

Appendix 4D

IMF Bentham Limited ("IMF" or "the Company")

ABN 45 067 298 088

Half-Year ended 31 December 2019

Results for announcement to the market

Current reporting period: Half-year ended 31 December 2019
Previous reporting period: Half-year ended 31 December 2018

	Up/Down	Percentage Change	\$'000s
Proceeds from dispute resolution investments	Up	890%	151,500
Revenue from ordinary activities	Up	549%	10,904
Total income from continuing operations	Up	518%	50,295
Profit from ordinary activities after tax	Up	147%	4,883
Loss from ordinary activities after tax attributable to members	Down	(80%)	(19,244)
Net loss for the period attributable to members	Down	(80%)	(19,244)
Other comprehensive income after tax for the period	Down	(27%)	8,669
Total comprehensive income after tax for the period	Up	782%	13,552

Dividends

The Directors have today declared a final fully franked dividend of 3.0 cents per share for the interim period, totalling \$7.482 million. The record date for this dividend is 27 February 2020 and the payment date will be 20 March 2020. Shareholders are able to elect to participate in the dividend reinvestment plan in relation to this dividend.

The Directors have determined they will consider, and where appropriate, implement, a regular semi-annual dividend which reflects the cash position and performance of the Company at the time of the dividend and the likely demand for cash over the ensuing 12 month period. The Company has put in place a dividend reinvestment plan and, on appropriate occasions, will arrange underwriting to reduce the impact a particular dividend might otherwise have on cash.

Net tangible assets per ordinary share

	31-Dec-19 \$	30-Jun-19 \$
Basic net tangible assets per ordinary share ¹	0.28	0.43
Basic net assets per ordinary share	3.04	2.52

¹ Net tangible assets excludes intangible assets - litigation contracts in progress, goodwill, claims portfolio, contract assets and right-of-use assets.

Entities over which control was gained or lost during the period

The Company did not lose control over any entities during the period.

The Company gained control over the following entities during the period, through the business combination with the Omni Bridgeway Holding BV group:

	Country of Incorporation	Percentage Owned At 31-Dec-19
Omni Bridgeway Holding BV	Netherlands	100%
Omni Bridgeway Investment BV ¹	Netherlands	100%
Omni Bridgeway BV	Netherlands	81%
Omni Bridgeway Advisory Ltd	Dubai	65%
Omni Bridgeway LegalTech BV	Netherlands	41%
Omni Bridgeway Emerging Markets BV	Netherlands	81%
Omni Bridgeway Collective Redress BV	Netherlands	81%
Omni Bridgeway Asia Pte Ltd	Singapore	81%
Omni Bridgeway Holding (Switzerland) SA	Switzerland	81%
Omni Bridgeway SA	Switzerland	81%
Roland ProzessFinanz AG	Germany	81%
Minorities Capital Ltd	Guernsey	81%
Omni Bridgeway Finance BV	Netherlands	81%
Stichting Client Accounts Omni Bridgeway	Netherlands	N/A
Stichting Cartel Compensation	Netherlands	N/A
Stichting Trucks Cartel Compensation	Netherlands	N/A

¹ this represents 100% of type A shares and voting rights. Type B shares, with no voting rights, represent 90% of share capital and receive 10% of yearly profits. Type A shares receive the remaining of the yearly profits.

Appendix 4D

IMF Bentham Limited ("IMF" or "the Company")

ABN 45 067 298 088

Half-Year ended 31 December 2019

Results for announcement to the market

Entities over which control was gained or lost during the period (continued)

The Company incorporated 3 new subsidiaries during the period as follows:

	Percentage Owned	
	Country of Incorporation	At 31-Dec-19
IMF Bentham ROW SPV 1 Limited	United Kingdom	20%
IMF Bentham Holdings Pty Ltd	Australia	100%
IMF Bentham BV	Netherlands	100%

Joint Ventures and Associates

The Company acquired the following joint ventures and associates during the period, through the business combination with the Omni Bridgeway Holdings BV group:

	Percentage Owned	
	Country of Incorporation	At 31-Dec-19
The Flight Refund Company GmbH	Germany	21%
TCF Ltd	Mauritius	40%
OB Capital Coop U.A.	Netherlands	5%

From acquisition date, 8 November 2019, to 31 December 2019 The Flight Refund Company contributed \$0.016 million of profit to the Group, TCF Ltd and OB Capital Coop U.A. both contributed a loss of \$0.001 million to the Group.

Foreign Operations

In compiling this report International Financial Reporting Standards have been used as the basis of preparation for all foreign operations.

Explanation of Results

The attached Financial Report for the half-year ended 31 December 2019 forms part of this document. This interim financial report is to be read in conjunction with the most recent annual financial report. A copy of the 2019 annual financial report and other documents are available on the website at www.imf.com.au or on the ASX website at www.asx.com.au.

Review Statement

The unqualified review statement of the Company's auditors, Ernst & Young, is attached to this document.



Stuart Mitchell
 Chief Financial Officer

Date: 20 February 2020

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HALF-YEAR REPORT 2019

Half-Year Ended
31 December 2019

**Consolidated Financial Report
for the half-year ended 31 December 2019**

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**Consolidated Financial Report
for the half-year ended 31 December 2019**

Directors' Report

Your Directors submit their report for the half-year ended 31 December 2019.

Directors

The names of the Company's Directors in office during the half-year and until the date of this report are as below. Unless stated otherwise, the Directors were in office for this entire period.

Michael Kay	Chairman and Non-Executive Director
Andrew Saker	Managing Director and CEO
Hugh McLernon	Executive Director
Michael Bowen	Non-Executive Director
Karen Phin	Non-Executive Director
Christine Feldmanis	Non-Executive Director

Review and results of operations

Total income for the IMF Bentham Limited consolidated group ("the Group") increased from \$8.143 million for the half-year ended 31 December 2018, to \$50.295 million for the half-year ended 31 December 2019. Gross proceeds from litigation contracts was \$142.769 million, a 833% increase over the corresponding period last year. The consolidated net profit from continuing operations after tax for the half-year was \$4.883 million (31 December 2018: loss of \$10.395 million). These results reflect an increase in proceeds from successful completed dispute resolution investments from \$15.310 million for the half-year ended 31 December 2018 to \$151.500 million for the half-year ended 31 Decembr 2019.

As at 31 December 2019, subject to the distribution waterfalls, the calculated value of the accumulated, unaccrued and unpaid distributions related to the Parent entities' interest in Fund 1 and Funds 2 & 3 total \$4.400 million.

A summary of the impact of investment completions and impairment on the profit and loss is below:

Name	Litigation funding contracts - proceeds \$'000	Litigation derecognition (incl. capitalised OH) \$'000	Net gain on derecognition (incl. capitalised OH) \$'000	Attributed to IMF \$'000	Attributed to NCI \$'000	ROIC (incl. capitalised OH) ²	ROIC (excl. capitalised OH) ²	IRR (excl. capitalised OH) ²
Pfizer	-	(6,600)	(6,600)	(6,600)	-	(1.0x)	(1.0x)	-
Forge securities	7,957	(5,681)	2,276	2,276	-	0.4x	0.9x	29%
Confidential	-	(1,955)	(1,955)	(1,955)	-	(1.0x)	(1.0x)	-
Confidential	9,460	(9,181)	279	279	-	0.0x	0.2x	9%
UGL securities	9,188	(5,736)	3,452	3,452	-	0.6x	0.8x	59%
Sirtex Medical Group	11,344	(4,810)	6,534	6,534	-	1.4x	1.7x	107%
AET/SEAS Sapfor ¹	11,934	(2,791)	9,143	9,143	-	2.3x	3.0x	N/a (incomplete)
Other	366	(1,483)	(1,117)	(1,117)	-	-	-	-
Direct balance sheet investments	50,249	(38,237)	12,012	12,012	-	0.3x	0.5x	
Confidential	32,092	(20,502)	11,590	(283)	11,873	0.6x	0.6x	26%
Confidential	10,751	(7,477)	3,274	(74)	3,348	0.4x	0.5x	71%
Other	7,051	(8,862)	(1,811)	(304)	(1,507)	-	-	-
Fund 1	49,894	(36,841)	13,053	(661)	13,714	0.4x	0.4x	
Confidential	500	(486)	14	-	14	0.0x	0.0x	N/a (incomplete)
Murray Goulburn	12,661	(3,119)	9,542	(528)	10,070	3.1x	3.9x	624%
Other	-	(80)	(80)	(78)	(2)	-	-	-
Funds 2 & 3	13,161	(3,685)	9,476	(606)	10,082	2.4x	2.9x	
Confidential	29,465	(25,384)	4,081	960	3,121	0.2x	0.2x	149%
Other	-	(15)	(15)	(4)	(11)	-	-	-
Fund 4	29,465	(25,399)	4,066	956	3,110	0.2x	0.2x	
SUB-TOTAL	142,769	(104,162)	38,607	11,701	26,906	0.4x	0.5x	
Impairment expense as per Note 8(f)	-	(1,353)	(1,353)	(1,307)	(46)	-	-	-
TOTAL	142,769	(105,515)	37,254	10,394	26,860	0.4x	0.5x	

¹ Represents partial recognition of income on an ongoing case whereby the judgement was won however part of the judgement is under appeal.

² ROIC and IRR are categorised as non-IFRS information prepared in accordance with ASIC Regulatory Guidance 230 - Disclosing non-IFRS financial information, issued in December 2011. This information has not been audited or reviewed. Refer to the Glossary for additional information.

The Group's cash position was \$262.736 million as at 31 December 2019 (30 June 2019: \$226.460 million). Of this, \$4.762 million is restricted cash. The carrying value of its investments into dispute resolution cases comprise (i) \$514.585 million in intangible assets, (ii) \$94.892 million in claims portfolio contract assets and (iii) \$12.668 million in purchased claims at 31 December 2019.

On 15 October 2019, the Group agreed to acquire 100% of the shares in Omni Bridgeway Holding BV ("OB"), a non-listed company headquartered in the Netherlands, in exchange for cash and share capital consideration. The transaction completed on 8 November 2019, with a cash payment of EUR31.177 million; a deferred consideration payable of EUR18.132 million and a contingent variable deferred amount payable of up to EUR32.500 million, subject to new business generation targets. The accounting for the Omni Bridgeway ("the OB Group") acquisition has been provisionally determined as at 31 December 2019, as the process of fair valuing Omni Bridgeway's net assets is still in progress. Provisionally, goodwill of \$69.029 million has been recognised.

**Consolidated Financial Report
for the half-year ended 31 December 2019**

Directors' Report (continued)

Review and results of operations (continued)

Omni Bridgeway is a leading funder of litigation, arbitration and enforcement proceedings focusing on civil law jurisdictions primarily in Continental Europe and Central Asia. This acquisition provides complementary investment strengths and expertise; expanded geographic presence and portfolio and financing diversification of the Group.

On 23 October 2019, the Company issued 23,939,201 shares to institutional investors as a 1 for 5.8 accelerated non-renounceable rights entitlement offer at \$3.40 per share and 5,291,608 shares under a placement to institutional investors at \$3.50 per share. On 5 November 2019, the Company issued 11,340,259 shares under a retail entitlement offer at \$3.40 per share.

On 20 December 2019, the Company refinanced its Fixed Rate Notes, which were due to mature on 30 June 2020, with the issue of new Fixed Rate Notes with a maturity date of 8 January 2026 and a fixed interest rate of 5.65% per annum payable quarterly. The new Fixed Rate Notes are secured by a security interest over all present and after-acquired property of the Company and have an equal ranking with the existing Bonds.

Outlook

IMF (excluding Omni Bridgeway) funded 14 new investments during the period, comprising 10 investments outside the USA and 4 in the USA.

At 31 December 2019, IMF had a total of 101 (41 USA, 60 ROW) approved investments at various stages of funding, with a total potential aggregate Estimated Portfolio Value (EPV) of \$11.5 billion. The aggregate EPV of the 85 unconditionally funded matters is \$9.7 billion.

Since the acquisition the OB Group has made 7 new investments with a further 8 investments approved but not yet funded.

At 31 December 2019, within the OB Group, there were 237 approved investments at various stages of funding, with a total cost invested of EUR52.0 million.

The trial in the Wivenhoe investment concluded in March 2019. Judgement was handed down on 27 November 2019 with the Supreme Court of New South Wales finding in favour of IMF's funded client that the defendants were liable in negligence to the group members. Subsequently, the State of Queensland has announced that it will not appeal the decision, whereas the other two defendants have lodged notices of intention to appeal with the court. IMF continues to hold this asset at capitalised cost and has recognised no income.

Dividends

The Directors have today declared a final fully franked dividend of 3.0 cents per share for the interim period, totalling \$7.482 million. The record date for this dividend is 27 February 2020 and the payment date will be 20 March 2020. Shareholders are able to elect to participate in the dividend reinvestment plan in relation to this dividend.

The Directors have determined they will consider, and where appropriate, implement, a regular semi-annual dividend which reflects the cash position and performance of the Company at the time of the dividend and the likely demand for cash over the ensuing 12 month period. The Company has put in place a dividend reinvestment plan and, on appropriate occasions, will arrange underwriting to reduce the impact a particular dividend might otherwise have on cash.

Rounding

The amounts contained in this report have been rounded to the nearest \$1,000 (where rounding is applicable) under the option available to the Company under ASIC Corporations Instrument 2016/191. The Company is an entity to which the Instrument applies.

Auditor's independence declaration

We have obtained the following independence declaration from our auditors, Ernst & Young, which is contained on page 7 of this report.

Signed in accordance with a resolution of the Directors.



Michael Kay
Chairman

Date: 20 February 2020



Building a better
working world

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Auditor's independence declaration to the Directors of IMF Bentham Limited

As lead auditor for the review of IMF Bentham Limited for the half-year ended 31 December 2019, I declare to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of IMF Bentham Limited and the entities it controlled during the financial period.

Ernst & Young

Robert A Kirkby
Partner
20 February 2020

**Consolidated Statement of Comprehensive Income
for the half-year ended 31 December 2019**

	Notes	Consolidated	
		Half-year ended 31-Dec-19 \$'000	Half-year ended 31-Dec-18 \$'000
Continuing operations			
Revenue from contracts with customers	4	9,240	-
Interest revenue	5	1,664	1,679
Net gain on derecognition of intangible assets	6	38,607	1,962
Other income	7	784	4,502
Total income		50,295	8,143
Amortisation of claims portfolio	8(a)	6,189	-
Finance costs	8(b)	1,033	55
Depreciation expense	8(c)	1,348	374
Employee benefits expense	8(d)	17,716	14,105
Corporate and office expense	8(e)	11,697	5,462
Other expenses	8(f)	4,903	2,657
Profit/(loss) before tax and share of profit in associates and joint ventures		7,409	(14,510)
Share of profit in associates and joint ventures		16	-
Income tax expense/(benefit)	9	2,542	(4,115)
Profit/(loss) for the period		4,883	(10,395)
Attributable to:			
Equity holders of the parent		(19,244)	(10,686)
Non-controlling interests		24,127	291
		4,883	(10,395)
Other comprehensive income			
Items that may be subsequently reclassified to profit and loss:			
Movement in foreign currency translation reserve attributed to the parent entity		2,660	(704)
Items that will not be subsequently reclassified to profit and loss:			
Movement in foreign currency translation reserve attributed to non-controlling interests		6,009	12,635
Other comprehensive income for the period, net of tax		8,669	11,931
Total comprehensive income for the period		13,552	1,536
Attributable to:			
Equity holders of the parent		(16,584)	(11,390)
Non-controlling interests		30,136	12,926
		13,552	1,536
Earnings per share attributed to the ordinary equity holders of the Company (cents per share)			
Basic earnings per share (cents per share)	10	(8.71)	(5.63)
Diluted earnings per share (cents per share)	10	(8.71)	(5.63)

The above Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

**Consolidated Statement of Financial Position
as of 31 December 2019**

	Notes	Consolidated	
		31-Dec-19 \$'000	30-Jun-19 \$'000
ASSETS			
Current Assets			
Cash and cash equivalents	17	262,736	226,460
Litigation contracts and other receivables	20	77,594	16,866
Contract assets		-	939
Other assets	21	4,145	1,901
Income tax receivable		-	1,116
Total Current Assets		344,475	247,282
Non-Current Assets			
Litigation contracts and other receivables	20	1,438	-
Plant and equipment		6,316	1,112
Claims portfolio	12	94,892	-
Purchased claims	13	12,668	-
Intangible assets - litigation contracts in progress	14	514,585	426,977
Goodwill	15	69,029	-
Investment in associates and joint ventures		8,525	13
Contract assets		5,869	5,400
Other assets	21	12,817	9,311
Deferred tax assets		20,292	18,848
Total Non-Current Assets		746,431	461,661
TOTAL ASSETS		1,090,906	708,943
LIABILITIES			
Current Liabilities			
Trade and other payables		55,249	23,992
Income tax payable		2,858	-
Provisions		22,053	15,192
Interest bearing lease liabilities		3,222	-
Debt securities	18	-	71,455
Other liabilities		34,350	915
Total Current Liabilities		117,732	111,554
Non-Current Liabilities			
Other non-current financial liabilities	22	44,844	-
Provisions		595	432
Interest bearing lease liabilities		1,800	-
Debt securities	18	142,918	72,517
Deferred income tax liabilities		24,649	8,943
Total Non-Current Liabilities		214,806	81,892
TOTAL LIABILITIES		332,538	193,446
NET ASSETS		758,368	515,497
EQUITY			
Contributed equity	19	345,822	205,558
Reserves		(4,060)	893
(Accumulated losses)/retained earnings		(6,817)	12,494
Equity attributable to equity holders of the parent		334,945	218,945
Non-controlling interests		423,423	296,552
TOTAL EQUITY		758,368	515,497

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

**Consolidated Statement of Cash Flows
for the half-year ended 31 December 2019**

	Notes	Consolidated	
		Half-year ended 31-Dec-19 \$'000	Half-year ended 31-Dec-18 \$'000
Cash flows from operating activities			
Proceeds from claims portfolio investments		8,732	-
Proceeds from deferred performance fees		817	-
Payments to suppliers and employees		(27,834)	(16,359)
Payments for transaction costs of acquiring a business	26	(4,838)	-
Interest income		1,614	1,465
Interest paid		(5,541)	(3,922)
Income tax paid		-	(1,102)
Net cash flows used in operating activities		(27,050)	(19,918)
Cash flows from investing activities			
Proceeds from litigation funding		91,037	23,909
Payments for litigation funding - external costs		(136,100)	(41,132)
Payments for litigation funding - capitalised overhead and employee costs		(3,096)	(3,147)
Payments for claims portfolio investments - external costs		(1,269)	-
Payments for plant and equipment		(305)	(323)
Loans to related parties		(938)	-
Loans repaid by third parties		(933)	-
Payments for investment in related entity		(1,743)	-
Payments for acquisition of business	26	(50,212)	-
Net cash acquired in a business combination	26	10,345	-
Net cash flows used in investing activities		(93,214)	(20,693)
Cash flows from financing activities			
Dividend paid		-	-
Proceeds from raising capital		138,471	76,105
Payments for costs of raising capital		(6,276)	(2,327)
Proceeds from issue of debt		-	26,000
Payments for costs of issuing debt		(2,183)	(3,016)
Payments of finance lease liabilities		(771)	-
Contributions from non-controlling interests		68,176	27,477
Distributions to non-controlling interests		(41,067)	(11,002)
Payments for fund establishment costs		(652)	(2,312)
Receipts for reimbursement of fund establishment costs		736	-
Net cash flows from financing activities		156,434	110,925
Net increase in cash and cash equivalents held		36,170	70,314
Net foreign exchange difference		106	2,780
Cash and cash equivalents at beginning of period		226,460	160,231
Cash and cash equivalents at end of period	17	262,736	233,325

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

**Consolidated Statement of Changes in Equity
for the half-year ended 31 December 2019**

Notes	Issued capital \$'000	Share based payments \$'000	Foreign currency translation \$'000	Option premium reserve \$'000	Convertible note reserve \$'000	Fund equity reserve \$'000	Retained earnings \$'000	Total \$'000	Non-controlling interest \$'000	Total equity \$'000
As at 1 July 2019 - as previously reported	205,558	17,749	(427)	3,404	3,832	(23,665)	12,494	218,945	296,552	515,497
Effect of adoption of AASB 16 Leases	-	-	-	-	-	-	(67)	(67)	-	(67)
As at 1 July 2019 - restated	205,558	17,749	(427)	3,404	3,832	(23,665)	12,427	218,878	296,552	515,430
Profit/(loss) for the period	-	-	-	-	-	-	(19,244)	(19,244)	24,127	4,883
Other comprehensive income	-	-	2,660	-	-	-	-	2,660	6,009	8,669
Total comprehensive income for the period	-	-	2,660	-	-	-	(19,244)	(16,584)	30,136	13,552
Equity transactions:										
Proceeds from shares issued	138,471	-	-	-	-	-	-	138,471	-	138,471
Transaction costs associated with share issue, net of tax	(4,214)	-	-	-	-	-	-	(4,214)	-	(4,214)
Share based payments, net of tax	6,007	(3,704)	-	-	-	-	-	2,303	-	2,303
Contributions from non-controlling interests	-	-	-	-	-	-	-	-	38,468	38,468
Distributions to non-controlling interests	-	-	-	-	-	-	-	-	(41,067)	(41,067)
Changes in the proportion of equity held by non-controlling interests	-	-	-	-	-	(3,909)	-	(3,909)	(1,706)	(5,615)
Non-controlling interests arising on a business combination	-	-	-	-	-	-	-	-	101,040	101,040
As at 31 December 2019	345,822	14,045	2,233	3,404	3,832	(27,574)	(6,817)	334,945	423,423	758,368
As at 1 July 2018	127,630	15,251	1,383	3,404	3,832	(7,760)	48,592	192,332	175,504	367,836
Loss for the period	-	-	-	-	-	-	(10,686)	(10,686)	291	(10,395)
Other comprehensive income	-	-	(704)	-	-	-	-	(704)	12,635	11,931
Total comprehensive income for the period	-	-	(704)	-	-	-	(10,686)	(11,390)	12,926	1,536
Equity transactions:										
Proceeds from shares issued	76,105	-	-	-	-	-	-	76,105	-	76,105
Transaction costs associated with share issue, net of tax	(766)	-	-	-	-	-	-	(766)	-	(766)
Share based payments, net of tax	2,521	(1,033)	-	-	-	-	-	1,488	-	1,488
Contributions from non-controlling interests	-	-	-	-	-	-	-	-	27,487	27,487
Distributions to non-controlling interests	-	-	-	-	-	-	-	-	(12,404)	(12,404)
Transaction costs - disposal of non-controlling interest, net of tax	-	-	-	-	-	-	-	-	(842)	(842)
Changes in the proportion of equity held by non-controlling interests	-	-	-	-	-	29	-	29	(29)	-
As at 31 December 2018	205,490	14,218	679	3,404	3,832	(7,731)	37,906	257,798	202,642	460,440

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

**Notes to the Consolidated Financial Statements
for the half-year ended 31 December 2019**

Note 1: Corporate Information

The interim consolidated financial statements of IMF Bentham Limited ("IMF", "the Company" or "the Parent") and its subsidiaries (collectively, "the Group") for the half-year ended 31 December 2019 was authorised for issue in accordance with a resolution of the directors on 20 February 2020.

IMF Bentham Limited is a for profit company incorporated and domiciled in Australia and limited by shares, which are publicly traded on the Australian Securities Exchange (ASX code: IMF).

The principal activities of the entities within the consolidated group are:

- (i) the investment into and management of Funds (or Fund-like structures) that are focused on investing into litigation and dispute resolution matters globally; and
- (ii) the continued holding of direct investments into similar litigation and dispute resolution matters.

Note 2: Summary of Significant Accounting Policies

a. Basis of preparation

This interim consolidated financial report for the half-year ended 31 December 2019 is a condensed general purpose financial report prepared in accordance with AASB 134 Interim Financial Reporting and the Corporations Act 2001 (Cth).

This interim consolidated 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 recommended that the interim consolidated financial report for the half year be read in conjunction with the annual report for the year ended 30 June 2019 and considered together with any public announcements made by the Company during the half-year ended 31 December 2019 in accordance with the continuous disclosure obligations of the Corporations Act 2001 and the ASX Listing Rules.

b. Basis of consolidation

The interim consolidated financial statements comprise the financial statements of IMF Bentham Limited and its subsidiaries, as listed in Note 27, at 31 December 2019.

c. Presentation currency

For the purpose of the interim consolidated financial statements, the results and financial position of each entity are expressed in Australian dollars, which is the functional and presentation currency for the Company.

d. Significant accounting policies

The accounting policies adopted in the preparation of the interim consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 30 June 2019, except for changes to accounting policies as a result of adopting new standards and interpretations effective as of 1 July 2019, which are outlined in Note 2(e).

Australian accounting standards and interpretations that have recently been issued or amended but are not yet effective have not been adopted by the consolidated entity for the half-year ended 31 December 2019. The Group will assess the impact of these new standards during the reporting period to which they are applicable.

In addition to the accounting policies outlined in the Group's annual consolidated financial statements for the year ended 30 June 2019, the following policies are adopted for new transactions and events during the half year ended 31 December 2019:

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of AASB 9 Financial Instruments, is measured at fair value with the changes in fair value recognised in the statement of profit or loss in accordance with AASB 9. Other contingent consideration that is not within the scope of AASB 9 is measured at fair value at each reporting date with changes in fair value recognised in profit or loss.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit (CGU) and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

**Notes to the Consolidated Financial Statements
for the half-year ended 31 December 2019 (continued)****Note 2: Summary of Significant Accounting Policies (continued)****Claims portfolio**

The claims portfolio consists of assets recognised from the cost to obtain or fulfil a contract with a customer. Legal and other payments are recognised as an asset (under AASB 15) and included at cost less impairment loss if these costs are directly attributable to a specific mandate included in the Group's portfolio. All capitalised contract costs are amortised on a systematic basis consistent with the timing of the revenue recognition.

Revenue from contracts with customers - claims portfolio**The nature of goods and services**

Revenue is generated from enforcement services. The revenue generated from enforcement services consists of revenue earned for the enforcement services provided for various claims such as courts judgements, non-performing loans and unpaid account receivables (commercial insurance).

Performance obligations

At contract inception, the Group assesses the services promised in its contracts with customers and identifies performance obligations to each promise to transfer to the customer funds recovered from various claims such as courts judgements, non-performing loans and unpaid account receivables (commercial insurance).

Transaction price

Almost all revenues from contracts with customers are based on a no success - no fee basis. The entire transaction price is variable as the Group only receives a contingent fee on achievement of recovering funds on behalf of the customer. The Group includes variable consideration (a portion or all) in the transaction price only when it is highly probable that the recognised revenue will not incur a significant revenue reversal. This typically occurs on receipt of the recovered funds or when a settlement agreement has been signed, and court approval obtained where applicable.

Purchased claims

Purchased claims are considered purchased or originated credit-impaired assets (POCIs). For POCIs, the fair value at initial recognition already takes into account lifetime expected credit losses and represents the consideration paid. Purchased claims are subsequently measured at amortised cost by applying the credit-adjusted effective interest rate.

Investment in associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries. The Group's investment in its associate and joint venture are accounted for using the equity method.

Under the equity method, the investment in an associate or a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is not tested for impairment separately.

The statement of profit or loss reflects the Group's share of the results of operations of the associate or joint venture. Any change in Other Comprehensive Income (OCI) of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

The aggregate of the Group's share of profit or loss of an associate and a joint venture is shown on the face of the statement of profit or loss outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate or joint venture.

The financial statements of the associate or joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate or joint venture.

At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, and then recognises the loss within 'Share of profit of an associate and a joint venture' in the statement of profit or loss.

Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value.

Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

e. New and amended standards and interpretations

The Group applied AASB 16 Leases for the first time. The nature and effect of the changes as a result of adoption of the new accounting standard are described below. Several other amendments and interpretations were applied for the first time in 2019, but do not have an impact on the consolidated financial statements of the Group. The Group has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

AASB 16 Leases ("AASB 16")

AASB 16 was issued in January 2016 and replaces AASB 117 Leases, AASB Interpretation 4 Determining whether an Arrangement contains a Lease, AASB Interpretation -115 Operating Leases – Incentives and AASB Interpretation 127 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

AASB 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under AASB 117. The standard includes two recognition exemptions for lessees – leases of "low value" assets and short-term leases (ie. leases with a lease term of 12 months or less). AASB 16 does not define "low value assets" in monetary terms and whilst assets that are "low value" to one entity may not be for another, the IASB has noted that it had in mind that typically low value assets value would be US\$5,000 or less (circa A\$7,150). The Group has considered this threshold appropriate when applying the standard.

Notes to the Consolidated Financial Statements
for the half-year ended 31 December 2019 (continued)

Note 2: Summary of Significant Accounting Policies (continued)

e. New and amended standards and interpretations (continued)

AASB 16 Leases ("AASB 16") continued

At the commencement date of a lease, a lessee will recognise a liability to make lease payments (ie. the lease liability) and an asset representing the right to use the underlying asset during the lease term (ie. the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees will also be required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting does not apply to the Group as it has no assets that it provides to third parties under lease agreements.

AASB 16, which is effective for annual periods beginning on or after 1 January 2019, requires lessees and lessors to make more extensive disclosures than under AASB 117.

Prior to the adoption of AASB 16, the determination of whether an arrangement contained a lease was based on the substance of the arrangement and required an assessment of whether the fulfilment of the arrangement was dependent on the use of a specific asset or assets and the arrangement conveyed a right to use the asset.

Operating lease payments were previously recognised as an expense in the profit or loss on a straight-line basis over the lease term, excluding contingent rentals which were expensed as incurred. Operating lease incentives were recognised as a liability when received and subsequently reduced by allocating lease payments between rental expense and reduction of the liability.

Transition to AASB 16

The Group has leases of office space, car parking and office equipment (printers) that fall within the scope of AASB 16.

In accordance with AASB 16, the Group has applied AASB 16 retrospectively with the cumulative effect of initially applying the Standard to be recognised at the date of initial application, being 1 July 2019, as an adjustment to the opening balance of retained earnings and shall not restate comparative information. On transition, the Group has measured the right of use assets as though the Standard had been applied since commencement and using the Group's weighted average incremental borrowing rate, calculated at 6%, at the date of transition to the Standard.

The only practical expedient the Group has elected to use is the practical expedient of hindsight when determining lease terms where contracts contain a right to extend or terminate.

The impact of the adoption of AASB 16 on transition is reflected as follows:

	1-Jul-19 \$'000
Assets	
Property, plant and equipment - right-of-use assets	3,054
Property, plant and equipment - leasehold improvements	(114)
Prepayments	(91)
Lease incentive receivable	(478)
	2,371
Liabilities	
Lease liabilities	3,205
Lease incentive liabilities	(915)
Provisions	148
	2,438
Net impact on equity (retained earnings)	(67)

A reconciliation of operating lease commitments disclosed at 30 June 2019 to total lease liabilities recognised under AASB 16 at 1 July 2019 is below:

	30-Jun-19 \$'000
Total operating lease commitments disclosed at 30 June 2019	7,769
Recognition exemption - leases with term of less than 12 months	(12)
Effect of discounting using the Group's incremental borrowing rate	(4,552)
Total lease liabilities recognised under AASB 16 at 1 July 2019	3,205

Summary of new lease accounting policies

Set out below are the new accounting policies of the Group upon adoption of AASB 16:

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (ie. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

**Notes to the Consolidated Financial Statements
for the half-year ended 31 December 2019 (continued)**

Note 2: Summary of Significant Accounting Policies (continued)

e. New and amended standards and interpretations (continued)

AASB 16 Leases ("AASB 16") continued

– Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

– Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered of low value (i.e., below €5,000). Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

AASB Interpretation 23 Uncertainty over Income Tax Treatments ("Interpretation 23")

Interpretation 23 is applied by the Group from 1 July 2019. Interpretation 23 clarifies the application of the recognition and measurement criteria in AASB 112 Income Taxes where there is uncertainty over income tax treatments. It requires assessment of each uncertain tax position as to whether it is probable that a taxation authority will accept the position. Where it is not probable, the effect of the uncertainty is reflected in determining the relevant taxable profit or loss, tax bases, unused tax losses, unused tax credits or tax rates. The amount will be determined as either the single most likely amount or the sum of the probability weighted amounts in a range of possible outcomes, whichever better predicts the resolution of the uncertainty. Judgements are reassessed as and when new facts and circumstances come to light. No material impact was noted on the application of Interpretation 23.

f. Significant accounting judgements, estimates and assumptions

The significant accounting judgements, estimates and assumptions that have been applied in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 30 June 2019.

In addition to the judgements and estimates outlined in the Group's annual consolidated financial statements for the year ended 30 June 2019, the following judgements, estimates and assumptions are applied:

Fair value measurement of financial assets and net assets acquired in a business combination

The Group measures financial instruments at fair value at each balance sheet date and the net assets of an acquired Group in a business combination at fair value at acquisition date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For calculating fair value of the net assets acquired in a business combination the Group has utilised level 3 inputs.

Variable deferred consideration, resulting from business combinations, is valued at fair value at the acquisition date as part of the business combination. When the variable deferred consideration meets the definition of a financial liability, it is subsequently remeasured to fair value at each reporting date. The determination of the fair value is based on discounted cash flows (Level 3 in the fair value hierarchy). The key assumptions take into consideration the probability of meeting each performance target and the discount factor.

Impairment of claims portfolio

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 claim as to whether it is likely to be successful, the cost and timing to completion and the ability of the defendant to pay upon 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.

**Notes to the Consolidated Financial Statements
for the half-year ended 31 December 2019 (continued)**

A. RESULTS FOR THE HALF-YEAR

Note 3: Segment Information

The Group only operates in one industry, being funding and provision of services in relation to dispute resolution. For management purposes, the Group is organised into operating segments comprising IMF Group operations, Omni Bridgeway Group operations and the Group's fund structures.

With the changing structure, the Group has chosen to alter the presentation of its segments. The presentation of the Fund segments have remained consistent with that of prior periods, however, the wholly owned subsidiaries geographical segments have been aggregated and are now shown as Corporate. Comparative information has been restated to align with the new segments.

– The IMF Group's wholly owned subsidiaries own historical litigation in progress investments and provide investment management advisory and administration services to the Group's fund structures in the following locations:

- Australia
- United States
- Canada
- Asia
- EMEA

– The Omni Bridgeway Group was acquired in a business combination on 8 November 2019 and comprises Omni Bridgeway Holdings BV and its subsidiaries. Revenue is derived from claims portfolio investments and other income is derived from litigation in progress investments. The non-controlling interest is comprised of an equity interest which carries an entitlement to return of capital, a capped priority return on drawn capital and a pro-rata share of any residual after Omni Bridgeway's transactional based performance fee. IMF retains control and ownership of the Fund via its equity interests.

– The Group's Fund structures include:

- Fund 1 – Comprises Bentham IMF 1 LLC, Security Finance 1 LLC and HC 1 LLC. All entities are consolidated within the IMF Group. The Fund provides finance in relation to litigation investments in the United States;
- Funds 2&3 – Comprises IMF Bentham (Fund 2) Pty Ltd, IMF Bentham (Fund 3) Pty Ltd and IMF Bentham ROW SPV 1 Limited. All entities are consolidated within the IMF Group. These entities jointly invest in parallel in litigation investments outside the United States;
- Fund 4 – Consists of a series of investing entities comprising Bentham Investments 1 LP; Bentham Investments 2 LP; Bentham Investments 3 LP; Bentham Investments 4 LP; Bentham Investments 5 LP; Bentham Investments 6 LP; Bentham Investments 7 LP; Bentham Investments 8 LP; Bentham Investments 9 LP; Security Finance 2 LLC and Bentham HPCR LP. The nine investing entities under the umbrella managed fund arrangement and Security Finance 2 LLC are consolidated within the IMF Group. This Fund provides finance in relation to litigation investments in the United States; and
- Fund 5 – Consists of a collective investment group comprising IMF Bentham (Fund 5) LP, IMF Bentham (Fund 5) Cayman Investments Ltd, IMF Bentham (Fund 5) Australia Investments Pty Ltd as well as parallel joint investor, IMF Bentham GPA 5 Pty Ltd. Only the parallel joint investor is consolidated within the IMF Group. This Fund invests in litigation investments outside the United States.

For Fund 1 and Funds 2&3, the non-controlling interest is comprised of an equity interest which carries an entitlement to receive a priority return on drawn capital and a further preferred return on committed but undrawn capital. Upon satisfaction of the non-controlling interests' priority returns, IMF is entitled to return of its capital and a manager return. After satisfaction of both the non-controlling interest's priority return and the IMF capital and managers returns, the residual net cash flows are to be distributed (i) for Fund 1: 85% to IMF and 15% to the non-controlling interests; (ii) for Funds 2&3, 80% to IMF and 20% to non-controlling interests. IMF retains control and ownership of the Funds via its equity interests. The Funds have an infinite life and all distributions are discretionary.

For Fund 4, the non-controlling interest is comprised of an equity interest which, together with IMF's interest, carries an entitlement to receive return of capital plus a hurdle return on invested capital; and a pro-rata share of any residual after IMF's periodic management fee and transactional based performance fee. IMF retains control and ownership of the Funds via its equity interest. The Fund has an infinite life and all distributions are discretionary.

For Fund 5, there is no non-controlling interest as only IMF's 100% owned investment vehicle is consolidated. IMF is entitled to periodic management fees and transactional based performance fees.

The intercompany management fee revenue earned during the year was derived from management and advisory agreements between the group entities. The consideration received is determined by reference to costs plus a percentage mark-up. The revenue is recognised over the period in which costs are incurred as it is deemed that the Group transfers control of the management services over this period and, therefore, satisfies its performance obligations and recognises revenue over time.

Adjustments and eliminations relate to certain finance and overheads costs that are not allocated to individual segments as the underlying expenses are incurred within wholly owned operations. These costs are capitalised into litigation funding contracts on consolidation of the Group. The associated tax effect accounting for these items are also managed on a Group basis and not allocated to the individual segments.

Notes to the Consolidated Financial Statements
for the half-year ended 31 December 2019 (continued)

Note 3: Segment Information (continued)

Summarised statement of profit or loss for half-year ended 31 Dec 2019

	IMF Group (excl Funds)		Funds				Consolidation	
	Corporate \$'000	OB Group \$'000	Fund 1 \$'000	Funds 2&3 \$'000	Fund 4 \$'000	Fund 5 \$'000	Adjustments & eliminations \$'000	Consolidated \$'000
Interest revenue	1,191	-	115	358	-	-	-	1,664
Revenue from contracts with customers	497	8,731	-	-	-	12	-	9,240
Segment revenue	1,688	8,731	115	358	-	12	-	10,904
Net gain/(loss) on derecognition of intangible assets	12,302	-	13,765	9,826	4,078	(3)	(1,361)	38,607
Other income	647	45	-	-	-	-	92	784
Total Income	14,637	8,776	13,880	10,184	4,078	9	(1,269)	50,295
Expenses	30,256	10,780	25	261	207	411	946	42,886
(Loss)/profit before tax	(15,619)	(2,004)	13,855	9,923	3,871	(402)	(2,215)	7,409
Share of profit in associates and joint ventures	-	16	-	-	-	-	-	16
Income tax	(1,158)	639	-	3,028	-	(109)	142	2,542
Net (loss)/profit from Continuing Operations (Segment Result)	(14,461)	(2,627)	13,855	6,895	3,871	(293)	(2,357)	4,883
Attributable to:								
Equity holders of the parent	(14,461)	(3,100)	-	-	967	(293)	(2,357)	(19,244)
Non-controlling interests	-	473	13,855	6,895	2,904	-	-	24,127

Summarised statement of financial position as at 31 Dec 2019

	IMF Group (excl Funds)		Funds				Consolidation	
	Corporate \$'000	OB Group \$'000	Fund 1 \$'000	Funds 2&3 \$'000	Fund 4 \$'000	Fund 5 \$'000	Adjustments & eliminations \$'000	Consolidated \$'000
Cash ¹	168,266	46,337	22,507	23,195	2,373	58	-	262,736
Other current assets	58,509	7,756	10,741	16,780	-	1,060	(13,107)	81,739
Claims portfolio	-	94,892	-	-	-	-	-	94,892
Purchased claims	-	12,668	-	-	-	-	-	12,668
Intangible assets	131,456	52,846	185,696	46,069	77,461	905	20,152	514,585
Goodwill	-	69,029	-	-	-	-	-	69,029
Other non-current assets	291,376	17,081	59,521	8,072	-	5,181	(325,974)	55,257
Total segment assets	649,607	300,609	278,465	94,116	79,834	7,204	(318,929)	1,090,906
Current liabilities	72,355	103,792	59,970	9,052	1,861	7,490	(136,788)	117,732
Non-current liabilities	187,063	22,884	-	7	-	-	4,852	214,806
Total segment liabilities	259,418	126,676	59,970	9,059	1,861	7,490	(131,936)	332,538
Net assets	390,189	173,933	218,495	85,057	77,973	(286)	(186,993)	758,368
Equity attributable to:								
Equity holders of the parent	390,189	65,548	40,718	11,517	14,252	(286)	(186,993)	334,945
Contributed equity - NCI	-	103,996	147,409	58,639	63,954	-	-	373,998
Earnings - NCI	-	4,389	30,368	14,901	(233)	-	-	49,425
Total equity	390,189	173,933	218,495	85,057	77,973	(286)	(186,993)	758,368

¹ Cash in Funds can only be used for litigation matters and expenses in the Funds.

Notes to the Consolidated Financial Statements
for the half-year ended 31 December 2019 (continued)

Note 3: Segment Information (continued)

Summarised statement of profit or loss for half-year ended 31 Dec 2018

	IMF Group (excl Funds)		Funds				Consolidation	
	Corporate \$'000	OB Group \$'000	Fund 1 \$'000	Funds 2&3 \$'000	Fund 4 \$'000	Fund 5 \$'000	Adjustments & eliminations \$'000	Consolidated \$'000
Interest revenue	1,570	-	-	109	-	-	-	1,679
Revenue from contracts with customers	-	-	-	-	-	-	-	-
Segment revenue	1,570	-	-	109	-	-	-	1,679
Net gain/(loss) on derecognition of intangible assets	1,450	-	1,956	(966)	-	-	(478)	1,962
Other income	4,512	-	-	(17)	-	-	7	4,502
Total Income	7,532	-	1,956	(874)	-	-	(471)	8,143
Expenses	33,372	-	1,664	15	-	-	(12,398)	22,653
(Loss)/profit before tax	(25,840)	-	292	(889)	-	-	11,927	(14,510)
Income tax	7,036	-	(1)	267	-	-	(3,187)	4,115
Net (loss)/profit from Continuing Operations (Segment Result)	(18,804)	-	291	(622)	-	-	8,740	(10,395)
Attributable to:								
Equity holders of the parent	(18,804)	-	-	(622)	-	-	8,740	(10,686)
Non-controlling interests	-	-	291	-	-	-	-	291

Summarised statement of financial position as at 30 June 2019

	IMF Group (excl Funds)		Funds				Consolidation	
	Corporate \$'000	OB Group \$'000	Fund 1 \$'000	Funds 2&3 \$'000	Fund 4 \$'000	Fund 5 \$'000	Adjustments & eliminations \$'000	Consolidated \$'000
Cash ¹	132,827	-	49,680	38,326	5,627	-	-	226,460
Other current assets	28,003	-	-	740	-	-	(7,921)	20,822
Intangible assets	153,175	-	194,252	34,043	28,456	-	17,051	426,977
Other non-current assets	276,359	-	16,544	9,294	(1)	-	(267,512)	34,684
Total segment assets	590,364	-	260,476	82,403	34,082	-	(258,382)	708,943
Current liabilities	111,018	-	2,313	4,239	2,839	-	(8,855)	111,554
Non-current liabilities	155,716	-	-	-	-	-	(73,824)	81,892
Total segment liabilities	266,734	-	2,313	4,239	2,839	-	(82,679)	193,446
Net assets	323,630	-	258,163	78,164	31,243	-	(175,703)	515,497
Equity attributable to:								
Equity holders of the parent	323,630	-	55,635	9,590	5,793	-	(175,703)	218,945
Contributed equity - NCI	-	-	185,242	58,639	25,485	-	-	269,366
Earnings - NCI	-	-	17,286	9,935	(35)	-	-	27,186
Total equity	323,630	-	258,163	78,164	31,243	-	(175,703)	515,497

¹ Cash in Funds can only be used for litigation matters and expenses in the Funds.

Notes to the Consolidated Financial Statements
for the half-year ended 31 December 2019 (continued)

Note 4: Revenue from contracts with customers

Set out below is the disaggregation of the Group's revenue from contracts with customers:

	For the half-year ended 31-Dec-19		
	Claims portfolio	Fees	Total
	\$'000	\$'000	\$'000
Type of service			
Revenue from contracts with customers - claims portfolio ¹	8,731	-	8,731
Revenue from contracts with customers - fees ²	-	509	509
	8,731	509	9,240
Geographical markets			
Europe	8,731	-	8,731
Australia	-	75	75
United States	-	422	422
Cayman Islands	-	12	12
	8,731	509	9,240
Timing of revenue recognition			
Services transferred at a point in time	8,731	-	8,731
Services transferred over time	-	509	509
	8,731	509	9,240

There was no revenue from contracts with customers in the half year to 31 December 2018.

Not included in revenue is \$0.812 million (2018: \$nil) of performance fees that relate to the completion of an investment in Fund 4 that has not satisfied the requirements to recognise variable consideration. This is held as deferred revenue in other liabilities on the balance sheet.

¹ Revenue from contracts with customers - claims portfolio relates to revenue earned only in the Omni Bridgeway segment of the business for recovery services provided for various claims such as court judgements, non-performing loans and unpaid account receivables (commercial insurance). Refer to Note 2 for more information.

² Revenue from contracts with customers - fees relates to management fee revenue earned from Investment Management Agreements with the investors in Fund 4 and Fund 5. Revenue from contracts with customers is recognised when control of the service is transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those services. The consideration receivable is determined as a percentage fee with reference to the net invested capital attributable to the Investor's accounts. The revenue is recognised over the period in which there is net invested capital in the fund as the Group transfers control of the services over this period and, therefore, satisfies its performance obligations over time.

Note 5: Interest revenue

Interest revenue

Interest revenue calculated using effective interest rate method

Consolidated	
Half-year ended	Half-year ended
31-Dec-19	31-Dec-18
\$'000	\$'000
1,664	1,679

Note 6: Net gain on derecognition of intangible assets

Net gain on derecognition of intangible assets

Litigation funding contracts - proceeds

Litigation funding contracts - derecognition of intangibles (successful investments)¹

Litigation funding contracts - derecognition of intangibles (unsuccessful investments)²

Consolidated	
Half-year ended	Half-year ended
31-Dec-19	31-Dec-18
\$'000	\$'000
142,769	15,310
(95,607)	(12,347)
(8,555)	(1,001)
38,607	1,962

¹This balance includes costs related to the Group's derecognition of litigation contracts intangibles on cases that have settled or been won.

²This balance includes costs related to the Group's derecognition of litigation contracts intangibles on (i) cases lost by the Group, (ii) cases not pursued by the Group due to the cases not meeting the Group's required rate of return, and (iii) any adverse costs provision raised when a litigation contract in progress has been lost.

Note 7: Other income

Other income

Net foreign exchange gain

Other income

Consolidated	
Half-year ended	Half-year ended
31-Dec-19	31-Dec-18
\$'000	\$'000
-	3,531
784	971
784	4,502

Notes to the Consolidated Financial Statements
for the half-year ended 31 December 2019 (continued)

Note 8: Expenses

		Consolidated	
		Half-year ended	Half-year ended
		31-Dec-19	31-Dec-18
		\$'000	\$'000
(a)	Amortisation of claims portfolio		
	Amortisation of claims portfolio	6,189	-
(b)	Finance costs		
	Other finance charges	1,033	55
(c)	Depreciation expense		
	Depreciation	1,348	374
(d)	Employee benefits expense		
	Wages and salaries	13,988	9,163
	Superannuation expense	753	788
	Directors' fees	247	222
	Payroll tax	648	1,165
	Share based payments	2,184	2,716
	Long service leave	(104)	51
		17,716	14,105
(e)	Corporate and office expense		
	Insurance expense	909	548
	Network expense	702	402
	Marketing expense	1,021	848
	Occupancy expense	146	575
	Professional fee expense	7,661	1,987
	Recruitment expense	124	419
	Travel expense	1,134	683
		11,697	5,462
(f)	Other expenses		
	ASX listing fees	237	163
	General expenses	925	329
	Amortisation of contract costs	470	-
	Postage, printing and stationary	299	249
	Repairs and maintenance	13	38
	Share registry costs	111	11
	Staff training, development and conferences	235	-
	Net foreign exchange loss	1,260	-
	Impairment of intangible assets	1,353	1,867
		4,903	2,657

Note 9: Income tax

		Consolidated	
		Half-year ended	Half-year ended
		31-Dec-19	31-Dec-18
		\$'000	\$'000
	Accounting profit before income tax from continuing operations	7,409	(14,510)
	At the Group's statutory income tax rate of 30% (2018: 30%)	2,223	(4,353)
	Adjustment in respect of foreign federal and state tax rates	(390)	261
	Adjustment in respect of income and deferred tax of previous years	112	24
	Non-assessable income	(4,890)	-
	Write off of non-recoverable Deferred Tax Assets	3,444	-
	Non-deductible business combination costs (capital in nature)	1,327	-
	Other	716	(47)
	Income tax expense reported in the Statement of Comprehensive Income	2,542	(4,115)

Temporary differences and tax losses

At 31 December 2019, the Group had \$3.078 million (30 June 2019: nil) of unrecognised deferred tax assets relating to temporary differences and tax losses in its Canadian subsidiaries.

The deferred tax assets balances includes \$17.699 million (30 June 2019: \$13.350 million) of assets relating to carried forward tax losses of Bentham Holdings Inc (USA). Under existing tax regulations, these losses are available to be carried forward indefinitely and have no expiry date. The US business has a recent history of incurring tax losses. The losses have arisen primarily from the implementation of the expansion of the administrative base in the United States to support strategic growth initiatives that are, according to plan, yet to realise their full value. IMF has considered the utilisation of these tax losses within the expanded US business and has determined that, based on approved budgets and existing case matters, that it is probable that the US tax group will earn sufficient taxable income to utilise the losses. Further, in assessing the utilisation of the tax losses, IMF considers there to be convincing other evidence to support the recoverability of these tax losses including – (i) The US business has been in an expansion and infrastructure growth phase. Additional costs have been incurred in the business related to the expansion of activity and changes in operations to a Fund management structure. Investments in people, systems and infrastructure have been made ahead of the expected investment activity of the Funds. Fund 1 commenced in 2017 and Fund 4 in 2019. Whilst Fund 1 is fully invested; Fund 4 (with an approved portfolio size of US\$500 million of which the US business has a 20% interest) is commencing its investment commitment activity. With an average investment life of c.3 years, a significant portion of the expected income is in the future. This income generation will be by way of both investment returns and fee revenues; (ii) The US business has raised substantial external capital over the past three years via its Fund structures. US Fund 1 raised US\$166.67 million (75% external commitments) and US Fund 4 raised US\$500 million (80% external commitments). The external capital raised is the foundation of the investing activity that enables the US business to grow and generate returns to realise future taxable income. IMF has access to more investment capital than at any time in its history; (iii) There are 41 US investments. The carrying value of intangibles assets (investments) has increased from \$241.151 million at 30 June 2019 to \$286.674 million at 31 December 2019. The US business historically has an 83% success rate, based on number of investments. The US business has historically had a return on invested capital ("ROIC") (refer to Glossary) of 0.4x, including losses and excluding overheads. The growth in the Group's investments together with the Group's historical performance provides an indication of growth in future taxable income.

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Notes to the Consolidated Financial Statements for the half-year ended 31 December 2019 (continued)

Note 10: Loss per share

(a) Earnings used in calculating earnings per share

For basic earnings per share
Total net loss attributable to ordinary equity holders of the Parent

Consolidated	
At	At
31-Dec-19	31-Dec-18
\$'000	\$'000
(19,244)	(10,686)

For basic and diluted earnings per share
Total net loss attributable to continuing operations

Consolidated	
At	At
31-Dec-19	31-Dec-18
\$'000	\$'000
(19,244)	(10,686)

(b) Weighted average number of shares

Weighted average number of ordinary shares outstanding
Effect of dilution:
Performance rights¹
Weighted average number of ordinary shares

Consolidated	
At	At
31-Dec-19	31-Dec-18
Number	Number
220,845,776	185,175,617
-	-
220,845,776	185,175,617

The weighted average number of ordinary shares outstanding includes 1,069,476 bonus shares arising from shares issued during the period being priced at a discount to the market value at the time of issue. The comparative earnings per share has been restated to reflect the impact of the bonus shares using a bonus factor of 1.02.

¹ Performance rights granted under the Long Term Incentive Plan are only included in dilutive earnings per ordinary share where the performance hurdles are met as at period end and they do not have an anti-dilutive effect. As at 31 December 2019, there were 13,657,643 performance rights calculated as meeting the performance criteria for inclusion in diluted earnings per share, however these were not included due to their anti-dilutive effect.

Note 11: Dividends paid and proposed by IMF Bentham Limited (the parent entity)

Declared and paid during the period

Nil dividend for period ending 31 December 2019 (31 December 2018: nil)

Consolidated	
At	At
31-Dec-19	31-Dec-18
\$'000	\$'000
-	-

The Directors have today declared a final fully franked dividend of 3.0 cents per share for the interim period, totalling \$7.482 million. The record date for this dividend is 27 February 2020 and the payment date will be 20 March 2020. Shareholders are able to elect to participate in the dividend reinvestment plan in relation to this dividend.

The Directors have determined they will consider, and where appropriate, implement, a regular semi-annual dividend which reflects the cash position and performance of the Company at the time of the dividend and the likely demand for cash over the ensuing 12 month period. The Company has put in place a dividend reinvestment plan and, on appropriate occasions, will arrange underwriting to reduce the impact a particular dividend might otherwise have on cash.

B. INVESTMENTS AND INTANGIBLE ASSETS

Note 12: Claims portfolio

Acquisition through business combination¹
Additions to claims portfolio investments
Amortisation of claims portfolio²
Foreign currency adjustment

Consolidated	
At	At
31-Dec-19	30-Jun-19
\$'000	\$'000
98,330	-
1,711	-
(6,189)	-
1,040	-
94,892	-

¹ Included in the cost of claims portfolio acquired in a business combination was \$74.180 million of fair value adjustments booked as part of the accounting for the acquisition. Refer to Note 26 for further information.

² Amortisation of claims portfolio represents the amortisation of the capitalised contract costs due to successful closing of claims.

Notes to the Consolidated Financial Statements
for the half-year ended 31 December 2019 (continued)

Note 13: Purchased claims

Purchased claims carried at amortised cost

Purchased claims were acquired through the business combination. Refer to Note 26 for further information.

Consolidated	
At	At
31-Dec-19	30-Jun-19
\$'000	\$'000
12,668	-

Note 14: Intangible assets - litigation contracts in progress

(a) Description of litigation contracts in progress

The carrying value of litigation contracts in progress includes the capitalisation of costs of funding the litigation, including client costs, such as solicitors' fees, counsels' fees and experts' fees; certain directly attributable costs of managing the investment, such as certain insurance costs, wages, occupancy costs, other out of pocket expenses; and borrowing costs.

The Group has determined that Litigation Funding Contracts In Progress meet the definition of qualifying assets and that all borrowing costs are eligible for capitalisation. The weighted average cost of borrowing was 6.53% (30 June 2019: 7.60%).

Litigation funding contracts - funded external costs

Litigation funding contracts - capitalised internal costs

Litigation funding contracts - capitalised borrowing costs

Gross carrying amount at cost

Accumulated impairment

Consolidated	
At	At
31-Dec-19	30-Jun-19
\$'000	\$'000
461,251	376,285
34,019	33,078
30,323	27,185
525,593	436,548
(11,008)	(9,571)
514,585	426,977

(b) Write off of intangible assets

The carrying amount of litigation contracts in progress in relation to a particular investment is written off when the particular litigation is unsuccessful.

(c) Impairment testing of intangible assets

Based on the below assumptions, the recoverable amount of each of the litigation contracts in progress is determined based on a value in use calculation using cash flow projections based on financial budgets approved by management for the length of each investment.

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:

- The estimated cost to complete a litigation contract in progress is budgeted, based on estimates provided by the external legal advisors handling the litigation.
- The value to the Group of the litigation contracts in progress, once completed, is estimated based on the successful conclusion and the resulting expected settlement or judgment amount of the litigation and the fees due to the Group under the litigation funding contract.
- 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 contracts in progress including country risk.

At 31 December 2019, a provision for impairment has been recognised for \$11.008 million (30 June 2019: \$9.571 million). The impairment relates to nine litigation contract funding investments, with a combined total carrying value prior to impairment of \$18.203 million. During the impairment review process, management have determined that (i) either a successful outcome for the case may no longer be likely to occur or (ii) that the likely result may not recover the current carrying value of the investment. After taking into account the impairment, at 31 December 2019, the nine litigation contract investments have a combined carrying value of \$7.195 million. This amount reflects the net recoverable amount expected to be received from the investments.

Note 15: Goodwill

Goodwill arose on the acquisition of Omni Bridgeway BV and its subsidiaries (collectively known as the OB Group) accounted for as a business combination. Refer to Note 26 for further information.

Balance as at 1 July

Provisional goodwill recognised on acquisition

Foreign currency adjustment

Consolidated	
At	At
31-Dec-19	30-Jun-19
\$'000	\$'000
-	-
69,443	-
(414)	-
69,029	-

**Notes to the Consolidated Financial Statements
for the half-year ended 31 December 2019 (continued)**

C. CAPITAL STRUCTURE

Note 16: Financial assets and liabilities

The value of the Group's financial assets and liabilities will be impacted by changes in interest rates and foreign exchange rates. The carrying amount of the financial assets and liabilities of the Group approximate their fair values, except for the Bonds and Notes.

Fair Values

Set out below, is a comparison of the carrying amounts and fair values of financial assets and financial liabilities (excluding cash and cash equivalents) as at 31 December 2019 and 30 June 2019:

	31-Dec-19		30-Jun-19	
	Carrying Amount \$'000	Fair Value \$'000	Carrying Amount \$'000	Fair Value \$'000
Financial assets				
Litigation contracts and other receivables	79,032	79,032	16,866	16,866
Purchased claims	12,668	12,668	-	-
Other assets/security deposits	16,962	16,962	11,212	11,212
	108,662	108,662	28,078	28,078
Financial liabilities				
Trade and other payables	55,249	55,249	23,992	23,992
Debt securities ¹	142,918	150,004	143,972	150,950
Deferred consideration	12,158	12,158	-	-
Variable deferred consideration	32,202	32,202	-	-
Other liabilities	484	484	-	-
	243,011	250,097	167,964	174,942

The IMF Bentham Bonds have a carrying value (net of transaction costs) of \$73.269 million and a fair value of \$77.824 million. The Fixed Rate Notes have a carrying value (net of transaction costs) of \$69.649 million and a fair value of \$72.180 million. This is reflected in Note 18, below.

Variable Deferred Consideration

As part of the purchase agreement with the previous owners of the OB Group, an amount of variable deferred consideration was agreed, as detailed in Note 26 below. The carrying value reflects the fair value at 31 December 2019 and will be impacted by the performance of the OB Group and movements in foreign exchange rates. This is reflected in other non-current financial liabilities.

Note 17: Cash and cash equivalents

For the purpose of the half-year Consolidated Statement of Cash Flows, cash and cash equivalents comprise the following:

	Consolidated	
	At 31-Dec-19 \$'000	At 30-Jun-19 \$'000
Cash at bank	142,444	94,446
Short-term deposits	120,292	132,014
	262,736	226,460

Cash at bank earns interest at floating rates based on daily bank deposit rates. The carrying amount of cash and cash equivalents approximates fair value.

Of the cash at bank, \$4.762 million is restricted as it is held within Stichting vehicles on behalf of customers.

Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

Bank Guarantees

Bank guarantees have been issued by the Group's bankers as security for leases over premises, banking facilities and as security for adverse costs orders for matters funded under litigation contracts. As at 31 December 2019 guarantees of \$1.137 million were outstanding (30 June 2019: \$1.138 million). The Group has a total guarantee facility limit of \$1.461 million (30 June 2019: \$1.462 million) that is secured by an offset arrangement with deposits of \$1.669 million (30 June 2019: \$1.662 million).

**Notes to the Consolidated Financial Statements
for the half-year ended 31 December 2019 (continued)**

Note 18: Debt securities

	Consolidated	
	At	At
	31-Dec-19	30-Jun-19
	\$'000	\$'000
Current		
Fixed Rate Notes ²	-	71,455
	-	71,455
Non-Current		
IMF Bentham Bonds ¹	73,269	72,517
Fixed Rate Notes ²	69,649	-
	142,918	72,517

¹ The face value of the bonds is \$76.000 million.

² The face value of the fixed rate notes is \$72.000 million.

On 5 December 2018, the Company restructured the IMF Bentham Bonds, that had initially being issued in April 2014, allowing the option for early redemptions of the bonds with a make-whole payment of \$2.37 per bond and issuing additional bonds with a face value of \$100 each. 154,048 bonds were redeemed and a further 414,048 bonds issued, with appropriate refund of \$1.11 per bond to maintain the effective interest rate. This brings the total Bonds on issue to 760,000. The IMF Bentham Bonds have a variable rate of interest based on the Bank Bill rate plus a fixed margin of 4.20% per annum, paid quarterly. The maturity date was extended from 30 June 2019 to 22 December 2022, introducing a first issuer call date of 8 January 2022 with an increase in the margin of 1.0% applying from 8 January 2022 to the maturity date.

On 20 December 2019, the Company refinanced its Fixed Rate Notes by early redemption of the existing notes by payment of 101% of the outstanding principle and accrued interest to the date of redemption. Of the notes on issue, 34,284 notes were redeemed and reissued to new noteholders and 37,716 notes were exchanged for new notes. The interest rate payable to new Noteholders is 5.65% per annum payable quarterly. The Fixed Rate Notes are due to mature on 8 January 2026 and are secured by a security interest over all present and after-acquired property of IMF.

In relation to the debt securities held by the Group, there were no breaches in covenants. The following ratios are applicable to the Group for the half year:

	Consolidated	
	At	At
	31-Dec-19	30-Jun-19
Gearing ratio ³	44%	38%
Working capital ratio ⁴	2.93	2.22
Interest cover ratio ⁵	N/A	N/A

³ The gearing ratio is calculated as total liabilities over total equity in accordance with CO 14/1276. It is categorised as non-IFRS information prepared in accordance with ASIC Regulatory Guidance 230 – Disclosing non-IFRS financial information, issued in December 2011.

⁴ The working capital ratio is calculated as current assets over current liabilities in accordance with CO 14/1276. It is categorised as non-IFRS information prepared in accordance with ASIC Regulatory Guidance 230 – Disclosing non-IFRS financial information, issued in December 2011.

⁵ The interest cover ratio is calculated as EBITDA over net interest expense in accordance with CO 14/1276. It is not applicable as interest is capitalised on qualifying assets.

In accordance with clause 4.3(a)(ii)(C) of Schedule 2 of the IMF Bond Trust Deed, no wholly owned subsidiary held cash on its balance sheet in an amount which at any time exceeds the subsidiary cash limit at that time for a period of more than 30 consecutive calendar days, unless the relevant wholly owned subsidiary has provided an unconditional guarantee of all amounts owing on the bonds then outstanding in favour of the Trustee.

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Notes to the Consolidated Financial Statements for the half-year ended 31 December 2019 (continued)

Note 19: Contributed equity

Issued and fully paid ordinary shares

Consolidated	
At 31-Dec-19 \$'000	At 30-Jun-19 \$'000
345,822	205,558

(a) Ordinary shares

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

Movement in ordinary shares

Balance at 1 July	204,609	205,558	173,863	127,630
Additional ordinary shares issued	40,571	134,212	27,180	75,339
Shares issued upon exercise of performance rights	4,231	6,052	3,566	2,589
Balance at period end	249,411	345,822	204,609	205,558

On 23 October 2019, the Company issued 23,939,201 shares to institutional investors as an 1 to 5.8 accelerated non-renounceable rights entitlement offer at \$3.40 per share and 5,291,608 shares under a placement to institutional investors at \$3.50 per share. On 5 November 2019, the Company issued 11,340,259 shares under a retail entitlement offer at \$3.40 per share.

(b) Performance Rights

As at 31 December 2019, there were 13,657,643 unissued ordinary shares in respect of which share performance rights were outstanding (30 June 2019: 15,601,589).

Consolidated			
At 31-Dec-19 Number '000	\$'000	At 30-Jun-19 Number '000	\$'000
204,609	205,558	173,863	127,630
40,571	134,212	27,180	75,339
4,231	6,052	3,566	2,589
249,411	345,822	204,609	205,558

D. WORKING CAPITAL, OTHER ASSETS AND OTHER LIABILITIES

Note 20: Litigation contracts and other receivables

Current

Litigation contract receivables ¹	66,388	14,098
Other receivables ²	11,206	2,768
	77,594	16,866

Non-Current

Litigation contract receivables ¹	1,438	-
	1,438	-

Consolidated	
At 31-Dec-19 \$'000	At 30-Jun-19 \$'000
66,388	14,098
11,206	2,768
77,594	16,866
1,438	-
1,438	-

¹Litigation contracts receivables are non-interest bearing and are at amortised cost.

²Other receivables comprises interest receivable upon the maturity of the Group's short term deposits (between 30 and 90 days), receivables from co-funders of litigation contracts in progress and short term loans.

Note 21: Other assets

Current

Prepayments	1,428	959
Security deposits	2,717	753
Lease incentive receivable	-	189
	4,145	1,901

Non-Current

Prepayments	12,817	9,022
Lease incentive receivable	-	289
	12,817	9,311

Consolidated	
At 31-Dec-19 \$'000	At 30-Jun-19 \$'000
1,428	959
2,717	753
-	189
4,145	1,901
12,817	9,022
-	289
12,817	9,311

Note 22: Other non-current liabilities

Deferred consideration ¹	12,158	-
Variable deferred consideration ¹	32,202	-
Other liabilities	484	-
	44,844	-

Consolidated	
At 31-Dec-19 \$'000	At 30-Jun-19 \$'000
12,158	-
32,202	-
484	-
44,844	-

¹ Variable deferred and deferred consideration relates to the acquisition of OB Group accounted for as a business combination. Refer to Note 26 for further information.

**Notes to the Consolidated Financial Statements
for the half-year ended 31 December 2019 (continued)**

Note 23: Commitments and contingencies

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.

In addition, the Group has insurance arrangements which, in some circumstances, will lessen the impact of such awards, including an after-the-event ("ATE") insurance policy that will respond to claims for adverse costs (i) on specific investments; (ii) up to \$30.000 million in excess of \$7.500 million for investments in Funds 2&3. Based on past experience, an award of adverse costs to a defendant will approximate 40% to 70% (depending on jurisdiction) 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 40% to 70% of the amount spent by the plaintiff and that there is only one defendant per case.

At 31 December 2019, the total amount spent by the Group (excluding the OB Group) on investments in litigation where undertakings to pay adverse costs have been provided was \$126.350 million (30 June 2019: \$136.112 million). The potential adverse costs orders using the above methodology would amount to \$73.699 million (30 June 2019: \$81.923 million). The Group does not currently expect that any of the matters will be unsuccessful. The Group maintains a large cash holding in case one or more matters are unsuccessful and an adverse costs order is made which is not covered by its insurance arrangements.

The OB Group's exposure to adverse costs varies upon jurisdiction and is estimated to be approximately EUR18,707 million. The OB Group has insurance policies in place to mitigate the risk, from both an adverse cost risk & capital invested perspective for some of its portfolio.

On 15 October 2019, IMF announced the acquisition of the OB Group. A portion of the consideration relating to the acquisition is contingent upon the OB Group meeting performance targets. This is outlined in Note 26, below.

E. THE GROUP, MANAGEMENT AND RELATED PARTIES

Note 24: Share-based payments

Long Term Incentive Plan (LTIP)

Under the LTIP, awards are made to executives and other senior personnel who have an impact on the Group's performance. LTIP awards are delivered in the form of performance rights over shares which vest after a period of three years subject to meeting performance measures. Fifty percent of the LTIP is based on relative TSR and fifty percent CAGR of Funds Deployed as the performance measures.

For the portion of the LTIP subject to the relative TSR performance measure, the fair value of share performance rights granted is estimated at the date of grant using a Monte-Carlo simulation model, taking into account the terms and condition upon which the share performance rights were granted. For the portion of the LTIP based on the achievement of CAGR of Funds Deployed, both the Binomial and Black Scholes models are used.

There have been no share performance rights issued in the half-year ending 31 December 2019.

Note 25: Related party disclosures

Transactions with DLA Piper¹
Transactions with FIIG Securities²

	Consolidated	
	Half-year ended 31-Dec-19	Half-year ended 31-Dec-18
	\$'000	\$'000
Transactions with DLA Piper ¹	1,727	163
Transactions with FIIG Securities ²	1,745	-
	3,472	163

¹ During the period ended 31 December 2019, the Group obtained legal advice from DLA Piper, a legal firm associated with Michael Bowen (a Director). The legal advice was obtained at normal market rates. Michael Bowen recuses himself from all discussions with regard to the appointment of DLA Piper and review of its service provision. IMF uses a number of different legal service providers across its network.

² During the period ended 31 December 2019, the Group obtained services from FIIG Securities, for which Christine Feldmanis is a mutual Director. The services were provided at normal market rates.

Note 26: Business combination

Acquisition of Omni Bridgeway BV

On 15 October 2019, the Group agreed to acquire 100% of shares in Omni Bridgeway Holding BV, a non-listed company headquartered in Netherlands, and its subsidiaries in exchange for cash and share capital consideration. The transaction completed on 8 November 2019, with a cash payment of EUR31.177 million; a deferred consideration payable of EUR18.132 million and a contingent variable deferred amount payable of up to EUR32.500 million, subject to new business targets. The accounting for the Omni Bridgeway Holding BV acquisition has been provisionally determined as at 31 December 2019, as the process of fair valuing Omni Bridgeway's net assets is still in progress due to the short timeframe between the completion of the acquisition and reporting. Provisionally, goodwill of \$69.029 million has been recognised and \$103.065 million of fair value adjustment was required to individually identifiable assets.

Notes to the Consolidated Financial Statements
for the half-year ended 31 December 2019 (continued)

Note 26: Business combination (continued)

(a) Assets acquired and liabilities assumed

The fair values of the identifiable assets and liabilities of Omni Bridgeway as at the date of acquisition have been provisionally determined, as follows:

	Provisional Fair Value recognised on acquisition \$'000
Assets	
Cash and cash equivalents	10,345
Other receivables	39,914
Other financial assets	4,923
Plant and equipment	2,466
Claims portfolio	98,330
Purchased claims	12,785
Intangible assets - litigation contracts in progress	53,435
Investment in associates and joint ventures	19
	222,217
Liabilities	
Trade and other payables	44,273
Provisions	1,490
Deferred income tax liabilities	20,214
Other liabilities	1,906
	67,883
Total identifiable net assets at fair value	154,334
Non-controlling interests	(101,040)
Provisional goodwill arising on acquisition ¹	69,443
Purchase consideration	122,737

¹ Goodwill recognised is primarily attributable to the future investment performance of the Omni Bridgeway Holdings BV Group and expected synergies and other benefits from combining the assets and activities of the Omni Bridgeway Holdings BV Group with those of the Group. The goodwill is not deductible for tax purposes.

The fair value measurements are based on significant inputs that are not observable in the market. The fair value of the claims portfolio, intangible assets and purchased claims is based on:

- Management estimates of cash flows; and
- A discount rate of 12.0%.

From the date of acquisition, the OB Group has contributed revenue of \$12.458 million and \$2.004 million loss before tax. If the combination had taken place at the beginning of the year, revenue from continuing operations would have been \$16.716 million and loss before tax from continuing operations for the Group would have been \$10.375 million.

The fair value of non-controlling interests acquired in the business combination are in respect of:

- Omni Bridgeway BV (\$101.040 million);
- Omni Bridgeway Investment BV (\$nil); and
- Omni Bridgeway Advisory BV (\$nil).

The value of non-controlling interests acquired has been calculated with reference to the non-controlling interests' share of the fair value of net assets acquired.

	\$'000
Purchase Consideration	
Cash consideration	50,212
Deferred consideration	26,828
Variable deferred consideration	45,697
Total consideration	122,737
Analysis of cash flows on acquisition	
Cash consideration (included in cash flows from investing activities)	(50,212)
Transaction costs of the acquisition (included in cash flows from operating activities)	(4,838)
Net cash acquired with the subsidiary (included in cash flows from investing activities)	10,345
Net cash flow on acquisition	(44,705)

Transaction costs of \$4.838 million were expensed and are included in professional fees within corporate and office expenses on the Statement of Comprehensive Income.

**Notes to the Consolidated Financial Statements
for the half-year ended 31 December 2019 (continued)**

Note 26: Business combination (continued)

(b) Deferred Consideration

As part of the purchase agreement with the previous owners of Omni Bridgeway, an amount of deferred consideration of EUR18.132 million was agreed, payable in two equal instalments 12 months and 36 months after completion. Subject to IMF shareholder approval the deferred consideration will be satisfied by the issue of shares in IMF Bentham at an issue price of \$3.407 per share. If the deferred consideration is satisfied by the issue of IMF Bentham shares and the market value of those shares is less than \$3.407 at the time of issue, IMF Bentham shall be obliged to make a further payment by way of Deferred Consideration of the difference in value. If shareholder approval is not obtained for the deferred consideration to be satisfied by way of the issue of IMF Bentham shares, IMF Bentham will be obliged to make the payment in cash at the higher of EUR18.132 million or the value of the IMF shares which would have been issued had shareholder approval been obtained. The carrying value has been discounted using the group's Euro incremental borrowing rate of 4.38%.

As at the acquisition date, the fair value of the deferred consideration was estimated to be \$26.828 million.

(c) Variable Deferred Consideration

As part of the purchase agreement with the previous owners of Omni Bridgeway, an amount of variable deferred consideration of up to EUR32.500 million was agreed. This will be payable over a five year period subject to performance milestones. Following shareholder approval at the EGM on 14 February 2020, the variable deferred consideration will (to the extent it becomes payable) be satisfied by the issue of shares in IMF Bentham at an issue price of \$3.407 per share. If the market value of those shares is less than \$3.407 at the time of issue, IMF Bentham shall be obliged to make a further payment by way of variable deferred Consideration of the difference in value.

a) EUR8.000 million per year, over the period of 1 to 3 years following acquisition date, if the entity meets stipulated performance milestones; and

b) EUR4.250 million per year, over the period of 4 to 5 years following acquisition date, if the entity meets stipulated performance milestones.

The milestones are focussed on cumulative annual new business generation.

On 14 February 2020, the Company obtained shareholder approval for the issue of up to a maximum of 17,328,712 shares toward the variable deferred consideration.

As at the acquisition date, the fair value of the variable deferred consideration was estimated to be \$45.697 million.

ASX has granted the Company a waiver from Listing Rule 7.3.4, to permit the Company to seek Shareholder approval for the issue of the Variable Deferred Consideration Shares in respect of the Variable Deferred Consideration later than 3 months from the date of the Meeting but no later than 60 months after the date of Completion (ASX Waiver). The ASX Waiver has been granted subject to the following conditions:

(a) the Annual Targets not being varied;

(b) the maximum number of Variable Deferred Consideration Shares to be issued is calculated based upon the Minimum Deemed Issue Price and is stated in the Notice, along with adequate details regarding potential dilution;

(c) for any annual reporting during which any of the Variable Deferred Consideration Shares have been issued or any of them remain to be issued, the Company's annual report sets out in detail the number of Variable Deferred Consideration Shares issued in that annual reporting period, the number of Variable Deferred Consideration Shares that remain to be issued and the basis on which the Variable Deferred Consideration Shares may be issued;

(d) in any half year or quarterly report for a period during which any of the Variable Deferred Consideration Shares have been issued or remain to be issued, the Company must include a summary statement of the number of Variable Deferred Consideration Shares issued during the reporting period, the number of Variable Deferred Consideration Shares that remain to be issued and the basis on which the Variable Deferred Consideration Shares may be issued; and

(e) the notice of shareholder meeting contains the full terms and conditions of the Variable Deferred Consideration Shares and the conditions of the Waiver.

During the period, there were no Variable Deferred Consideration shares issued.

The fair value of the variable deferred consideration has been determined using a DCF method. The cash flows have been estimated by management and are considered Level 3 in the fair value hierarchy. The key assumptions take into consideration the probability of meeting each target performance milestone and a discount rate of 4.38%. As at date of acquisition, the past key performance indicators of Omni Bridgeway show that it is highly probable that the target performance milestones will be achieved. The fair value of the variable deferred consideration determined at date of acquisition reflects this scenario. A reconciliation of fair value measurement of the variable deferred consideration is provided below:

	\$'000
As at 1 July 2019	-
Liability arising on business combination	45,697
Unrealised fair value changes recognised in profit or loss	-
As at 31 December 2019	45,697

IMF Bentham Limited

ABN 45 067 298 088

Notes to the Consolidated Financial Statements for the half-year ended 31 December 2019 (continued)

Note 27: Changes in composition of the Group

The Group's subsidiaries can be summarised as follows:

Name	Country of Incorporation	Percentage Owned	
		At 31-Dec-19	At 30-Jun-19
Fund 1			
Bentham IMF 1 LLC	USA	28%	28%
HC 1 LLC	USA	7%	7%
Security Finance 1 LLC	USA	28%	28%
Funds 2 & 3			
IMF Bentham (Fund 2) Pty Ltd	Australia	20%	20%
IMF Bentham (Fund 3) Pty Ltd	Australia	20%	20%
IMF Bentham ROW SPV 1 Limited ¹	United Kingdom	20%	0%
Fund 4			
Bentham Investments 1 LP	USA	20%	20%
Bentham Investments 2 LP	USA	20%	20%
Bentham Investments 3 LP	USA	20%	20%
Bentham Investments 4 LP	USA	20%	20%
Bentham Investments 5 LP	USA	20%	20%
Bentham Investments 6 LP	USA	20%	20%
Bentham Investments 7 LP	USA	20%	20%
Bentham Investments 8 LP	USA	20%	20%
Bentham Investments 9 LP	USA	20%	20%
Security Finance 2 LLC	USA	20%	20%
Fund 5			
IMF Bentham GPA 5 Pty Ltd	Australia	100%	100%
IMF Bentham Group subsidiaries			
Bentham IMF Holdings 1 LLC	USA	100%	100%
Bentham Capital GP LLC	USA	100%	100%
Bentham Capital LLC	USA	100%	100%
Bentham Capital Management LLC	USA	100%	100%
Bentham Holdings Inc.	USA	100%	100%
Security Finance LLC	USA	100%	100%
Bentham IMF Capital Ltd	Canada	100%	100%
Lien Finance Canada Ltd	Canada	100%	100%
IMF Bentham Pte. Limited	Singapore	100%	100%
IMF Litigation Funding Services Limited	United Kingdom	100%	100%
IMF Bentham Cayman Advisory Services Limited	Cayman Islands	100%	100%
IMF Bentham Holdings Pty Ltd ²	Australia	100%	0%
IMF Bentham BV ³	Netherlands	100%	0%
Omni Bridgeway Group subsidiaries			
Omni Bridgeway Holding BV	Netherlands	100%	0%
Omni Bridgeway Investment BV ⁴	Netherlands	100%	0%
Omni Bridgeway BV	Netherlands	81%	0%
Omni Bridgeway Advisory Ltd	Dubai	65%	0%
Omni Bridgeway LegalTech BV	Netherlands	41%	0%
Omni Bridgeway Emerging Markets BV	Netherlands	81%	0%
Omni Bridgeway Collective Redress BV	Netherlands	81%	0%
Omni Bridgeway Asia Pte Ltd	Singapore	81%	0%
Omni Bridgeway Holding (Switzerland) SA	Switzerland	81%	0%
Omni Bridgeway SA	Switzerland	81%	0%
Roland ProzessFinanz AG	Germany	81%	0%
Minories Capital Ltd	Guernsey	81%	0%
Omni Bridgeway Finance BV	Netherlands	81%	0%
Stichting Client Accounts Omni Bridgeway	Netherlands	N/A	0%
Stichting Cartel Compensation	Netherlands	N/A	0%
Stichting Trucks Cartel Compensation	Netherlands	N/A	0%

¹ incorporated 26 July 2019

² incorporated 27 September 2019

³ incorporated 9 October 2019

⁴ this represents 100% of type A shares and voting rights. Type B shares, with no voting rights, represent 90% of share capital and receive 10% of yearly profits. Type A shares receive the remaining of the yearly profits.

For all subsidiaries where there is less than 51% ownership interest, the Group has power under contractual arrangements and is acting as principal and thus has control.

**Notes to the Consolidated Financial Statements
for the half-year ended 31 December 2019 (continued)**

Note 28: Events after the reporting date

On 14 February 2020, an Extraordinary General Meeting was held, where the following occurred:

- Shareholders approved the Company's power to be able to issue up to a maximum of 17,328,712 shares to the vendors of Omni Bridgeway Holdings BV as an estimated number of shares that may be required to meet the Variable Deferred Consideration obligation. These shares constitute the variable deferred consideration shares, detailed in the Notes above.
- Shareholders granted their approval to change the Parent entity name to Omni Bridgeway Limited, to take effect on the date that ASIC alters the details of the Company's registration.
- Shareholders approved modification of the constitution of the Parent entity to comply with changes to the ASX Listing Rules and US laws.
- Shareholders approved amendments and renewal to the LTIP.
- Shareholders approved issue of performance rights to Hugh McLernon (417,342 performance rights) and Andrew Saker (442,036 performance rights) under the LTIP.

Apart from that disclosed in this report, no other circumstances have arisen since 31 December 2019 that have significantly affected, or may significantly affect the consolidated entities' operations, the results of those operations, or the consolidated entities state of affairs in the future financial years.

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Directors' Declaration

In accordance with a resolution of the directors of IMF Bentham Limited, I state that:

In the opinion of the Directors:

- (a) the financial statements and notes of the consolidated entity are in accordance with the *Corporations Act 2001 (Cth)*, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2019 and of its performance for the half-year ended on that date; and
 - (ii) complying with *Australian Accounting Standard 134 Interim Financial Reporting* and the *Corporations Regulations 2001 (Cth)*.
- (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.

On behalf of the Board



Michael Kay
Chairman

20 February 2020



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working world

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Independent auditor's report to the members of IMF Bentham Limited

Report on the half-year financial report

Conclusion

We have reviewed the accompanying half-year financial report of IMF Bentham Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 31 December 2019, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half-year financial report of the Group is not in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the consolidated financial position of the Group as at 31 December 2019 and of its consolidated financial performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Directors' responsibility for the half-year 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 controls 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, anything has come to our attention that causes us to 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 consolidated financial position as at 31 December 2019 and its consolidated 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*. As the auditor of the Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.



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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.

Independence

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

A handwritten signature in black ink that reads 'Ernst & Young'.

Ernst & Young

A handwritten signature in black ink that reads 'Robert A Kirkby'.

Robert A Kirkby
Partner
Perth
20 February 2020

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IMF Bentham Limited

ABN 45 067 298 088

Corporate Information

This half-year report covers IMF Bentham Limited and its subsidiaries. The Group's functional and presentation currency is AUD (\$).

Directors

Michael Kay	Chairman and Non-Executive Director
Andrew Saker	Managing Director and CEO
Hugh McLernon	Executive Director
Michael Bowen	Non-Executive Director
Karen Phin	Non-Executive Director
Christine Feldmanis	Non-Executive Director

Company Secretary

Jeremy Sambrook

Registered office and principle place of business in Australia

Level 18, 68 Pitt St
Sydney NSW 2000
Phone: (02) 8223 3567
Fax: (02) 8223 3555

Solicitors

DLA PIPER
Level 31, Central Park
152-158 St George's Terrace
Perth WA 6000

Share Registry

LINK MARKET SERVICES
Locked Bag A14
Sydney South NSW 1235
Phone: 1300 554 474

Auditors

EY
The EY Building
11 Mounts Bay Road
Perth WA 6000

Bankers

NATIONAL AUSTRALIA BANK LIMITED
255 George Street
Sydney NSW 2000

Internet Address

www.imf.com.au

The company is listed on the Australian Securities Exchange, with Sydney, Australia as its home exchange. Its ASX code is "IMF" and its shares were trading as at the date of this report.

Glossary of Terms

AASB	Australian Accounting Standards Board
CAGR	Compound Annual Growth Rate
EMEA	Europe, Middle East and Africa
EPS	Earnings Per Share
Estimated Portfolio Value (EPV)	EPV for an investment where the IMF funding entity earns a percentage of the resolution proceeds as a funding commission, is IMF's current estimate of the claim's recoverable amount after considering the perceived capacity of the defendant to meet the claim. It is not necessarily the amount being claimed by the claimants, nor is it an estimate of the return to IMF if the investment is successful. EPV for an investment where the IMF funding entity earns a funding commission calculated as a multiple of capital invested shall be calculated by taking IMF's estimate of the potential income return from the investment and grossing this up to an EPV using IMF's Long-Term Conversion Rate. An EPV is subject to change over time for a number of reasons, including, but not limited to, changes in circumstances and knowledge relating to an investment, partial recovery and, where applicable, fluctuations in exchange rates between the applicable local currency and the Australian dollar.
IFRS	International Financial Reporting Standards
IRR	Internal Rate of Return
LTIP	Long Term Incentive Program
NCI	Non-Controlling Interest
ROIC	Return on Invested Capital - gain or loss on derecognition of investments (including or excluding overheads) divided by the total spent on investments (including or excluding overheads)
TSR	Total Shareholder Return

Non-IFRS financial information included in this Report has been prepared in accordance with ASIC Regulatory Guidance 230 – Disclosing Non-IFRS financial information, issued December 2011. This information has not been audited or reviewed.