappfam Investments Pty Ltd and Kapp Consulting Pty Ltd, companies associated with Philip Kapp were paid $828,500 during the year for providing the services of Philip Kapp (since 1 January Mr Kapp has been remunerated through these consulting entities).

Prolex Limited, a company associated with Tim Storey was paid $150,000 for director fees and bonuses (2015: $83,333)

Anglo Pacific Ventures Pty Ltd, a company associated with Hugh Warner, charges the Company for office rental on normal commercial terms and conditions. Anglo Pacific Ventures Pty Ltd was paid $51,732 for the current year (2015: $44,400).

Corporate Starboard Pty Ltd, a company associated with Neil Hackett, was paid $nil (2015: $4,221) for director and company secretarial services up until the date of his resignation as a director.

(d) Outstanding balances with related parties
As at 30 June 2016 amounts owed to related parties were $757,809. There were no amounts owed to related parties as at 30 June 2015.

Note 32 Contingent liabilities

In certain jurisdictions litigation funding agreements contain an undertaking from the Group to the client that the Group will pay adverse costs awarded to the successful party in respect of costs incurred during the period of funding, should the client's litigation be unsuccessful. It is not possible to predict in which cases such an award might be made or the quantum of such awards. In general terms an award of adverse costs to a defendant will approximate 70% of the amount paid by the plaintiff to pursue the litigation (although in some cases there may be more than one defendant).

Accordingly, an estimate of the total potential adverse costs exposure of the Group which has accumulated from time to time may be made by assuming all cases are lost, that adverse costs equal 70% of the amount spent by the plaintiff and that there is only one defendant per case.

As at 30 June 2016 the total amount spent by the Company where undertakings to pay adverse costs have been provided was $616,215 (2015: $623,000). The potential adverse costs orders using the above methodology would amount to $431,350 (2015: $436,000). The Company does not currently expect that any of the matters will be unsuccessful. The Company maintains a large cash holding in case one or more matters are unsuccessful and an adverse costs order is made.

At 30 June 2015 the Group had been notified of an intention to assert a claim for reimbursement of an amount representing legal fees, in the order of $410,390. This claim has now been settled.

In addition to the fixed purchase consideration, the vendor of the Macquarie Medico Legal business is entitled to additional consideration by way of earn out. Any earn out will be paid in equal proportions of cash and shares, with shares being issued at $0.40 for year 1, $0.50 for year 2, and $0.60 for year 3. The earn out is calculated as follows:

- Year 1 – 40% of the profits before tax of the acquired business in excess of $4.0 million;
- Year 2 - $1.0 million if the profit before tax is greater than $5.0 million, plus 40% of the profits before tax of the acquired business in excess of $5.0 million; and
- Year 3 - 40% of the profits before tax of the acquired business in excess of $6.25 million of the acquired business. Cumulative earn out capped at $14.0 million.

Note 33 Events occurring after the balance sheet date

Convertible bonds

On 11 July 2016 the Company announced it had undertaken a successful capital raising of $5 million by issuing 50,000 Convertible Bonds, each with a face value of $100. The Convertible Bonds mature on 30 June 2018 and require the Company to pay interest to the holders of the Convertible Bonds of 11.5% per annum, quarterly in arrears. The Convertible Bonds are convertible into ordinary shares of the Company at the option of the Convertible Bond holder prior to its maturity. The conversion price if such an election is made is $0.30 per ordinary share, or 80% of the issue price of any future equity.

If more than 50% of the Convertible Bonds convert within six months of the Company's annual general meeting and the lead investor issues an option request upon the Company, the Company must issue 10 million unlisted options with a three year maturity date to the Bondholders on a pro-rated basis, with an exercise price of $0.50 per share.

Bondholders can request an early redemption of the Convertible Bonds at a 10% premium to their face value if there is a material breach of any covenants or if shareholders do not approve the issue of shares upon conversion. The Company can undertake an early redemption of the Convertible Bonds at a 10% premium to its face value.

Litigation funding portfolio

On 11 July 2016, the Company announced it had entered into an Agreement to purchase a litigation funding portfolio of five cases for $3.2 million. The purchase price is payable in cash and ordinary shares. The cash component is payable in two tranches, $0.5 million at settlement and $0.5 million on 30 June 2017, or upon the successful resolution of one of the cases within the portfolio (whichever is the earliest). The Company will also issue the seller 7,333,333 ordinary shares with an agreed issue price of $0.30 per share following approval from shareholders at the annual general meeting. These shares will be escrowed until 15 July 2018 or upon the resolution of the first case.

The seller is also entitled to receive 50% of all proceeds over $4 million from the "free carry" component of the litigation funding agreements. The "free carry" component ranges between 10% and 15% of the proceeds from each of the cases within the portfolio.

Other than the above, the directors are not aware of any significant events since the end of the reporting period.

Note 34 Acquisition of subsidiary

On 22 January 2016 the Group purchased the disbursement funding business of Macquarie Medical Legal. A summary of the acquisition is as follows:

Purchase consideration	2016 $'000
Share capital issued	3,000
Share based payment	118
Cash paid	10,941
Deferred consideration	3,000
Vendor loan	2,400
Total purchase consideration	19,459
Cash flows on acquisition	
Total purchase consideration	19,459
Less: Deferred consideration	(3,000)
Less: Consideration settled through issue of shares and options	(3,118)
Cash consideration	13,341
Less: cash acquired	–
Less: Vendor loan	(2,400)
Less: finance facility	(5,941)
Cash (inflow) on acquisition	5,000
Identifiable assets acquired and liabilities assumed	
Cash and cash equivalents	–
Trade and other receivables	18,282
Trade receivables provision allowed	(3,182)
Fair value provision allowed	(1,454)
Intangible assets	–
Trade and other payables	(130)
Finance facility	–
Deferred consideration	–
Unsecured loans	–
Total identifiable net assets/(liabilities)	13,516
Goodwill arising on acquisition	
Consideration transferred	19,459
Fair value of identifiable net (assets)/deficiency acquired	(13,516)
Goodwill arising on acquisition	5,943

DIRECTORS' DECLARATION

In the directors' opinion:

1. the financial statements and notes set out on pages 19 to 53 are in accordance with the *Corporations Act 2001*, including:
   (a) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
   (b) giving a true and fair view of the Consolidated Entity's financial position as at 30 June 2016 and of its performance for the financial year ended on that date; and
2. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable;
3. the financial statements and notes thereto are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board; and
4. the audited remuneration disclosures set out on pages 10 to 16 of the Directors' Report comply with accounting standard AASB 124 *Related Party Disclosures* and the *Corporations Regulations 2001*.

The directors acting in the capacity of Chief Executive Officer and Chief Financial Officer have given the declarations required by Section 295(A) of the *Corporations Act 2001*.

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

Philip Kapp.

Philip Kapp
Chairman

Sydney
30 August 2016

INDEPENDENT AUDITOR'S REPORT

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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
JUSTKAPITAL LITIGATION PARTNERS LIMITED

Report on the Financial Report

We have audited the accompanying financial report of JustKapital Litigation Partners Limited, which comprises the consolidated statement of financial position as at 30 June 2016, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the 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 company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In note 1(a), the directors also state, in accordance with Australian 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 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 company's preparation of the financial report that gives a true and fair view 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 company'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.

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Stantons International

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Opinion

In our opinion:

(a) the financial report of JustKapital Litigation Partners Limited is in accordance with the *Corporations Act 2001*, including:

 (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2016 and of its performance for the year ended on that date; and
 (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

(b) the consolidated financial report also complies with International Financial Reporting Standards as disclosed in note 1(a).

Report on the Remuneration Report

We have audited the remuneration report included in pages 10 to 16 of the directors' report for the year ended 30 June 2016. The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001.* Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards

Opinion
In our opinion the remuneration report of JustKapital Litigation Partners Limited for the year ended 30 June 2016 complies with section 300A of the *Corporations Act 2001.*

STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD
(Trading as Stantons International)
(An Authorised Audit Company)

Stantons International Audit & Consulting Pty Ltd

Martin Michalik
Director

West Perth, Western Australia
30 August 2015

SHAREHOLDER INFORMATION

ASX additional information

Additional Information required by the Australian Securities Exchange Limited Listing Rules and not disclosed elsewhere in this report is set out below.

The shareholder information was applicable as at 12 August 2016.

(a) Substantial shareholders

The substantial shareholders are:

Name	Number held	Percentage of issued shares
CONTANGO ASSET MANAGEMENT LIMITED	7,500,000	7.20
CONTINENTAL MINERALS LTD	5,985,000	5.74
VLBURNUM FUNDS PTY LIMITED	5,953,968	5.71
KAPPFAM INVESTMENTS PTY LIMITED ATF THE TWIN TRUST	5,672,067	5.44

(b) Voting rights

Ordinary shares

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

Options

There are no voting rights attached to the options

(c) Distribution of equity security holders

Category	Number	Ordinary fully paid shares
1 – 1,000	2,111	119,385
1,001 – 5,000	173	513,436
5,001 – 10,000	110	915,457
10,001 – 100,000	326	14,014,047
100,001 and over	124	81,167,465
Total	2,844	96,729,790
Securities subject to escrow		18,833,333
Total	2,844	115,563,123

There were 2,186 holders of less than a marketable parcel of ordinary shares.

SHAREHOLDER INFORMATION

CONTINUED

(d) Equity security holders

The names of the twenty largest holders of quoted equity securities as at 12 August 2016 are listed below:

	Name	Number of shares held	Percentage of issued shares
1	J P MORGAN NOMINEES AUSTRALIA LIMITED	11,399,268	11.78
2	ABN AMRO CLEARING SYDNEY NOMINEES PTY LTD <CUSTODIAN A/C>	6,645,316	6.87
3	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	5,913,515	6.11
4	NATIONAL NOMINEES LIMITED	5,295,544	5.47
5	CITICORP NOMINEES PTY LIMITED	3,711,984	3.84
6	MR IVAN TANNER & MRS FELICITY TANNER <THE SUPERNATURAL S/F A/C>	2,698,641	2.79
7	BNP PARIBAS NOMS PTY LTD <DRP>	2,204,456	2.28
8	ONMELL PTY LTD <ONM BPSF A/C>	2,050,000	2.12
9	MR ANDRE MICHAEL BOTES	1,575,000	1.63
10	KAPPFAM INVESTMENTS PTY LTD <THE TWIN A/C>	1,505,400	1.56
11	MR JOHN HERBERT BANNISTER	1,494,840	1.55
12	CONTINENTAL MINERALS LTD	1,300,000	1.34
13	COMLEY SUPER PTY LTD <R A COMLEY SUPER FUND A/C>	1,275,000	1.32
14	CORNERSTONE INVESTMENTS PTY LTD <CORNERSTONE SUPER A/C>	1,100,000	1.14
15	DRILL INVESTMENTS PTY LTD	1,100,000	1.14
16	MR ALISTAIR DAVID STRONG	1,100,000	1.14
17	MR HUGH DAVID WARNER & MRS DIANNE MICHELLE WARNER <CBM SUPER FUND A/C>	975,000	1.01
18	MIDLAND SECURITIES LIMITED	963,000	1.00
19	SHCS SUPER PTY LTD <SHCS SUPER FUND A/C>	900,000	0.93
20	MR ANTONIO SCAFFIDI & MRS MARIA SCAFFIDI <SCAFFIDI P/F A/C>	848,185	0.88
	Total	**54,055,149**	**55.88**

(e) Options as at 14 August 2015 – unquoted

	Number on issue	Number of holders
Options – exercisable at $0.25 cent before 31 December 2016	3,680,000	12
Options – exercisable at $0.25 cent before 10 March 2018	6,395,673	4
Options – exercisable at $0.25 cent before 27 March 2018	1,898,558	3
Options – exercisable at $0.25 cent before 22 January 2019	1,500,000	3

(f) Securities Subject to Escrow

Escrowed related party vendor shares relating to the purchase of JustKapital Litigation Pty Limited	7,500,000
Escrowed related party vendor shares related to the purchase of the Macquarie Medico Legal business	11,833,333
Total escrowed shares	**19,333,416**