



LITIGATION CAPITAL MANAGEMENT LIMITED

(ABN: 13 608 667 509)

HALF YEAR FINANCIAL REPORT 31 DECEMBER 2023

Litigation Capital Management Limited ABN 13 608 667 509

Registered Office: Level 12, The Chifley Tower, 2 Chifley Square Sydney NSW 2000 Australia

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Directors' Report

The Directors of Litigation Capital Management Limited (LCM) present their report together with the half-year financial report of the consolidated entity consisting of LCM and its subsidiaries (collectively LCM Group or the Group) for the six month period ended 31 December 2023 and the auditors' review report thereon.

1. Directors

The Directors of LCM at any time during or since the end of the financial period are set out below:

Jonathan Moulds

Patrick Moloney

Dr David King

Gerhard Seebacher

Mary Gangemi

2. Company Secretary

Anna Sandham was appointed Company Secretary of LCM in September 2016. Anna is an experienced company secretary and governance professional with over 20 years' experience in various large and small, public and private, listed and unlisted companies. Anna has previously worked for companies including AMP Financial Services, Westpac Banking Corporation, BT Financial Group and NRMA Limited. Anna holds a Bachelor of Economics (University of Sydney), Graduate Diploma of Applied Corporate Governance (Governance Institute of Australia) and is a Chartered Secretary.

3. Principal activities

LCM is a global provider of disputes finance and risk management services.

LCM has an unparalleled track record, driven by effective project selection, active project management and robust risk management. Headquartered in Sydney, with offices in London, Singapore, Brisbane and Melbourne, LCM listed on AIM in December 2018, trading under the ticker LIT.

4. Operating and financial review

Overview of the LCM Group

LCM is a company limited by shares and was incorporated on 9 October 2015. LCM was admitted to trade on the Alternative Investment Market (AIM) of the London Stock Exchange on 19 December 2018 under the ticker LIT. LCM was formerly listed on the Australian Securities Exchange (ASX) between 13 December 2016 and 21 December 2018.

Its registered office and principal place of business is Level 12, The Chifley Tower, 2 Chifley Square, Sydney NSW 2000, Australia.

Operations

LCM operates its business through a series of wholly owned subsidiaries. The principal activity of those subsidiaries is the provision of litigation finance and risk management associated with individual and portfolios of disputes. LCM currently operates two business models. The first is direct investments made from LCM's balance sheet capital. The second is funds and/or asset management. Under those two business models, LCM currently pursues three investment strategies. Those strategies are as follows:

Single-case funding: The first and currently largest strategy, is single-case funding. That is, the investment in a single dispute. This is a strategy that LCM has maintained since its inception (through its predecessor company) 25 years ago. Currently, a large proportion of LCM's investments are in single-case investments.

Portfolio funding: The second strategy pursued by LCM is portfolio funding. That is, the provision of a portfolio based funding solution to law firms, insolvency practitioners or corporates. It involves the provision of a financing solution and risk management tools for a bundle of separate disputes. LCM's particular focus with respect to that strategy is the provision of corporate portfolio financing.

Directors' Report (continued)

Acquisitions of Claims: The third strategy, in its early stages of evolution, is the investment in smaller disputes (typically insolvency-based) through the acquisition or assignment of the underlying cause of action. LCM generates its revenue through acquiring a cause of action and pursuing a recovery or award as principal.

Review of financial performance

The statutory profit for the Group after adjusting for income tax amounted to \$7,293,000 (31 December 2022: loss \$2,266,000). Adjusted profit before tax is \$15,998,000 (31 December 2022: \$1,324,000).

Cash on balance sheet was \$87,701,000 as at 31 December 2023 (30 June 2023: \$104,457,000). Of this, \$17,450,000 relates to third-party cash which is restricted cash as it relates to balances held within the fund investment vehicles which have been consolidated with the Group numbers (30 June 2023: \$21,484,000). Cash generated during the period from the resolution of investments was \$72,772,000 (31 December 2022: \$19,615,000).

The Directors do not recommend a dividend in respect of the period ended 31 December 2023.

5. Matters subsequent to the end of the financial period

In the Directors' opinion, no matter or circumstance has arisen since the end of the financial year, that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in future years.

6. Lead Auditor's independence declaration

The Auditor's independence declaration as required under section 307C of the Corporations Act 2001 is included in LCM's financial statements.

7. Rounding of amounts

LCM is of a kind referred to the Australian Securities and Investments Commission Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.



Mr Jonathan Moulds
Chairman

19 March 2024

DECLARATION OF INDEPENDENCE BY GEOFF ROONEY TO THE DIRECTORS OF LITIGATION CAPITAL MANAGEMENT LIMITED

As lead auditor for the review of Litigation Capital Management Limited for the half-year ended 31 December 2024, I declare that, to the best of my knowledge and belief, there have been:

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

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



Geoff Rooney
Director

BDO Audit Pty Ltd

Sydney, 19 March 2024

Litigation Capital Management Limited
Consolidated statement of profit or loss and other comprehensive income
For the period ended 31 December 2023

	Note	31-Dec-23 \$'000	Restated 31-Dec-22 \$'000
Income			
Gain on financial assets at fair value through profit or loss	4	52,429	18,479
Movement in financial liabilities related to third-party interests in consolidated entities	4	(30,546)	(8,409)
Total income from litigation assets		21,883	10,070
Other income			
Interest income		421	5
Expenses			
Employee benefits expense	6	(5,938)	(4,759)
Depreciation expense	6	(80)	(80)
Corporate expenses		(1,960)	(2,708)
Finance costs	6	(5,543)	(3,876)
Fund administration expense	6	(1,474)	(1,139)
Foreign currency gains/(losses)		1,625	(1,316)
Total expenses		(13,369)	(13,878)
Profit/(loss) before income tax expense		8,935	(3,803)
Analysed as:			
Adjusted operating profit		15,998	1,324
Non-operating expenses	6	(1,520)	(1,391)
Finance costs	6	(5,543)	(3,736)
Profit/(loss) before income tax expense		8,935	(3,803)
Income tax expense	7	(1,642)	1,537
Profit/(loss) after income tax expense		7,293	(2,266)
Other comprehensive income			
Items that may be subsequently reclassified to profit and loss:			
Movement in foreign currency translation reserve		(101)	310
Total comprehensive income for the period		7,192	(1,956)
Profit for the period is attributable to:			
Owners of Litigation Capital Management Limited		7,293	(2,266)
		7,293	(2,266)
Total comprehensive income for the period is attributable to:			
Owners of Litigation Capital Management Limited		7,192	(1,956)
		7,192	(1,956)
		Cents	Cents
Basic earnings per share	21	6.84	(2.13)
Diluted earnings per share	21	6.37	(2.13)

Where applicable, comparative information has been restated to reflect a change in accounting for litigation funding agreements. Refer to Note 3.

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

Litigation Capital Management Limited
Consolidated statement of financial position
As at 31 December 2023

	Note	31-Dec-23 \$'000	30-Jun-23 \$'000
Assets			
Cash and cash equivalents	8	87,701	104,457
Trade & other receivables		1,838	2,209
Due from resolution of financial assets	9	19,430	11,873
Financial assets at fair value through profit or loss	10	391,011	391,410
Contract costs	11	39,377	37,277
Property, plant and equipment		182	211
Intangible assets		333	356
Other assets		1,180	1,110
Total assets		541,051	548,903
Liabilities			
Trade and other payables	12	5,390	7,535
Tax payable		7,770	7,769
Employee benefits	13	988	906
Borrowings	14	59,783	68,976
Financial liabilities related to third-party interests in consolidated entities	15	244,726	243,990
Deferred tax liability	7	37,032	36,259
Total liabilities		355,689	365,435
Net assets		185,362	183,468
Equity			
Issued Capital	16	69,674	69,674
Treasury shares	16	(796)	-
Reserves		1,404	1,042
Retained Earnings		115,080	112,753
Parent interest		185,362	183,468
Total equity		185,362	183,468

Where applicable, comparative information has been restated to reflect a change in accounting for litigation funding agreements. Refer to Note 3.

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

Litigation Capital Management Limited
Consolidated statement of changes in equity
For the period ended 31 December 2023

	Issued capital \$'000	Treasury shares \$'000	Retained earnings \$'000	Share based payments reserve \$'000	Foreign currency translation \$'000	Total equity \$'000
Consolidated						
Balance at 1 July 2022 (restated)	69,674	-	81,268	1,573	(3,585)	148,929
Loss after income tax expense for the period	-	-	(2,266)	-	-	(2,266)
Other comprehensive income for the period	-	-	-	-	310	310
Total comprehensive income for the period	-	-	(2,266)	-	310	(1,956)
Equity Transactions:						
Share-based payments (note 22)	-	-	-	308	-	308
	-	-	-	308	-	308
Balance at 31 December 2022 (restated)	69,674	-	79,002	1,881	(3,275)	147,281
	Issued capital \$'000	Treasury shares \$'000	Retained earnings \$'000	Share based payments reserve \$'000	Foreign currency translation \$'000	Total equity \$'000
Consolidated						
Balance at 1 July 2023	69,674	-	112,753	2,440	(1,398)	183,468
Profit after income tax expense for the period	-	-	7,293	-	-	7,293
Other comprehensive income for the period	-	-	-	-	(101)	(101)
Total comprehensive income for the period	-	-	7,293	-	(101)	7,193
Equity Transactions:						
Share-based payments (note 22)	-	-	-	463	-	463
Dividends paid (note 17)	-	-	(4,966)	-	-	(4,966)
Treasury shares acquired (note 16)	-	(796)	-	-	-	(796)
	-	(796)	(4,966)	463	-	(5,298)
Balance at 31 December 2023	69,674	(796)	115,080	2,903	(1,498)	185,362

Where applicable, comparative information has been restated to reflect a change in accounting for litigation funding agreements. Refer to Note 3.

The above Consolidated Statement of Changes in Equity should be read in conjunction with accompanying Notes to the Financial Statements.

Litigation Capital Management Limited
Consolidated statement of cash flows
For the period ended 31 December 2023

	Note	31-Dec-23 \$'000	Restated 31-Dec-22 \$'000
Cash flows from operating activities			
Profit/(loss) after income tax expense for the period		7,293	(2,266)
Adjustments for:			
Gain on financial assets at fair value through profit or loss		(21,586)	(7,140)
Depreciation and amortisation of intangibles		80	80
Share-based payments		463	308
Finance costs reclassified to financing activities		5,543	3,904
Income tax expense		1,642	(1,537)
Exceptional items		(144)	(39)
Fund costs reclassified to financing activities		991	777
Other, including foreign exchange rate movements		(1,122)	(5,887)
Change in operating assets and liabilities:			
Proceeds from resolution of financial assets	9	72,164	21,804
Decrease/(increase) in trade and other receivables		608	(2,189)
(Funding) of financial assets	10	(31,531)	(50,099)
(Increase) in contract costs - litigation contracts		(2,305)	(2,938)
Decrease/(increase) in financial assets		780	432
(Decrease)/Increase in trade and other payables		(2,145)	59
(Decrease)/Increase in employee benefits		81	(22)
Income Tax paid		(868)	-
(Increase) in other assets		(161)	604
Net cash from/(used in) operating activities		29,785	(44,149)
Cash flows from investing activities			
Payments for property, plant and equipment		(13)	(22)
Payments for intangibles		(15)	(34)
Refund/(payment) of security deposits		13	(12)
Net cash used in investing activities		(15)	(69)
Cash flows from financing activities			
Payments for treasury shares		(796)	-
Dividends paid	17	(4,966)	-
Repayments of borrowings	14	(8,139)	(14,494)
Payments of finance costs		(5,752)	(3,482)
Payments of fund costs related to third-party interests		(991)	(777)
Contributions from third-party interests in consolidated entities	15	11,010	45,298
Distributions to third-party interests in consolidated entities	15	(35,717)	-
Net cash (used in)/from financing activities		(45,351)	26,545
Net increase/(decrease) in cash and cash equivalents		(15,581)	(17,673)
Cash and cash equivalents at the beginning of the period		104,457	49,964
Effects of exchange rate changes on cash and cash equivalents		(1,175)	1,108
Cash and cash equivalents at the end of the period	8	87,701	33,399

Where applicable, comparative information has been restated to reflect a change in accounting for litigation funding agreements. Refer to Note 3.

The above Consolidated Statement of Cash Flows should be read in conjunction with accompanying Notes to the Financial Statements.

Litigation Capital Management Limited
Notes to the financial statements
31 December 2023

Note 1 General Information

The financial statements cover Litigation Capital Management Limited (the 'Company') as a Group consisting of Litigation Capital Management Limited and the entities it controlled at the end of, or during, the period (referred to as the 'Group'). The financial statements are presented in Australian dollars, which is Litigation Capital Management Limited's functional and presentation currency.

Litigation Capital Management Limited was admitted onto the Alternative Investment Market ('AIM') on 19 December 2018.

Litigation Capital Management Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Level 12, The Chifley Tower
 2 Chifley Square
 Sydney NSW 2000

A description of the nature of the Group's operations and its principal activities are included in the Directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of Directors, on 19 March 2024. The Directors have the power to amend and reissue the financial statements.

Note 2 Significant accounting policies

These consolidated financial statements are general purpose financial statements for the interim reporting period ended 31 December 2023 and have been prepared in accordance with the Corporations Act 2001 and Australian Accounting Standard AASB 134 Interim Financial Reporting. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These interim financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2023 and any public announcements made by the Company during the interim reporting period.

Basis of preparation

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

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

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

Historical cost convention

The financial statements have been prepared under the historical cost convention.

Critical accounting estimates

The critical accounting judgements, estimates and assumptions that have been applied in the preparation of the interim consolidated financial statements are consistent with those followed in the preparation of the Group's annual report for the year ended 30 June 2023.

Operating segments

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

Note 3 Restatement of comparative

As disclosed in the 30 June 2023 Annual Report, the Group reassessed its classification of the funding of its litigation funding agreements, which resulted in the majority of the Group's litigation funding assets will now be recognised under AASB 9. Under this change, litigation funding agreements and third-party interest in consolidated entities are accounted for as financial instruments under AASB 9 Financial Instruments.

As a result of implementing this accounting for litigation funding agreements for relevant contracts, the Group has restated the Consolidated statement of profit or loss and other comprehensive income for the period ended 31 December 2022 for comparative purposes.

The restatement of each of the affected financial statement line items for the prior periods, as follows:

Impact on consolidated statement of profit and loss and other comprehensive income (increase/(decrease) in profit)

	31-Dec-23
	\$'000
Income	
Litigation service revenue	(4,699)
Litigation service expense	3,558
Net gains/(losses) on financial assets at fair value through profit or loss	18,479
Movement in financial liabilities related to third-party interests in consolidated entities	(8,409)

Note 3 Restatement of comparative (continued)

Total expenses	(1,801)
Income tax expense	(1,897)
Net impact on profit for the period	7,128
Attributable to:	
Equity holders of the parent	7,128
Other comprehensive income	1,583
Net impact on total comprehensive income for the period	8,711
Impact on basic and diluted earnings per share (EPS) (increase/(decrease) in EPS)	
Earnings per share	Cents
Basic, profit for the period attributable to ordinary equity holders of the parent	4.90
Diluted, profit for the period attributable to ordinary equity holders of the parent	4.90

Consolidated statement of cashflows

The change did not have a net impact on the Group's operating, investing and financing cash flows but did require some change to components within each cash flow class.

Note 4 Income

	31-Dec-23 \$'000	Restated 31-Dec-22 \$'000
Realised gains on litigation assets	10,866	(34)
Realised performance fees	8,776	-
Fair value adjustment during the period, net of previously recognised unrealised gains transferred to realised gains	2,381	6,168
Foreign exchange gains	(437)	1,006
Total income from litigation assets attributable to LCM	21,586	7,140
Gain on financial assets related to third-party interests in consolidated entities	30,843	11,339
	52,429	18,479
Loss on financial liabilities related to third-party interests in consolidated entities	(30,546)	(8,409)
Total income from litigation assets	21,883	10,070

Total income from litigation assets attributable to LCM represents realised and unrealised gains that relate to LCM's funded proportion of litigation contracts. The gain and loss related to third party interests in consolidated entities represents realised and unrealised gains and losses that relate to third party funded proportions from LCM controlled entities. Realised gains relate to amounts where litigation risk has concluded and amounts are expected to be received by LCM. Unrealised gains or losses relate to the fair value movement of assets and liabilities associated with litigation contracts.

Note 5 Segment information

The Group's operating segments are based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources.

The Directors have determined that there is one operating segment. The information reported to the CODM is the consolidated results of the Group. The segment result is as shown in the statement of profit or loss and other comprehensive income. Refer to statement of financial position for assets and liabilities.

Note 6 Profit before tax

	31-Dec-23 \$'000	Restated 31-Dec-22 \$'000
Profit before income tax expense includes the following specific expenses:		
<i>Employee benefits expense</i>		
Salaries & wages	4,530	3,841
Directors' fees	228	196
Superannuation and pension	147	138
Share based payments expense	463	308
Other employee benefits & costs	570	276
	5,938	4,759
<i>Depreciation</i>		
Plant and equipment	42	20
Intangible assets	38	60
	80	80

Litigation Capital Management Limited
Notes to the financial statements
31 December 2023

Note 6 Profit before tax (continued)

Interest on borrowings (note 14)	5,340	3,536
Finance costs of third-party interests	-	140
Other finance costs	202	200
	<u>5,543</u>	<u>3,876</u>

Fund administration expense

General administration expenses	483	289
Set-up expenses	-	73
Placement fees	991	777
	<u>1,474</u>	<u>1,139</u>

Fund administration expenses relates to costs associated with the setup and administration of the LCM Global Alternative Returns Funds which are wholly attributable to the third party interest in consolidated entities.

Leases

Short-term lease payments	451	379
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Adjusted operating profit

Adjusted operating profit excludes non-operating expenses which includes items which are considered unusual, non-cash or one-off in nature.

Non-operating expenses

Management have opted to separately present these items as it better reflects the Groups underlying performance. Non-operating expenses includes the following items:

Share based payments expense	463	308
Other transaction costs	15	38
Litigation fees	-	225
Other expenses	51	42
Fund administration expenses	991	777
Total non-operating expenses	<u>1,520</u>	<u>1,391</u>

Note 7 Income tax expense

	31-Dec-23 \$'000	Restated 31-Dec-22 \$'000
Numerical reconciliation of income tax expense and tax at the statutory rate		
Profit before income tax expense	8,935	(3,803)
At the Group's statutory income tax rate of 25% (2022: 25%)	2,234	(951)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Foreign tax rate adjustments	(24)	(33)
Share-based payments	116	77
Change in tax rate	(684)	(630)
Income tax expense / (benefit)	<u>1,642</u>	<u>(1,537)</u>

Statutory tax rate of 25% is applicable to Australian entities with aggregated turnover below \$50 million for the period ended 31 December 2023. The Group's turnover is expected to be above the threshold of \$50 million in the future reporting periods which will attract a statutory tax rate of 30%. As a result, recognition of deferred tax asset is made by applying a 30% statutory rate instead of the lower 25% tax rate.

Note 8 Cash and cash equivalents

	31-Dec-23 \$'000	30-Jun-23 \$'000
Cash at Bank	30,121	82,973
Investment securities held for liquidity purposes	40,130	-
Cash of third-party interests in consolidated entities	17,450	21,484
	<u>87,701</u>	<u>104,457</u>

Cash of third-party interests in consolidated entities is restricted as it is held within the fund investment vehicles on behalf of the third-party investors in these vehicles. The cash is restricted to use cashflows in the litigation funding assets made on their behalf and costs of administering the fund.

Note 9 Due from resolution of financial assets

	31-Dec-23 \$'000	30-Jun-23 \$'000
At start of period (as restated as at 1 July 2022)	11,873	24,340
Transfer from realisation of litigation funding assets	77,891	150,447
Proceeds from litigation funding assets	(72,164)	(192,623)
Foreign Exchange gain/ (losses)	1,830	29,708
Balance as at end of period	<u>19,430</u>	<u>11,873</u>

Note 10 Litigation Funding assets at fair value through profit or loss

	31-Dec-23 \$'000	30-Jun-23 \$'000
At start of period (as restated as at 1 July 2022)	391,410	296,980
Deployments	15,187	30,756
Deployments - third-party interests	16,345	58,293
Realisations of litigation funding assets	(77,891)	(150,447)
Income for the period	52,429	136,638
Foreign exchange gains/(losses)	(6,469)	19,191
Balance as at end of period	391,011	391,410
Litigation funding assets at fair value through income statement	173,766	165,768
Litigation funding assets at fair value through income statement - third-party interests	217,245	225,642
Total litigation funding assets	391,011	391,410

Litigation Funding assets are financial instruments that relate to the provision of capital in connection with legal finance. The Group fund through both direct investments as well as using third party funders via a Fund model. The table above sets forth the changes in LFA assets at the beginning and end of the relevant reporting periods.

Note 11 Contract costs - litigation contracts

	31-Dec-23 \$'000	30-Jun-23 \$'000
Contract costs - litigation contracts	39,377	37,277

There are a small number of legacy investments which are still being recorded under AASB 15 Revenue from Contract with Customers due to the timing the contracts were entered into. These are expected to resolve in the short to medium term.

Reconciliation of litigation contract costs

Reconciliation of the contract costs at the beginning and end of the current period and previous financial year are set out below:

	31-Dec-23 \$'000	30-Jun-23 \$'000
Balance at 1 July	37,277	31,783
Additions during the period	2,305	5,495
Realisations of contract assets	(206)	-
Balance as at end of period	39,377	37,277

The Group has recognised impairment losses of \$nil (2022: \$nil) in profit or loss on contract costs for the period ended 31 December 2023.

Note 12 Trade and other payables

	31-Dec-23 \$'000	30-Jun-23 \$'000
Trade payables	4,976	7,001
Other payables	414	534
	5,390	7,535

Note 13 Employee benefits

	31-Dec-23 \$'000	30-Jun-23 \$'000
Annual Leave	654	623
Long Service Leave	334	283
	988	906

Note 14 Borrowings

	31-Dec-23 \$'000	30-Jun-23 \$'000
Borrowings	59,783	68,976
	59,783	68,976

Note 14 Borrowings (continued)

Reconciliation of borrowings of third-party interests in consolidated entities:	31-Dec-23 \$'000	30-Jun-23 \$'000
Balance 1 July	-	14,494
Repayment of borrowings	-	(14,848)
Net accrued interest	-	(17)
Amortisation of borrowing costs	-	34
Other non-cash items	-	336
Balance as at end of period	-	-

Reconciliation of borrowings of LCM:	31-Dec-23 \$'000	30-Jun-23 \$'000
Balance 1 July	68,976	54,915
Proceeds from borrowings	-	9,636
Repayment of borrowings	(8,139)	-
Payments for borrowing costs	(58)	(256)
Net accrued interest	(713)	-
Amortisation	764	2,441
Other non-cash items	(1,047)	2,241
Balance as at end of period	59,783	68,976

On 22 February 2021, LCM entered into a credit facility with Northleaf Capital Partners for an aggregate amount of US\$50,000,000, AUD equivalent of \$75,017,517¹ (the "Facility"). The Facility carries interest together with a profit participation, capped at 13% per annum. The Facility has an overall term of four years and is secured against LCM's assets. As at 31 December 2023, LCM has nil outstanding utilisation. Borrowings have a maturity date of February 2025.

LCM agreed to various debt covenants including a minimum effective net tangible worth, borrowings as a percentage of effective net tangible worth, minimum liquidity, a minimum consolidated EBIT and a minimum multiple of invested capital on concluded contract assets over a specified period. There have been no defaults or breaches related to the Facility during the year ended 31 December 2023. Should LCM not satisfy any of these covenants, the outstanding balance of the Facility may become due and payable.

LCM incurred costs in relation to arranging the Facility of \$1,649,000 which were reflected transactions costs and will be amortised over the 4 year term of the borrowings. As at 31 December 2023, \$622,000 of the loan arrangement fees remained outstanding.

1 Converted at the functional currency spot rates of exchange at the reporting date

Note 15 Financial liabilities related to third-party interests in consolidated entities

	31-Dec-23 \$'000	30-Jun-23 \$'000
Balance 1 July	(243,990)	(142,180)
Proceeds - capital contributions from Limited Partners	(11,010)	(74,980)
Payments - distributions to Limited Partners	35,717	94,373
Loss on financial liabilities related to third-party interests in consolidated entities (note 4)	(30,546)	(111,953)
Other non-cash items, including foreign exchange gain/loss	5,104	(9,250)
Balance as at end of period	(244,726)	(243,990)

Note 16 Equity - issued capital

	31-Dec-23 Shares	30-Jun-23 Shares	31-Dec-23 \$'000	30-Jun-23 \$'000
Ordinary shares - fully paid	106,445,388	106,613,927	69,674	69,674
Ordinary shares - under loan share plan	12,331,148	12,586,405	-	-
	118,776,536	119,200,332	69,674	69,674

Movements in ordinary share capital

	Date	Shares	\$'000
Balance	30 June 2022	106,613,927	69,674
Balance	30 June 2023	106,613,927	69,674
Options exercised	31 October 2023	87,993	-
Options exercised	23 November 2023	167,264	-
Shares bought back during the period	Various	(423,796)	-
	31 December 2023	106,445,388	69,674

As announced on 5 October 2023, the Group commenced a share buyback programme in respect of its ordinary shares up to a maximum consideration of A\$10.0 million from the date of the announcement.

Note 16 Equity - issued capital (continued)

Movements in ordinary shares issued under loan share plan ('LSP'):

	Date	Shares	\$'000
Balance	30 June 2022	12,586,405	-
Balance	30 June 2023	12,586,405	-
Options exercised	31 October 2023	(87,993)	-
Options exercised	23 November 2023	(167,264)	-
	31 December 2023	12,331,148	-

Reconciliation of ordinary shares issued under LSP:

	31-Dec-23	30-Jun-23
Total shares allocated under existing LSP arrangements with underlying LSP shares (note 22)	7,890,408	7,890,408
Less shares allocated under existing LSP arrangements without underlying LSP shares (note 22)	(221,467)	(221,467)
Shares held by LCM Employee Benefit Trust for future allocation under employee share and option plans	4,917,464	4,917,464
Exercise of options during the period held by the LCM Employee Benefit Trust	(255,257)	-
	12,331,148	12,586,405

Ordinary shares

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

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

Ordinary shares - under loan share plan ('LSP')

The Company has an equity scheme pursuant to which certain employees may access a LSP. The acquisition of shares under this LSP is fully funded by the Company through the granting of a limited recourse loan. The shares under LSP are restricted until the loan is repaid. The underlying options within the LSP have been accounted for as a share-based payment. Refer to note 22 for further details. When the loans are settled the shares are reclassified as fully paid ordinary shares and the equity will increase by the amount of the loan repaid.

Ordinary shares - partly paid

As at 31 December 2023, there are currently 1,433,022 partly paid shares issued at an issue price of \$0.17 per share. No amount has been paid up and the shares will become fully paid upon payment to the Company of \$0.17 per share. As per the terms of issue, the partly paid shares have no maturity date and the amount is payable at the option of the holder.

Partly paid shares entitle the holder to participate in dividends and the proceeds of the Company in proportion to the number of and amounts paid on the shares held. The partly paid shares do not carry the right to participate in new issues of securities. Partly paid shareholders are entitled to receive notice of any meetings of shareholders. The partly paid shareholders are entitled to vote in the same proportion as the amounts paid on the partly paid shares bears to the total amount paid and payable.

Treasury shares

As at 31 December 2023, there were 423,796 treasury shares (December 2022: nil). Treasury shares comprises shares bought back from shareholders which are held by Canaccord on behalf of the Company and classified as treasury shares.

Capital risk management

The Group's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

Capital is regarded as total equity as recognised in the statement of financial position.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The capital risk management policy remains unchanged from the 30 June 2023 Annual Report.

Note 17 Equity - dividends

	31-Dec-23 \$'000	31-Dec-22 \$'000
Final unfranked ordinary dividend (December 2023: 2.25 cents, December 2022: nil)	4,966	-

Franking credits

The franking credits available to the Group as at 31 December 2023 are estimated to be \$338,000 (December 2022: \$338,000).

Note 18 Fair value measurement

The fair value measurements used for all assets and liabilities held by the Group listed below are level 3:

Assets	31-Dec-23 \$'000	30-Jun-23 \$'000
Litigation funding assets		
APAC	111,090	158,836
EMEA	279,923	232,574
Total Level 3 assets	391,014	391,410
Liabilities		
Financial liabilities related to third-party interests in consolidated entities	244,726	243,990
Total Level 3 liabilities	244,726	243,990

Note 18 Fair value measurement (continued)

Refer note 10 for movements in level 3 assets. There were no transfers into or out of level 3 during the period ended 31 December 2023.

Sensitivity of Level 3 Valuations

The Group's fair value policy provides for ranges of percentages to be applied against the risk adjustment factor to more than 159 discrete objective litigation events. The tables below set forth each of the key unobservable inputs used to value the Group's LFA assets and the applicable ranges and weighted average by relative fair value for such inputs.

31 December 2023

Item	Valuation technique	Unobservable Input	Min	Max
Litigation funding asset	Discounted cash flow	Discount rate	12.80%	12.80%
		Duration (years)	0.08	5.01
		Adjusted risk premium	0%	85%
			Min	Max
		Significant ruling or other objective even	40%	80%
		Trial court judgment or tribunal award	0%	85%
		Appeal judgment	0%	85%
		Settlement	70%	85%
		Enforcement	75%	85%
		Other	0%	45%

At each reporting period, the Group reviews the fair value of each litigation funding asset in connection with the preparation of the consolidated financial statements. A fair value of 10% higher or lower, while all other variables remain constant, in financial assets at fair value through profit or loss would have increased or decreased the Group's income and net assets by \$39,101,000 as at 31 December 2023 (30 June 2023: \$39,141,000). Similarly, a fair value of 10% higher or lower, while all other variables remain constant, in financial liabilities at fair value through profit or loss would have increased or decreased the Group's income and net assets by \$24,473,000 as at 31 December 2023 (30 June 2023: \$24,399,000).

Note 19 Contingent liabilities

The majority of the Group's funding agreements contain a contractual indemnity from the Group to the funded party 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. The Group's position is that for the majority of litigation projects which are subject to funding, the Group enters insurance arrangements which lessen or eliminate the impact of such awards and therefore any adverse costs order exposure.

Note 20 Third-party interests in consolidated entities

AASB 10 Consolidated Financial Statements requires the Group to consolidate fund investment vehicles over which it has exposure to variable returns from the fund investment vehicles. As a result, third party interests in relation to the Funds have been consolidated in the financial statements.

As at 31 December 2023, the financial liability due to third-party interests is \$244,726,000 (June 2023: \$243,990,000), recorded at fair value as represented per Note 3. Amounts included in the consolidated statement of financial position represent the fair value of the third-party interests in the related financial assets and the amounts included in the consolidated statement of profit or loss and other comprehensive income represent the third-party share of any gain or loss during the period. Third-party interests exclude the 25% co-investment made by Litigation Capital Management Limited and its wholly owned subsidiaries ("LCM"). The third-party interests in the Funds carry an entitlement to receive an 8% soft return hurdle. Upon satisfaction of the third-party interests soft return hurdle, LCM is entitled to performance fees as fund manager on the basis of a deal by deal waterfall. The residual net cash flows are to be distributed 25% to LCM and 75% to the third-party interests until a IRR of 20% is achieved by the third-party interests, thereafter the net residual cash flows are distributed 35% to LCM and 65% to the third-party interests.

The following tables reflect the impact of consolidating the results of the Funds with the results for LCM to arrive at the totals reported in the consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position and consolidated statement of cash flows. The Fund column in the table below presents the interests of third-party investors comprising both the investment in the litigation funding assets made on their behalf and costs of administering the funds. The LCM column includes the 25% co-investment in these litigation contracts.

Note 20 Third-party interests in consolidated entities (continued)

Consolidated Statement of Comprehensive Income	31 December 2023			Restated 31 December 2022		
	LCM \$'000	Fund \$'000	Consolidated \$'000	LCM \$'000	Fund \$'000	Consolidated \$'000
Income						
Gain on financial assets at fair value through profit or loss	21,586	30,843	52,429	7,140	11,339	18,479
Movement in financial liabilities related to third-party interests in consolidated entities	-	(30,546)	(30,546)	-	(8,409)	(8,409)
Total income from litigation assets	21,586	297	21,883	7,140	2,930	10,070
Interest income	331	91	421	5	-	5
Expenses						
Employee benefits expense	(5,938)	-	(5,938)	(4,759)	-	(4,759)
Depreciation expense	(80)	-	(80)	(80)	-	(80)
Corporate expenses	(1,960)	-	(1,960)	(1,863)	(845)	(2,708)
Finance costs	(5,543)	-	(5,543)	(3,736)	(140)	(3,876)
Fund administration expense	(991)	(483)	(1,474)	(777)	(362)	(1,139)
Foreign currency gains/(losses)	1,530	95	1,625	267	(1,583)	(1,316)
Total expenses	(12,982)	(388)	(13,369)	(10,948)	(2,930)	(13,878)
Profit/(loss) before income tax expense	8,935	-	8,935	(3,803)	-	(3,803)
Analysed as:						
Adjusted operating profit	15,998	-	15,998	1,324	-	1,324
Non-operating expenses	(1,520)	-	(1,520)	(1,391)	-	(1,391)
Finance costs	(5,543)	-	(5,543)	(3,736)	-	(3,736)
Profit/(loss) before income tax expense	8,935	-	8,935	(3,803)	-	(3,803)
Income tax expense	(1,642)	-	(1,642)	1,537	-	1,537
Profit/(loss) after income tax expense	7,293	-	7,293	(2,266)	-	(2,266)
Other comprehensive income for the period, net of tax	(101)	-	(101)	310	-	310
Total comprehensive income for the period	7,192	-	7,192	(1,956)	-	(1,956)

Consolidated statement of financial position	31 December 2023			30 June 2023		
	LCM \$'000	Fund \$'000	Consolidated \$'000	LCM \$'000	Fund \$'000	Consolidated \$'000
Assets						
Cash and cash equivalents	70,251	17,450	87,701	82,973	21,484	104,457
Trade & other receivables	1,838	-	1,838	2,209	-	2,209
Due from resolution of financial assets	7,520	11,909	19,430	11,873	-	11,873
Financial assets at fair value through profit or loss	173,766	217,245	391,011	165,768	225,642	391,410
Contract costs	39,377	-	39,377	37,277	-	37,277
Property, plant and equipment	182	-	182	211	-	211
Intangible assets	333	-	333	356	-	356
Other assets	1,180	-	1,180	1,032	78	1,110
Total assets	294,447	246,604	541,051	301,699	247,204	548,903
Liabilities						
Trade and other payables	3,511	1,879	5,390	4,321	3,214	7,535
Tax payable	7,770	-	7,770	7,769	-	7,769
Employee Benefits	988	-	988	906	-	906
Borrowings	59,783	-	59,783	68,976	-	68,976
Financial liabilities related to third-party interests	-	244,726	244,726	-	243,990	243,990
Deferred tax liability	37,032	-	37,032	36,259	-	36,259
Total liabilities	109,085	246,604	355,689	118,231	247,204	365,435
Net assets	185,362	-	185,362	183,468	-	183,468

A financial liability at fair value through the income statement is recognised in the parent entity in relation to the transactions entered into with certain Fund structures to support the financing of LFAs. These arrangements fail the derecognition principles in IFRS 9 and represents the net share of the overall LFA at fair value apportioned to the Funds.

Note 20 Third-party interests in consolidated entities (continued)

Consolidated Statement of Cash Flows	31 December 2023			Restated 31 December 2022		
	LCM \$'000	Fund \$'000	Consolidated \$'000	LCM \$'000	Fund \$'000	Consolidated \$'000
Cash flows from operating activities						
Profit/(loss) after income tax expense for the period	7,293	-	7,293	(2,266)	-	(2,266)
Adjustments for:						
Gain on financial assets at fair value through profit or loss	(21,586)	-	(21,586)	(7,140)	-	(7,140)
Depreciation and amortisation of intangibles	80	-	80	80	-	80
Share-based payments	463	-	463	308	-	308
Finance costs reclassified to financing activities	5,543	-	5,543	3,736	167	3,904
Income tax expense	1,642	-	1,642	(1,537)	-	(1,537)
Exceptional items	(144)	-	(144)	(39)	-	(39)
Fund costs reclassified to financing activities	991	-	991	777	-	777
Other, including foreign exchange rate movements	(1,122)	-	(1,122)	(842)	(5,045)	(5,887)
Change in operating assets and liabilities:						
Proceeds from resolution of financial assets	33,214	38,950	72,164	20,082	1,722	21,804
Decrease/(increase) in trade and other receivables	608	-	608	(2,189)	-	(2,189)
(Funding) of financial assets	(15,187)	(16,345)	(31,531)	(18,520)	(31,579)	(50,099)
(Increase) in contract costs - litigation contracts	(2,305)	-	(2,305)	(2,938)	-	(2,938)
Decrease/(increase) in financial assets	780	-	780	432	-	432
(Decrease)/Increase in trade and other payables	(809)	(1,336)	(2,145)	109	(50)	59
(Decrease)/Increase in employee benefits	81	-	81	(22)	-	(22)
Income Tax paid	(868)	-	(868)	-	-	-
(Increase) in other assets	(161)	-	(161)	604	-	604
Net cash from/(used in) operating activities	8,515	21,270	29,785	(9,364)	(34,785)	(44,149)
Cash flows from investing activities						
Payments for property, plant and equipment	(13)	-	(13)	(22)	-	(22)
Payments for intangibles	(15)	-	(15)	(34)	-	(34)
Refund/(payment) of security deposits	13	-	13	(12)	-	(12)
Net cash used in investing activities	(15)	-	(15)	(69)	-	(69)
Cash flows from financing activities						
Payments for treasury shares	(796)	-	(796)	-	-	-
Dividends paid	(4,966)	-	(4,966)	-	-	-
Repayments of borrowings	(8,139)	-	(8,139)	-	(14,494)	(14,494)
Payments of finance costs	(5,752)	-	(5,752)	(3,350)	(132)	(3,482)
Payments of transaction costs related to third-party interests	(991)	-	(991)	(777)	-	(777)
Contributions from third-party interests in consolidated entities	-	11,010	11,010	-	45,298	45,298
Distributions to third-party interests in consolidated entities	-	(35,717)	(35,717)	-	-	-
Net cash (used in)/from financing activities	(20,644)	(24,707)	(45,351)	(4,127)	30,672	26,545
Net increase/(decrease) in cash and cash equivalents	(12,144)	(3,437)	(15,581)	(13,560)	(4,113)	(17,673)
Cash and cash equivalents at the beginning of the period	82,973	21,484	104,457	29,253	20,711	49,964
Effects of exchange rate changes on cash and cash equivalents	(578)	(597)	(1,175)	880	228	1,108
Cash and cash equivalents at the end of the period	70,251	17,450	87,701	16,573	16,826	33,399

Note 21 Earnings per share

	31-Dec-23 \$'000	31-Dec-22 \$'000
Profit after income tax	7,293	(2,266)
Profit after income tax attributable to the owners of Litigation Capital Management Limited	7,293	(2,266)
Weighted average number of ordinary shares used in calculating basic earnings per share	Number 106,606,481	Number 106,613,927
Adjustments for calculation of diluted earnings per share:		
Amounts uncalled on partly paid shares	1,309,066	-
Options over ordinary shares	6,597,884	-
Weighted average number of ordinary shares used in calculating diluted earnings per share	114,513,431	106,613,927
	Cents	Cents
Basic earnings per share	6.84	(2.13)
Diluted earnings per share	6.37	(2.13)

Dilutive potential shares which are contingently issuable are only included in the calculation of diluted earnings per share where the conditions are met.

Note 22 Share-based payments

The share-based payment expense for the period was \$463,000 (December 2022: \$308,000).

Loan Funded Share Plans ('LSP')

As detailed in note 16, the Group has an equity scheme pursuant to which certain employees may access a LSP. The shares under LSP are issued at the exercise price by granting a limited recourse loan. The LSP shares are restricted until the loan is repaid. Options under this scheme can be granted without an underlying LSP share until they have been exercised and on this basis, do not form part of the Group's issued share capital. The underlying options have been accounted for as a share-based payments. The options are issued over a 1-3 year vesting period. Vesting conditions include satisfaction of customary continuous employment with the Group and may include a share price hurdle.

During the period the Group granted nil (December 2022: nil) shares under the LSP.

Set out below are summaries of shares/options granted under the LSP:

December 2023

Grant date	Expiry date	Exercise Price	Balance at the start of the period	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the period
4/12/2017	4/12/2027	\$0.60	2,000,000	-	-	-	2,000,000
31/08/2018	31/08/2028	\$0.77	411,972	-	-	-	411,972
19/11/2018	25/11/2028	\$0.47	1,595,058	-	-	-	1,595,058
3/12/2018	3/12/2028	\$0.89	100,000	-	-	-	100,000
1/11/2019	1/11/2029	£0.7394	1,432,753	-	-	-	1,432,753
13/10/2020	13/10/2030	£0.6655	616,520	-	-	-	616,520
27/10/2021	27/10/2031	£1.06	1,512,638	-	-	-	1,512,638
27/10/2021	27/10/2031	£1.06	99,037	-	-	-	99,037 ¹
27/10/2021	27/10/2031	£1.14	122,430	-	-	-	122,430 ¹
			7,890,408	-	-	-	7,890,408

¹ Options granted without an underlying LSP share until exercised ie, do not form part of the Group's issued share capital

Deferred Bonus Share Plan ('DBSP')

The Company has in place a DBSP. Options granted under the DBSP reflect past performance and are in the form of nil cost options and will vest in three equal tranches from the date of issue and are subject to continued employment over the three year period.

In addition, the Options granted under the DBSP are subject to malus and clawback provisions. In the event of a change of control of the Company, unvested awards will vest to the extent determined by the Board, taking into account the proportion of the period of time between grant and the normal vesting date that has elapsed at the date of the relevant event.

During the period the Group granted 771,911 (December 2022: 1,132,692) options under the DBSP.

Set out below are summaries of options granted under the DBSP:

December 2023

Grant date	Expiry date	Exercise Price	Balance at the start of the period	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the period
7/10/2022	7/10/2032	\$0.00	1,132,692	-	(255,257)	-	877,435
4/10/2023	4/10/2033	\$0.00	-	771,911	-	-	771,911
			1,132,692	771,911	(255,257)	-	1,649,346

Note 22 Share-based payments (continued)

Executive Long Term Incentive Plan ('LTIP')

The Company has in place an Executive LTIP. Options over ordinary shares in the capital of the Company ("Ordinary Shares") are issued to recipients under the LTIP plan. The options set out above have been granted under the LTIP in the form of nil cost options and are subject to performance conditions which require the growth of Funds under Management ('FuM') over a five year performance period. The performance conditions associated with the options are set out below:

- (1) 50% vesting on reaching a minimum of FuM of US\$750m; and
- (2) 100% vesting on reaching FuM of US\$1bn.

The vesting date of options granted is the later of:

- (1) the third anniversary of the Grant Date;
- (2) the satisfaction of the Performance Condition; or
- (3) the date of any adjustment under the Plan rules of the Plan at the Boards discretion.

Any awards made to the participants are subject to a five year holding period from the grant date. In the event of a change of control of the Company, unvested awards will vest to the extent determined by the Board, taking into account the proportion of the period of time between grant and the normal vesting date that has elapsed at the date of the relevant event and the extent to which any performance condition has been satisfied at the date of the relevant event.

During the period the Group granted nil (December 2022: 5,671,516) options under the LTIP.

Set out below are summaries of shares/options granted under the LTIP:

December 2023

Grant date	Expiry date	Exercise Price	Balance at the start of the period	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the period
7/10/2022	7/10/2032	\$0.0000	5,671,516	-	-	-	5,671,516
			5,671,516	-	-	-	5,671,516

For the options under LSP granted during the current period, the valuation model inputs used in the Black-Scholes pricing model to determine the fair value at the grant date, are as follows:

Grant date	Expiry date	Share price at grant date	Exercise price	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date
4/10/2023	4/10/2033	£0.98	£0.00	35.00%	1.10%	3.79%	\$1.820

¹AUD amount. GBP equivalent £0.952

The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may not necessarily be the actual outcome.

Note 23 Events after the reporting period

In the Directors' opinion, no matter or circumstance has arisen since the end of the financial year, that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in future years.

Litigation Capital Management Limited
31 December 2023
DIRECTORS DECLARATION

In the directors' opinion:

the attached financial statements and notes comply with the *Corporations Act 2001*, Australian Accounting Standards and other mandatory professional reporting requirements;

the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 2 to the financial statements;

the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 31 December 2023 and of its performance for the period ended on that date;

there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and

Signed in accordance with a resolution of directors.

On behalf of the directors



Director

Dated this 19 day of March 2024

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Litigation Capital Management Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Litigation Capital Management Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2023, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, material accounting policy information and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of the Group does not comply with the *Corporations Act 2001* including:

- i. Giving a true and fair view of the Group's financial position as at 31 December 2023 and of its financial performance for the half-year ended on that date; and
- ii. Complying with Accounting Standard AASB 134 *Interim Financial Reporting and the Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to the audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* which has been given to the directors of the Company, would be the same terms if given to the directors as at the time of this auditor's review report.

Responsibility of the directors for the financial report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act*



2001 and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's responsibility for the review of the financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2023 and its financial performance for the half-year ended on that date and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

BDO Audit Pty Ltd

BDO
G Rooney

Geoff Rooney
Director

Sydney, 19 March 2024