

APPENDIX 4D – HALF YEAR REPORT

HALF YEAR ENDED 31 DECEMBER 2015

RESULTS FOR ANNOUNCEMENT TO MARKET

Key Information		31 Dec 2015	31 Dec 2014
		\$'000	\$'000
Revenue from ordinary activities	up 283% to	138	36
Net (loss) from ordinary activities after tax attributable to members	up 115% to	(2,128)	(990)
Net (loss) attributable to members	up 140% to	(2,128)	(887)

DIVIDENDS PAID AND PROPOSED

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

DIVIDEND REINVESTMENT PLAN

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

NTA BACKING

	31 Dec 2015	30 Jun 2015
Net tangible asset backing per ordinary security	\$0.0879	\$0.1083

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

Control gained over entities during the period	Nil
Loss of control of entities during the period	Nil

DETAILS OF ASSOCIATES AND JOINT VENTURE ENTITIES

Refer to the attached consolidated financial statements for the half year ended 31 December 2015..

AUDIT

The audit review has been completed and the audit review report issued without qualification. The information provided in this report should be read in conjunction with the most recent annual financial statements and ASX announcements.

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INTERIM FINANCIAL REPORT

31 DECEMBER 2015



JUSTKAPITAL

Litigation Partners Limited

ABN 72 088 749 008

CORPORATE DIRECTORY

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Litigation Partners Limited

AN EMERGING LEADER IN
LITIGATION FINANCING

Directors

Philip Kapp
Executive Chairman

Timothy Storey
Executive Director

Mike Hill
Executive Director

Company Secretary

Andrew Whitten

Registered Office

C/- Whittens & McKeough Pty Ltd
Level 5, 137-139 Bathurst Street
Sydney NSW 2000

Telephone: +61 2 8072 1400
Facsimile: +61 2 9283 1970

Auditors

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

Solicitors

Whittens & McKeough Pty Ltd
Level 5, 137-139 Bathurst Street
Sydney NSW 2000

Share Registry

Computershare Limited
Level 11, 172 St Georges Terrace
Perth WA 6000

Investor Enquiries: 1300 850 505
Facsimile: +61 8 9323 2033

Stock Exchange Listing

Securities of JustKapital Litigation
Partners Limited are listed on the
Australian Securities Exchange.

ASX Code: JKL

Website

www.justkapital.com.au

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This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2015 and any public announcements made by JustKapital Litigation Partners Limited during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

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CHAIRMAN'S STATEMENT

Dear Shareholder

It has been an eventful 6 months since we presented our annual report for the financial year ended 30 June 2015.

The highlights of the period include:

- » Entering into a co funding arrangement with our joint venture partner Longford Capital for damages for patent infringement. That matter is currently before the United States Federal Court;
- » Good progress has been made on the shareholder class action against an ASX listed public company for alleged misleading and deceptive conduct. In that matter JustKapital is funding a large number of Australian and US institutional investors who allege that they were misled and deceived into investing into this ASX Company. JustKapital is advised that the matter should be set down for trial in the Federal Court before the end of the calendar year;
- » A review of approximately 20 potential claims with detailed due diligence on 3 claims, all 3 of which were ultimately turned down for funding. There are currently 4 claims in detailed due diligence;
- » The acquisition of the business assets of Macquarie Medico Legal (including receivables of \$19 million dollars) for a purchase price of \$19.3 million dollars (plus a 3 year earn out) which completed in January 2016;
- » As part of the acquisition the company negotiated and put in place a \$20 million receivables financing facility on commercially acceptable terms.

The acquisition of Macquarie Medico Legal will provide a strong platform for the expansion of JustKapital's disbursement funding business both geographically and by disbursement product offering.

Importantly, Macquarie Medico Legal provides JustKapital with a steady cash flow and ongoing sustainable earnings.

I would like to thank my current board of directors for their unwavering support and assistance in what has been an extremely busy and exciting time.

Yours sincerely



Philip Kapp

Executive Chairman

JustKapital Litigation Partners Limited

Sydney

Date: 19 February 2016

DIRECTORS' REPORT

31 DECEMBER 2015

Your directors submit the financial report of JustKapital Litigation Partners Limited ("the Company" or "JKL") and its controlled entities (the "Consolidated Entity" or "Group") for the half-year ended 31 December 2015.

Directors

The names of directors who held office during or since the end of the interim period to the date of this report are:

- » Philip Kapp
- » Timothy Storey
- » Mike Hill
- » Hugh Warner (resigned 15 January 2016)

Directors were in office for this entire period unless otherwise stated.

Review of Operations

The Group made a loss from continuing operations of \$2,128,000 in the year (2014: Loss \$990,000). Included in this loss acquisition and due diligence costs of \$587,000 (2014: \$Nil) and impairment of loan expense of \$Nil (2014: \$524,000).

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

Subsequent Events

On 22 January 2016, the Company completed the acquisition of the assets and business of Macquarie Medico Legal for \$19.3 million. The purchase consideration consisted of the following:

- » \$10.9 million cash payment at settlement
- » \$2.0 million deferred cash payment;
- » \$6.4 million share consideration at an average price of \$0.25 per share of which 11,333,333 shares were issued at settlement; 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 Company has secured a \$20.0 million debt facility. The Company has used \$5.9 million of this facility to part fund the \$10.9 million cash paid at settlement.

No other events have occurred after balance date that impacts the financial statements.

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required by Section 307C of the Corporations Act 2001 is included on page 7.

Signed in accordance with a resolution of the directors.

On behalf of the Directors



Philip Kapp
Executive Chairman
JustKapital Litigation Partners Limited

Sydney
Date: 19 February 2016

AUDITOR'S INDEPENDENCE DECLARATION

Stantons International Audit and Consulting Pty Ltd
trading as

Stantons International
Chartered Accountants and Consultants

PO Box 1908
West Perth WA 6872
Australia

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19 February 2016

Board of Directors
JustKapital Litigation Partners Limited
C/- Whittens & McKeough Pty Ltd
Level 5, 137-139 Bathurst Street
Sydney NSW 2000

Dear Sirs

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 review of the financial statements of JustKapital Litigation Partners Limited for the period ended 31 December 2015, 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 review; and
- (ii) any applicable code of professional conduct in relation to the review.

Yours faithfully

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



Martin Michalik
Director

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FINANCIAL REPORT

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

	Note	Half-Year 2015 \$'000	Half-Year 2014 \$'000
Continuing operations			
Acquisition and due diligence expenses		(587)	-
Depreciation expense		(2)	-
Employee benefits expense		(504)	(400)
Foreign exchange gain		-	203
Impairment of loan		-	(524)
Litigation contracts in progress - written down	3	(104)	-
Other administrative expenses		(1,062)	(305)
Share based payments expense - options		(7)	-
Total expenses		(2,266)	(1,026)
Finance income		138	36
Loss before income tax		(2,128)	(990)
Income tax expense		-	-
Loss after tax from continuing operations		(2,128)	(990)
Discontinued operations			
Profit for the period from discontinued operations		-	103
Loss for the period		(2,128)	(887)
Other comprehensive income / (loss)			
<i>Items that will not be reclassified subsequently to profit or loss:</i>		-	-
<i>Items that may be reclassified subsequently to profit or loss:</i>		-	-
Other comprehensive loss for the half-year, net of tax		-	-
Total comprehensive loss for the half-year		(2,128)	(887)
Loss attributable to:			
Equity holders of the Company		(2,128)	(887)
Non-controlling interests		-	-
		(2,128)	(887)
Total comprehensive loss attributable to:			
Equity holders of the Company		(2,128)	(887)
Non-controlling interests		-	-
		(2,128)	(887)
Loss per share			
From continuing and discontinued operations			
Basic and diluted loss per share (cents per share)	7	(2.04)	(3.13)
From continuing operations			
Basic and diluted loss per share (cents per share)	7	(2.04)	(3.49)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

FINANCIAL REPORT CONTINUED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2015

	Note	31 December 2015	30 June 2015
		\$'000	\$'000
Assets			
Current assets			
Cash and cash equivalents		9,988	11,295
Trade and other receivables		247	23
Prepayments		73	73
Total current assets		10,308	11,391
Non-current asset			
Intangible assets	3	766	754
Office plant and equipment		12	4
Total non-current assets		778	758
Total assets		11,086	12,149
Liabilities			
Current liabilities			
Trade and other payables		1,162	104
Total current liabilities		1,162	104
Total liabilities		1,162	104
Net Assets		9,924	12,045
Equity			
Issued capital	4	15,723	15,723
Share based payments reserve		1,162	1,155
Accumulated losses		(6,961)	(4,833)
Total Equity		9,924	12,045

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

FINANCIAL REPORT CONTINUED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

Note	Issued Capital	Shares to be Issued	Share Based Payments Reserve	Foreign Currency Translation Reserve	Accumulated Losses	Non-controlling Interests	Total Equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2015	15,723	-	1,155	-	(4,833)	-	12,045
Total comprehensive income for the half-year:							
Loss for the period	-	-	-	-	(2,128)	-	(2,128)
Other comprehensive income for the half year, net of tax	-	-	-	-	-	-	-
Transactions with owners in their capacity as owners:							
Share based payment transactions	-	-	7	-	-	-	7
Balance at 31 December 2015	15,723	-	1,162	-	(6,961)	-	9,924
Balance at 1 July 2014	34,700	-	904	2	(32,744)	(122)	2,740
Total comprehensive income for the half-year:							
Loss for the period	-	-	-	-	(887)	-	(887)
Other comprehensive income for the half year, net of tax	-	-	-	-	(887)	-	(887)
Transactions with owners in their capacity as owners:							
Shares issued	752	-	-	-	-	-	752
Shares to be issued	-	2,208	-	-	-	-	2,208
Disposal of African Chrome Fields Pte Limited	-	-	-	(2)	-	122	120
Balance at 31 December 2014	35,452	2,208	904	-	(33,631)	-	4,933

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

FINANCIAL REPORT CONTINUED

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

	Note	Half-Year 2015	Half-Year 2014
		\$'000	\$'000
Cash flows from operating activities			
Payments to employees & suppliers		(1,316)	(641)
Interest received		138	36
Net cash (outflow) from operating activities		(1,178)	(605)
Cash flows from investing activities			
Payment for plant and equipment		(10)	-
Proceeds from litigation funding - reimbursements		364	-
Payments for litigation funding and employee costs		(483)	-
Exploration expenditure		-	(31)
Loan to other entity		-	(583)
Repayment of loan to other entity		-	59
Proceeds from sale of subsidiary		-	104
Net cash (outflow) from investing activities		(129)	(451)
Cash flows from financing activities			
Net proceeds from issues of shares		-	752
Shares to be issued		-	2,208
Repayment of loans		-	(1,350)
Net cash inflow from financing activities		-	1,610
Net (decrease) / increase in cash and cash equivalents		(1,307)	554
Cash and cash equivalents at beginning of the half-year		11,295	3,225
Effect of exchange rate changes on balance of cash in foreign currency		-	203
Cash and cash equivalents at end of the half-year		9,988	3,982

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

CONDENSED NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2015

1. Summary of Significant Accounting Policies

(A) BASIS OF PREPARATION

These general purpose interim financial statements for the half-year reporting period ended 31 December 2015 have been prepared in accordance with requirements of the Corporations Act 2001 and Australian Accounting Standard AASB 134: Interim Financial Reporting. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

This interim financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the Group as the annual financial report. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Group for the year ended 30 June 2015, together with any public announcements made during the following half-year in accordance with the continuous disclosure obligations of the Corporations Act 2001 and the ASX Listing Rules.

These interim financial statements were authorised for issue on 19 February 2016.

(B) ACCOUNTING POLICIES

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements. The Group has considered the implications of new and amended Accounting Standards but determined that their application to the financial statements is either not relevant or not material.

(C) PRINCIPLES OF CONSOLIDATION

The consolidated financial statements incorporate all of the assets, liabilities and results of the parent, JustKapital Litigation Partners Limited, and all of the subsidiaries. Subsidiaries are entities the parent controls. The parent controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. A list of the subsidiaries is provided in Note 8.

The assets, liabilities and results of all subsidiaries are fully consolidated into the financial statements of the Group from the date on which control is obtained by the Group. The consolidation of a subsidiary is discontinued from the date that control ceases. Intercompany transactions, balances and unrealised gains or losses on transactions between Group entities are fully eliminated on consolidation. Accounting policies of subsidiaries have been changed and adjustments made where necessary to ensure uniformity of the accounting policies adopted by the Group.

(D) INTERESTS IN JOINT OPERATIONS

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.

CONDENSED NOTES TO THE FINANCIAL STATEMENTS CONTINUED

31 DECEMBER 2015

2. Operating Segments

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.

The Consolidated Entity has three geographic segments being Australia, New Zealand and the United States of America and operates in one industry being litigation funding investment. At the date of this report, New Zealand is dormant.

Geographical segments	Australia		USA		Consolidated	
	Half-Year 2015	Half-Year 2014	Half-Year 2015	Half-Year 2014	Half-Year 2015	Half-Year 2014
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue						
Other external revenue	138	36	-	-	138	36
Total segment revenue	138	36	-	-	138	36
Results						
Segment net loss before tax	(2,128)	(990)	-	-	(2,128)	(990)
Assets						
	31 Dec 2015	30 Jun 2015	31 Dec 2015	30 Jun 2015	31 Dec 2015	30 Jun 2015
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Segment assets	10,986	12,149	100	-	11,086	12,149
Liabilities						
Segment liabilities	1,062	104	100	-	1,162	104
Depreciation	2	-	-	-	2	-

CONDENSED NOTES TO THE FINANCIAL STATEMENTS CONTINUED
31 DECEMBER 2015

3. Intangible assets

LITIGATION CASE FUNDING

	Consolidated	
	Half-Year 2015	30 June 2015
	\$'000	\$'000
Balance at the beginning of the year	754	-
Additions - external costs	515	623
Additions - internal costs	68	131
Co-funding contributions	(467)	-
Write-down of Litigation Contracts in Progress	(104)	-
	766	754

4. Issued Capital

	Consolidated	
	Half-Year 2015	30 June 2015
	\$'000	\$'000
Issued and fully paid ordinary shares	15,723	15,723

(A) ORDINARY SHARES

Fully paid ordinary shares carry one vote per share and carry the right to dividends.

	Consolidated		Consolidated	
	Half-year 2015		30 June 2015	
	Number	\$'000	Number	\$'000
Movement in ordinary shares				
Opening balance	104,229,791	15,723	1,310,976,382	34,700
Issues during the period				
Placements	-	-	188,000,000	752
50:1 share consolidation	-	-	(1,468,996,592)	-
Placements	-	-	64,250,000	12,850
Vendor shares on acquisition of JustKapital Litigation Pty Ltd	-	-	10,000,001	2,000
Capital reduction s258F Corporations Act 2001	-	-	-	(33,901)
Costs of share issue	-	-	-	(678)
Closing balance	104,229,791	15,723	104,229,791	15,723

CONDENSED NOTES TO THE FINANCIAL STATEMENTS CONTINUED

31 DECEMBER 2015

(B) OPTIONS

As at 31 December 2015, there were 11,974,231 unissued 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 December 2016	0.25
	1,200,000	10 March 2018	0.25
Vendor options	5,195,673	10 March 2018	0.25
	1,898,558	27 March 2018	0.25
	11,974,231		

	Half-Year 2015	30 June 2015
	No of options	No of options
Opening balance	12,807,564	209,000,000
50:1 share consolidation	-	(204,820,000)
Granted during the period	-	8,627,564
Exercised during the period	-	-
Options forfeited	(333,333)	-
Options expired	(500,000)	-
Closing balance	11,974,231	12,807,564

CONDENSED NOTES TO THE FINANCIAL STATEMENTS CONTINUED

31 DECEMBER 2015

5. Events occurring after the balance sheet date

On 22 January 2016, the Company completed the acquisition of the assets and business of Macquarie Medico Legal for \$19.3 million. The purchase consideration consisted of the following:

- » \$10.9 million cash payment at settlement
- » \$2.0 million deferred cash payment;
- » \$6.4 million share consideration at an average price of \$0.25 per share of which 11,333,333 shares were issued at settlement; 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 Company has secured a \$20.0 million debt facility. The Company has used \$5.9 million of this facility to part fund the \$10.9 million cash paid at settlement.

No other events have occurred after balance date that impacts the financial statements.

6. Contingent Liabilities

In certain jurisdictions litigation funding agreements contain an undertaking from the Company to the client that the Company 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 31 December 2015, the total amount spent by the Company where undertakings to pay adverse costs have been provided was \$567,000 (30 June 2015: \$623,000). The potential adverse costs orders using the above methodology would amount to \$397,000 (30 June 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.

CONDENSED NOTES TO THE FINANCIAL STATEMENTS CONTINUED

31 DECEMBER 2015

7. Loss Per Share

(A) BASIC LOSS PER SHARE

	Half-Year 2015	Half-Year 2014
	Cents	Cents
From continuing operations	(2.04)	(3.49)
From discontinued operations	-	0.36
Total basic loss per share	(2.04)	(3.13)

(B) DILUTED LOSS PER SHARE

As the company has made a loss for the half year ended 31 December 2015, the options on issue have no dilutive effect, therefore diluted loss per share is equal to basic loss per share.

(C) RECONCILIATION OF LOSS USED IN CALCULATING EARNINGS PER SHARE

	Half-Year 2015	Half-Year 2014
	\$'000	\$'000
Basic and diluted loss per share		
Loss for the half year attributable to owners of the Company	(2,128)	(887)
Loss used in the calculation of basic earnings per share	(2,128)	(887)
Profit for the period from discontinued operations used in the calculation of the basic earnings per share from discontinued operations	-	(103)
Loss used in the calculation of basic earnings per share from continuing operations	(2,128)	(990)

(D) WEIGHTED AVERAGE NUMBER OF SHARES USED AS THE DENOMINATOR

	Half-Year 2015	Half-Year 2014
	Number	Number*
Basic and diluted loss per share		
Weighted average number of ordinary shares used as the denominator in calculating basic loss per share	104,229,791	28,365,180
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	104,229,791	28,365,180

* Numbers have been adjusted for the 50:1 consolidation which occurred during the prior year.

CONDENSED NOTES TO THE FINANCIAL STATEMENTS CONTINUED

31 DECEMBER 2015

8. Interest in Subsidiaries

INFORMATION ABOUT PRINCIPAL SUBSIDIARIES

Set out below are the Group's subsidiary at 31 December 2015. The subsidiaries listed below have share capital consisting solely of ordinary shares which are held directly by the Group and the proportion of ownership interests held equals the voting rights held by the Group. Each subsidiary's country of incorporation or registration is also its principal place of business.

Name of Subsidiaries	Principal Place of Business	Ownership Interest Held by the Group	
		Half-Year 2015	30 June 2015
JustKapital Litigation Pty Limited	Australia	100%	100%
JustKapital Litigation Partners (NZ) Limited ⁽ⁱ⁾	New Zealand	100%	100%
JustKapital Financing Pty Ltd ⁽ⁱ⁾	Australia	100%	100%
JustKapital Litigation Insurance Pty Ltd ⁽ⁱ⁾	Australia	100%	100%

⁽ⁱ⁾ As at 31 December 2015, these companies are dormant.

9. Joint Operations

The Group has a material joint operation with Longford Capital Management, LP where the Group co-invests in litigation case funding. The Group has a 50% share in the ownership of two litigation cases. The Group is entitled to a proportionate share of the litigation case income received and bears a proportionate share of the joint operation's expenses.

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DIRECTORS' DECLARATION

In the opinion of the directors of JustKapital Litigation Partners Limited:

- (a) the financial statements and notes set out on pages 9 to 19 are in accordance with the Corporations Act 2001, including:
- (i) giving a true and fair view of the financial position of the Consolidated Entity as at 31 December 2015 and of its performance for the half-year ended on that date; and
 - (ii) complying with Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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



Philip Kapp
Executive Chairman
JustKapital Litigation Partners Limited

Sydney

Date: 19 February 2016

INDEPENDENT AUDITOR'S REVIEW REPORT

Stantons International Audit and Consulting Pty Ltd
trading as

Stantons International

Chartered Accountants and Consultants

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West Perth WA 6872
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Level 2, 1 Walker Avenue
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INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF JUSTKAPITAL LITIGATION PARTNERS LIMITED

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of JustKapital Litigation Partners Limited, which comprises the consolidated statement of financial position as at 31 December 2015, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity, and consolidated statement of cash flows for the half-year ended on that date, condensed notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration for JustKapital Litigation Partners Limited (the consolidated entity). The consolidated entity comprises both JustKapital Litigation Partners Limited (the Company) and the entities it controlled during the half year.

Directors' Responsibility for the Half-Year Financial Report

The directors of JustKapital Litigation Partners Limited are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) 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 is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, 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 consolidated entity's financial position as at 31 December 2015 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of JustKapital Litigation Partners Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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.

Whilst we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our review was not designed to provide assurance on internal controls.

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

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Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, has been provided to the directors of JustKapital Litigation Partners Limited on 19 February 2016.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of JustKapital Litigation Partners Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standards AASB 134 Interim Financial Reporting and Corporations Regulations 2001.

STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD
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(An Authorised Audit Company)

Stantons International Audit & Consulting Pty Ltd



Martin Michalik
Director

West Perth, Western Australia
19 February 2016

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