



In November 2019 IMF Bentham and Omni Bridgeway merged to form the largest dispute funding team in the world and subsequently adopted the global name Omni Bridgeway. Omni Bridgeway includes the leading funders formerly known as IMF Bentham Limited, Bentham IMF and ROLAND ProzessFinanz as well as a joint venture with IFC (part of the World Bank Group).

Omni Bridgeway is the global leader in dispute resolution finance, with expertise in civil and common law legal and recovery systems, and operations spanning Asia, Australia, Canada, Europe, the Middle East, the UK and the US. We offer dispute finance from case inception through to post-judgment enforcement and recovery.

With IMF Bentham listing on the Australian Stock exchange in 2001, and Omni Bridgeway commencing operations in Europe in 1986, our merged business has an established track record of funding disputes and enforcement proceedings around the world.

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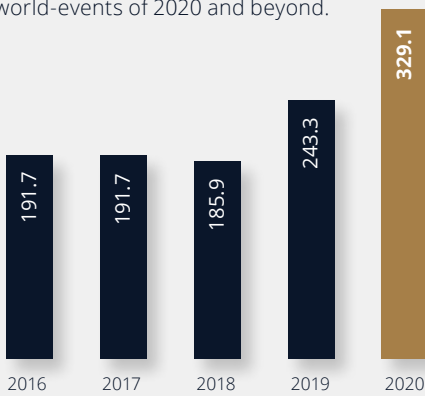
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Highlights

Cash and Receivables

↑ **35%**
to **\$329.114m**

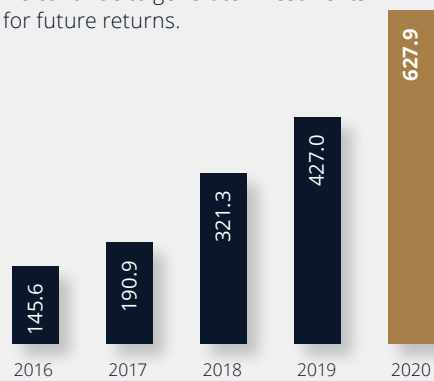
Significant cash reserves and receivables are enabling us to continually grow our business, finance increasingly large investments and support clients through the disruptive world-events of 2020 and beyond.



Investments

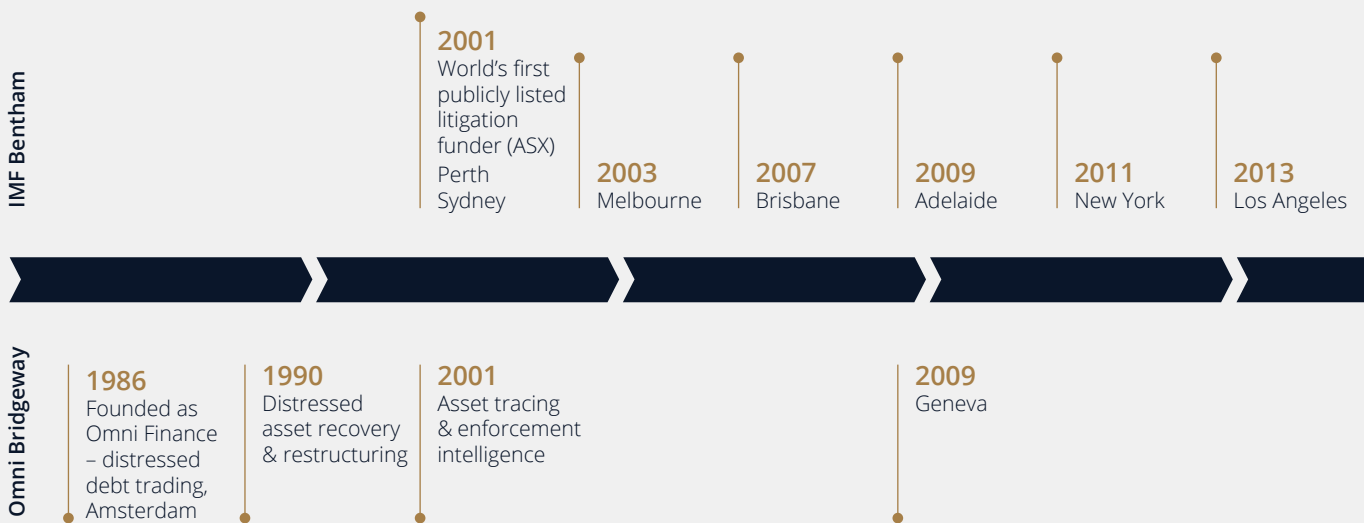
↑ **47%**
to **\$627.929m**

The carrying amount of investments has grown 47% and average size increased. Our Investment Committees and teams are busier than ever and we continue to generate investments for future returns.



The global leader in financing and managing legal risks

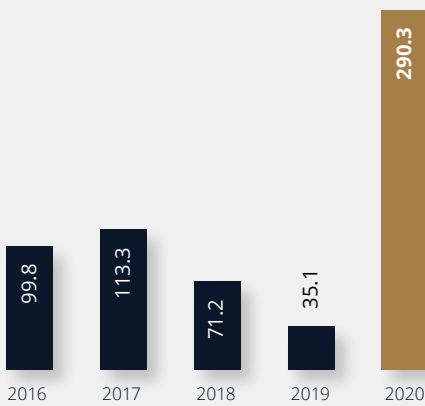
Supporting clients from case inception through to post-judgment enforcement and recovery for 30+ years



Total Gross Investment Revenue and Income

↑ **727%**
to **\$290.304m**

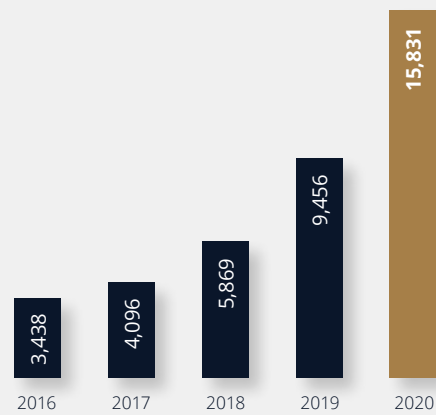
Investment completions generated record revenue and income. This reinforces our robust financial position.



EPV

↑ **67%**
to **\$15,831m***

Our EPV continues to increase, representing potential future returns.



* Portfolio value since 2017 includes conditionally funded investments and investments approved for funding by our Investment Committees, but not yet funded.



- > ~160 people
- > A\$2.2 billion FUM (7 Funds)

Chairman's and Managing Director's Report



This financial year has been the strongest in our history, with record income, an unprecedented number of resolutions for clients, a record number of applications and more funds committed to investments than ever before.

Introduction

We are pleased to report to shareholders that this financial year has been the strongest in our company's history. We have achieved record gross income of \$314.302 million, profit before tax and fair value adjustments on financial liabilities of \$47.086 million, and final profit before tax of \$33.489 million. This has been generated from an unprecedented number of 45 partial and complete resolutions, delivering wonderful outcomes for our clients around the world, including the PFAS contamination cases and Murray Goulburn investor class action.

As we transition our capital structure from balance sheet to Fund management (and from first to second generation funds within that model), profit attribution shifts from shareholders to Fund investors, and ultimately returns to shareholders again. Although much of our net profit in FY20 is attributed to Fund investors, this accelerates us towards the time when shareholders will benefit from the first generation Fund structures.

This year we also received a record number of 1,296 applications for finance and, in the face of increased

opportunities to fund, we upheld our rigorous underwriting process to preserve our success rate. Our conversion rate has remained around 3 – 5% throughout FY20.

We committed more funds to investments in FY20 than any prior year, in total \$313.214 million in conditional and unconditional commitments, continuing the annual trend reported by our business. Our commitments have had a compound annual growth rate of over 40% since 2015.

We are pleased that FY21 has also started strongly with a number of unconditional completions and we remain hopeful that our clients in the Wivenhoe matter will see a positive outcome soon.

One of our other key highlights this year was the successful merger between IMF Bentham and Omni Bridgeway to complete our strategic expansion in EMEA. We are now the largest dispute funding team in the world, offering a major, diversified global dispute funding platform across common law and civil law jurisdictions in developed and emerging markets.

Image top, left to right:

Raymond van Hulst
Executive Director, Managing Director EMEA
Wieger Wielinga
Managing Director Enforcement & EMEA
Andrew Saker
Managing Director and CEO

Integration Progress

Marketing and Business Development

- ✓ Commenced numerous co-investments and investment collaborations across legacy IMF Bentham and Omni Bridgeway Funds and teams, growing the portfolio
- ✓ Global name Omni Bridgeway adopted
- ✓ New branding
- ✓ Global website
- ✓ Global digital marketing
- ✓ Industry leadership recognised (market feedback, Chambers & Partners, Leaders' League, Who's Who Legal, LawDragon)
- ✓ On-boarding and skill-development program focusing on business development and leadership capability

Business Platform (Operations & IT)

- ✓ IT infrastructure and security platforms consolidated
- ✓ Proprietary databases and applications deployed globally
- ✓ Global communications platform deployed
- ✓ Global re-branded intranet
- ✓ Class actions portal on website

People and Culture

- ✓ Global General Manager, People & Culture and Global Human Resources Business Partner appointed
- ✓ Employment contracts and policies streamlined and employees transitioned to consistent global contracts and incentive structures
- ✓ Well-being programs
- ✓ Global internal communications
- ✓ People strategy ratified by Board (including post-COVID workplace agility, employee well-being, revised performance management framework and cultural integration)

Legal and Risk

- ✓ Global Head of Risk and Compliance appointed
- ✓ Legal and Risk team structure formalised under leadership of Group General Counsel
- ✓ Investment documents and processes harmonised for joint merits and enforcement investments

Finance

- ✓ Group finance platforms amalgamated
- ✓ Group reports FY20 consolidated
- ✓ Group budgets FY21 consolidated

Over recent years IMF Bentham and Omni Bridgeway had worked together on business development and other projects and delighted in the mutual trust and respect experienced by all. We found our businesses to be culturally aligned, with commonalities in our histories and our vision for the future. We are now proud to come together globally under the name Omni Bridgeway and to share a mission to develop a formidable global organisation.

Our merged business now has 18 offices in 10 countries, with approximately 160 experts speaking 25+ languages, with over \$2.200 billion in funds to invest in dispute resolution and recovery across the globe.

With significant world events largely outside our control, we operate in an industry in which returns are uncorrelated, and to some extent counter-cyclical, to economic conditions. The long-range Strategic Plan we set in motion five years ago has positioned us well for the macro-economic environment in which we now operate and has laid a platform for our future. We have significant cash and receivables, a service offering that delivers value in today's environment, an income and supply chain that is not dependent upon any one market, and an agile team of knowledge workers who transitioned without interruption in March 2020 from 18 offices to approximately 160 'virtual' home offices around the world.

This year our team accomplished a merger and associated capital-raising, name-change, re-brand, commenced and largely completed the integration of global operations, adjusted to working-from-home during a global pandemic and, during all this, took care of 'business as usual' and grew the business.

In addition to assisting clients and prudently managing investments on behalf of our Fund investors and shareholders, it has been particularly important to assist others in a year when so many are facing substantial challenges. We support our communities – through contributions to Australia's bushfire relief efforts, foodbanks around the world, underprivileged children in Vietnam, and others.

We are also actively advocating for the introduction of industry standards in Australia, to ensure that all recipients of dispute finance receive the same comfort around capital adequacy, adverse costs cover and acceptable returns, that Omni Bridgeway's clients experience.

In FY20 we achieved significant progress towards integrating our market offering and business operations globally. We are pleased to report the achievements in the list above and will continue this focus in FY21.

Chairman's and Managing Director's Report

continued

This year we re-confirmed our core values during our merger and re-branding. Our business growth and value proposition to all our stakeholders will continue to be guided by the principles of transparency, accountability, rigour, entrepreneurship, partnership and engaging our talent.

We have also exceeded the goals we set in our 2015-2020 Strategic Plan.

	1 July 2015	30 June 2020
Increased jurisdictional coverage	Australia, USA, UK	Australia, USA, Canada, Asia, UK, EMEA
Increased investments	41	304*
Increased EPV	\$2.0 billion	\$15.8 billion
Increased team	35	~160
Funds management	–	7 Funds (~\$2.2 billion)

* Includes Investment Committee Approved and Conditionally Funded investments

Each year we seek feedback on our performance and why the market comes to us. Around the world the themes are consistent. Omni Bridgeway is highly regarded because:

- We provide more than just capital. Our professionals are experts in funding and in specialist areas of law and enforcement management. We know how to achieve recovery for our clients.
- Our people are likeable and collaborative and integrity is non-negotiable.
- We are on-the-ground with our clients and investments so we understand jurisdictions, we have expansive networks and we are culturally-sensitive.
- Our track record and transparency engenders trust and respect. Clients know we are with them for the duration.
- We are entrepreneurial and adaptive in finding ways to meet clients' funding requirements and case strategies.

Businesses, governments, individuals and groups enlist our capital and know-how to recover what is rightfully theirs, and we are glad to be in a position to assist.

We are now poised to embark on our 2020-2025 vision to solidify our position in an industry that is fast becoming a mainstream financial services offering.

FY20 Results

Profit

Our FY20 profit before tax and fair value adjustments on financial liabilities of \$47.086 million represents a \$94.748 million turnaround since FY19. Following our acquisition of Omni Bridgeway Holding B.V. (OBE), we now have financial liabilities to the OBE vendors that require fair valuing and associated changes to be booked through our statement of comprehensive income. Given our substantial share price increase from \$3.40 at the time of the OBE acquisition to \$4.77 at 30 June 2020, a fair value adjustment of \$13.597 million is captured within our profit for the year. Similar non-cash fair value adjustments may occur in the future until the consideration liabilities are extinguished in conjunction with share price movements. Subject to AUD:EUR exchange fluctuations, the number of shares owed to the OBE vendors remains the same and there is no additional dilution to shareholders.

Cash Generation

This year the completion of a number of our investments has converted into cash or debtors. 13% of our 30 June 2019 EPV has completed during the year.

In FY20 we generated \$295.064 million in cash and receivables comprising \$111.867 million from balance sheet investments and \$183.197 million for our Funds. \$90.813 million arose from completed US investments, \$44.772 million from completed

Sources and Applications of Cash and Receivables – Non-IFRS (unaudited)

	FY 2020 \$'000	FY 2019 \$'000
Cash and receivable generation		
Proceeds from litigation funding	170,978	43,179
Proceeds from claims portfolio investments	15,004	-
Proceeds from disposal of financial asset	9,675	-
NCI contribution to OBE costs	4,500	-
Net interest	(4,694)	(4,630)
Other proceeds	817	-
Movement in receivables	117,864	(8,824)
	314,144	29,725
Cash burn		
Operational cash expenditure	(68,550)	(57,506)
Transaction costs - purchase of Omni Bridgeway (one-off)	(4,838)	-
Professional advisors (one-off)	(300)	(1,600)
Income tax received / (paid)	(3,904)	3,459
	(77,592)	(55,647)
Net cash and receivable generation¹	236,552	(25,922)
Cash and net receivables		
Balance Sheet	133,205	132,827
Funds	61,179	93,633
Movement in receivables	117,864	(8,824)
	312,248	217,636

1. Net cash generation is categorised as non-IFRS information. This information has not been audited or reviewed.

UK and EMEA investments, \$6.056 million from completed Canada investments and \$153.423 million from completed Australian investments. We also collected \$7.572 million on investments that had completed in FY19.

During FY20 a number of investments completed with an estimated \$179.335 million of income to be accounted for in FY21 and beyond (assuming court approvals and satisfaction of other conditions).

A number of Australian and EMEA investments also advanced towards completion during the year, with favourable judgments and awards. In some cases, we are now funding the enforcement and recovery of those awards (an example of our service offering that assists clients from case inception through to ultimate recovery).

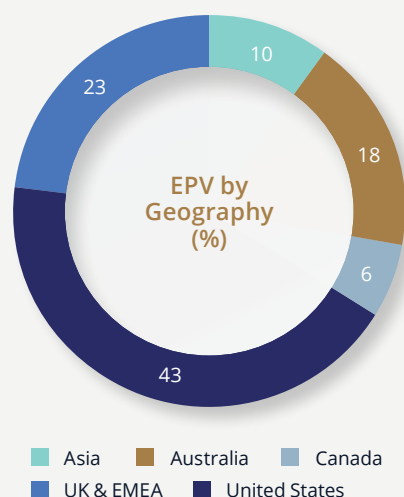
Our results were impacted by the loss of a few cases. However, we are now funding the appeal in some of these cases.

Balance Sheet

Our net assets are \$767.201 million representing an increase of more than 49% from \$515.497 million (53% increase in respect to movement in equity attributable to equity holders of the parent). Our balance sheet investments continue to run-off and, with the anticipated completion in the Wivenhoe class action, will be substantially wound down.

World-wide Portfolio

Adding a strong presence in the EMEA region to our geographic footprint enhances our resilience to jurisdictional dynamics.



Chairman's and Managing Director's Report

continued

Non-Controlling Interest (NCI)

We have continued to grow and diversify our investment portfolio significantly throughout FY20, with results to be reflected in our P&L over future years. Our average realised investment gestation is 2.7 years from initial commitment of funds to final resolution and return on investment. Market dynamics (such as court closures and delays during COVID-19) may alter that lifespan.

Expenses increased during the year reflecting our strategy to diversify, establish new offices in new jurisdictions and address competition. Transaction costs and professional advisor fees were higher because of the merger and capital raising in the first-half, but decreased significantly in the second-half. In addition to the merger, we also grew our team organically, with senior appointments in each jurisdiction, and this is reflected in a corresponding increase in employee benefits expense.

Australian Regulatory Reform

We address our regulatory landscapes elsewhere in this Report. However, legislative reform proposed in Australia this year warrants specific mention here.

In May 2020, the Australian Federal Government announced regulatory changes to litigation funding and class actions and initiated a Parliamentary Joint Committee Inquiry (PJC) to consider these two areas further. The PJC has completed its initial hearings and is due to issue a report in December 2020. This follows the 2018 Australian Law Reform Commission Inquiry into Class Action Proceedings and Third-Party Litigation Funders and the Victorian Law Reform Commission Inquiry into Litigation Funding and Group Proceedings.

The Australian class action regime is almost thirty years old and regulatory reform is to be expected, as is a review of the third-party litigation funding industry, whose role in protecting claimants' rights and providing access to justice is now well established.

Omni Bridgeway welcomes improvements to the class actions system and appropriate regulation of the dispute funding industry in Australia. We detailed our position in a number of written submissions to the Parliamentary Inquiry in June and July 2020. Andrew Saker also attended a hearing of the Parliamentary Joint Committee conducting the Inquiry in July 2020. As the pioneer of litigation funding in Australia, we support the recommendation for the introduction in Australia of a licensing regime for funders that sets minimum onshore capital adequacy requirements, disclosure obligations and reporting standards. Having previously held an Australian Financial Services Licence (AFSL) we have reapplied for a licence in the context of these anticipated reforms.

The application of the managed investment scheme regime to class actions requires some modifications via regulatory relief to be fit for purpose. We have outlined our views on this to ASIC and are currently preparing for the initiation of the new regulatory position on 22 August 2020.

We also recommended that any licensing requirements extend to law firms acting as funders of class actions, under 'no win, no fee' arrangements or pursuant to the recent Victorian legislation that permits law firms to charge contingency fees in class actions in that State.

We have also advocated this year for other measures to enhance the integrity of the class action system including: a six-month moratorium from May 2020 on new class actions that are associated with COVID-19 related disclosures; legislated minimum level of returns for claimants in a class action; and legislation to end the use of common fund orders.

We have expanded upon each of the above in ASX Announcements and media statements throughout the year.

Strategic Capital Management

Acquisition of European Business and Associated Equity Raising

As announced on 15 October 2019, the Group agreed to acquire 100% of the shares in Omni Bridgeway Holding B.V. (OBE), an un-listed company headquartered in the Netherlands, in exchange for cash and share consideration. The transaction completed on 8 November 2019. At acquisition the purchase consideration included a cash payment of EUR31.177 million; deferred consideration with a fair value of EUR22.983 million and contingent variable deferred consideration, subject to new business generation targets, with a fair value of EUR41.250 million. Shareholders have approved the payment of any contingent variable deferred amount in Omni Bridgeway shares and will vote on the payment of the deferred amount in shares at the forthcoming AGM.

The accounting for the acquisition has been provisionally determined as at 30 June 2020. Provisionally, goodwill of \$103.072 million has been recognised and \$103.065 million of fair value adjustment was required to individually identifiable assets.

As the OBE Group was 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 for the Group.

The OBE Group was founded in the Netherlands in 1986 and had built a strong reputation as a leading financier of high-value claims and global specialist in cross-border enforcement, including against sovereign governments. The OBE Group included ROLAND ProzessFinanz, a leading German litigation funder which became part of the OBE Group in 2017. It also included a joint venture with IFC (part of the World Bank Group), comprising a dedicated Fund and Dubai-based expertise centre aimed at assisting banks with funding and managing the enforcement of non-performing loans and related disputes in the Middle East and Africa region.

To facilitate the acquisition, we raised \$138.471 million (excluding costs) in new equity from institutional and retail shareholders. We issued (i) 23,939,201 shares to institutional investors as a 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, and (ii) 11,340,259 shares under the retail portion of the entitlement offer at \$3.40 per share. The rights offer and placement attracted strong support.

Notes Refinanced

As foreshadowed in last year's Annual Report, we extended the maturity profile of our debt, aligned covenants (including the allowed debt ceiling) across debt facilities and reduced our borrowing rate.

On 20 December 2019, we refinanced our 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 have an equal ranking with the existing Bonds and are secured by a security interest over all present and after-acquired property of Omni Bridgeway Limited and guarantees from certain wholly owned subsidiaries.

Investment Portfolio

Portfolio Overview

Our global investment portfolio has grown as a result of the merger and the business development drive of our investment team. The portfolio is now larger and more diverse in terms of geography, type and size of investments than ever before.

As at 30 June 2020 our diversified portfolio comprised over 300 investments, not counting underlying portfolio investments separately, with 16 remaining on the balance sheet and the rest within Fund structures. Having prioritised the diversification of our portfolio over recent years to mitigate the risks of competition and adverse regulatory intervention, our investments now represent a suitable range by investment type and geography.

Our annual investments on a conditional and unconditional basis total \$313.214 million in capital commitments. Our FY20 target to commit \$276.000 million was exceeded by 14% (with funded and conditionally funded investments).

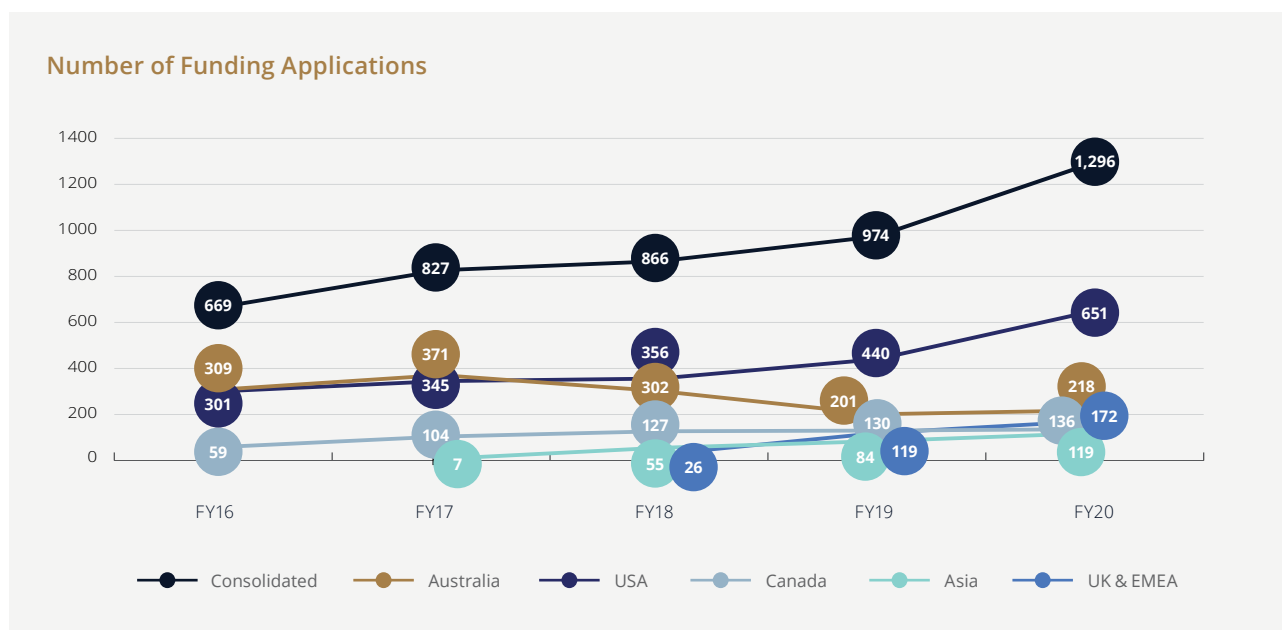
We are experiencing demand for increasingly larger investments and expect that trend to continue.

Geographically, the portfolio is well diversified with the US being the largest portion at 43%, with UK & EMEA representing 23% and Australian investments down to 18% of EPV. We expect the US proportion of the total portfolio will increase in future. While multi-party investments in Australia, Canada and Europe continue to represent an important part of our global portfolio, we anticipate this will decrease as a percentage of investment type within the global portfolio.

Our portfolio increasingly reflects a corporate client base who seek our capital and expertise to prosecute claims and enforce judgments and awards.

Funding Applications

Our investment committees are busier than ever. This year we recorded 1,296 applications, representing a greater than 30% increase on last year and nearly a 200% increase since the beginning of FY16. This is attributable to a number of factors.



Chairman's and Managing Director's Report

continued

Our leading market reputation and business development activities are generating opportunities and these are now amplified by the cross-border collaboration of our expanded, post-merger team. Our competitor landscape has also changed with a favourable impact on Omni Bridgeway's market share. An increasing general awareness of dispute finance is also growing the total market and is expected to result in an increase in funding applications.

Although the long-term impact of COVID-19 is yet to crystallise, business and consumer claims across numerous industries are expected to result in funding applications.

Estimated Portfolio Value

During FY20 we committed, or agreed to commit, \$313.214 million, translating to a compound annual growth rate (CAGR) of over 40% since FY15. Our increased portfolio produced an EPV of \$15.831 billion in FY20 (including IC approved and conditionally funded investments), representing a CAGR of >45% over five years.

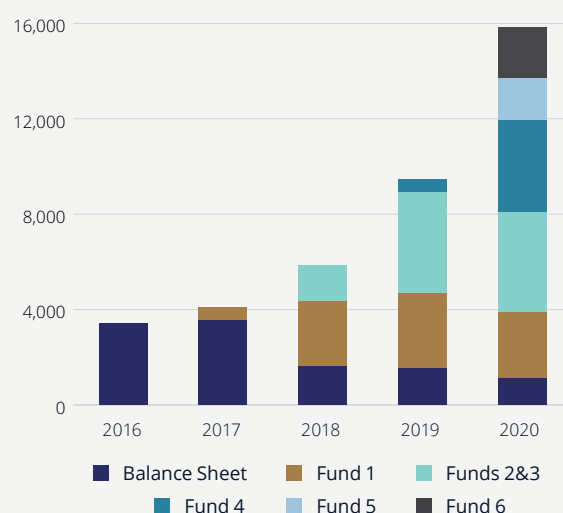
Funds Management

In total, we now have close to A\$2.200 billion in funds under management to invest in dispute resolution and recovery. The majority of our investments sit within seven Funds.

Funds 1, 2 and 3 are fully committed. The commitment periods for those Funds are complete and they are now in their 'harvest phase'.

New investments are made from Funds 4, 5, 6 and 7, with each Fund at a different stage of maturity. Given the increasing size of some of our individual investment opportunities, we may establish an 'overflow' mechanism to accommodate investments that exceed the concentration limits of Funds 4 and 5. Fund 6 is rapidly approaching its capacity. The establishment of new Funds is under consideration.

Estimated Portfolio Value growth change (2016-2020)



Less than 6% of our investments (by number) remain on our balance sheet. These investments continue to 'run-off' and, following the anticipated completion in the Wivenhoe class action, will be substantially wound down.

Our Fund investors have been selected in part because of their low credit risk, their commitment to the Fund arrangements and because their capital is non-discretionary. Our strategy is to remain a meaningful minority investor in each of our Funds, to harness investment returns as an equity participant, with management and performance fee revenue from returns on third party capital.

Investment Portfolio Profile

	Number of current investments	Number of completed investments	Average current investment length (years)	Average completed investment length (years)	Success rate on dollar weighted average (%) [*]	ROIC excluding overhead (%)	IRR excluding overhead (%)	Investment Costs \$ million	EPV \$ million	Possible completion EPV \$ million			
										FY2021	FY2022	FY2023	FY2024+
Balance sheet	16	88	4.7	2.9	75	137	80	121.1	1,110.7	869.8	234.2	5.7	1.0
Fund 1	30	19	3.7	2.1	70	20	11	191.2	2,798.8	1441.3	798.6	258.3	300.6
Funds 2 & 3	31	8	1.4	1.0	92	314	513	62.1	2,939.9	935.3	1,180.0	791.1	33.5
Fund 4	9	1	0.5	0.3	100	16	93	93.7	3,847.9	101.2	1,549.5	1,336.0	861.2
Fund 5	11	-	n/a	n/a	n/a	n/a	n/a	5.9	706.3	290.1	110.9	288.7	16.6
Fund 6	180	138	n/a	3.2	n/a	306	158	153.9	2,112.2	264.7	537.5	537.2	772.8
Fund 7	-	n/a	n/a	n/a	n/a	n/a	n/a	-	n/a	n/a	n/a	n/a	n/a

Data covers the period from 1 July 2011 for the direct balance sheet investments and each of the funds from their dates of inception.

* A successful investment is one where the income (including cost recovery) exceeds investment costs. Costs for successful investments compared to total costs for completions.

Funds Summary – Non IFRS (unaudited)

Fund 1 100% committed USD million	Capital called			Uncalled capital			Accumulated preferred return	Accumulated special distribution	Accumulated management fee
	Total	Investors	OBL	Total	Investors	OBL	Investors	Investors	OBL
	166.7	125.0	41.7	5.0	3.8	1.2	34.5	1.8	4.3
Distributions	(69.6)	-	n/a	n/a	n/a	(8.3)	-	-	
Total USD	55.4	41.7	5.0	3.8	1.2	26.2	1.8	4.3	
AUD equivalent	80.8	60.8	7.2	5.5	1.8	38.3	2.6	6.3	

Funds 2&3 99% committed AUD million	Capital called			Uncalled capital			Accumulated preferred return	Accumulated special distribution	Accumulated management fee
	Total	Investors	OBL	Total	Investors	OBL	Investors	Investors	OBL
	80.9	64.7	16.2	99.1	79.3	19.8	16.4	3.6	1.4
Distributions	(14.6)	-	n/a	n/a	n/a	-	-	-	
Total AUD	50.1	16.2	99.1	79.3	19.8	16.4	3.6	1.4	

Fund 4 22% committed USD million	Capital called			Uncalled capital			Recycled proceeds		
	Total	Investors	OBL	Total	Investors	OBL	Total	Investors	OBL
	89.8	71.8	18.0	410.2	328.2	82.0	-	-	-
Distributions	n/a	n/a	n/a	n/a	n/a	18.5	14.8	3.7	
Total USD	70.7	17.7	410.2	328.2	82.0	18.5	14.8	3.7	
AUD equivalent	103.2	25.8	598.5	478.8	119.6	30.3	24.2	6.1	

Fund 5 20% committed USD million	Capital called			Uncalled capital			Recycled proceeds		
	Total	Investors	OBL	Total	Investors	OBL	Total	Investors	OBL
	39.1	31.3	7.8	460.9	368.7	92.2	-	-	-
Distributions	-	-	n/a	n/a	n/a	-	-	-	
Total USD	31.3	7.8	460.9	368.7	92.2	-	-	-	
AUD equivalent	45.7	11.4	672.5	537.9	134.5	-	-	-	

Fund 6 42% called EUR million	Capital called			Uncalled capital			Recycled proceeds		
	Total	Investors	OBL	Total	Investors	OBL	Total	Investors	OBL
	63.4	60.4	3.0	86.6	82.1	4.5	-	-	-
Distributions	n/a	n/a	n/a	n/a	n/a	15.0	14.3	0.7	
Total EUR	60.4	3.0	86.6	82.1	4.5	15.0	14.3	0.7	
AUD equivalent	98.9	4.9	141.9	134.5	7.4	24.6	23.4	1.1	

Fund 7 4% called USD million	Capital called			Uncalled capital			Recycled proceeds		
	Total	Investors	Fund 6	Total	Investors	Fund 6	Total	Investors	Fund 6
	3.5	1.0	2.5	96.5	49.0	47.5	-	-	-
Distributions	-	-	n/a	n/a	n/a	-	-	-	
Total USD	1.0	2.5	96.5	49.0	47.5	-	-	-	
AUD equivalent	1.5	3.6	140.8	71.5	69.3	-	-	-	

Chairman's and Managing Director's Report

continued

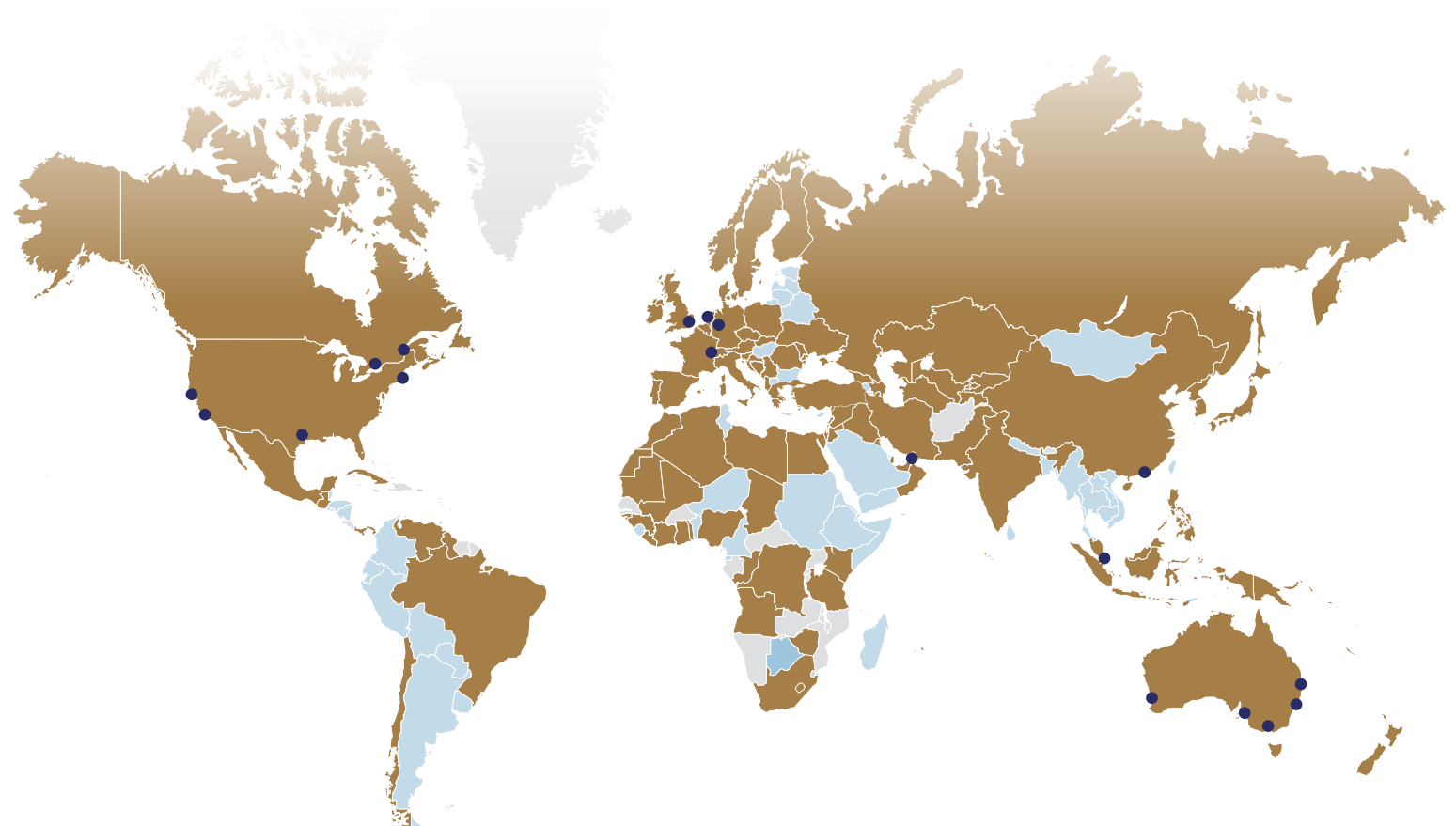
Updates from Around the World

Our team continues to grow in response to increased demand for dispute finance and is in the process of achieving full integration, following the merger. We have active global focus groups and operate cohesively with success already evident in cross-referrals and co-funding of matters across the team.

Competition

We have the largest dispute funding team in the world with the most extensive geographic coverage including on-the-ground permanent presence in our key jurisdictions. This is particularly evident in jurisdictions in which dispute funding is relatively new and growing, such as in Asia, Canada and the Middle East.

In some of our jurisdictions, notably the US, UK and Australia, there have been an increasing number of funders active in recent years. However, many of these funders do not have our extensive on-the-ground geographic coverage or expertise and cannot support the multi-jurisdictional, high value claims we fund, and few offer the full suite of merits funding coupled with enforcement and recovery. In some of our European markets, for example the Netherlands and Germany, only a few global funders operate, along with some smaller domestic funders. However, again, Omni Bridgeway has a leading combination of access to significant capital, geographic presence, specialist legal skills, language abilities, local cultural understanding and longstanding relationships in continental Europe.



- Funded^{i,ii} and/or managed (litigation, arbitration and/or enforcement and recovery)
- Assessedⁱⁱ
- Omni Bridgeway offices

i Non-recourse financing of domestic or international arbitration, litigation (individual claimant or group litigation) and enforcement and recovery actions.
ii Reflects locations of parties, disputes, proceedings, enforcement actions.

Asia-Pacific

Our Asia investment team doubled in size this year as a result of organic growth and the merger. In November 2019, the team was strengthened by the recruitment of one of the pioneers of the dispute funding industry in Asia and, as a result of the merger, the team also includes two enforcement specialists. In addition to their expertise in funding and management capabilities, all of the new team members bring considerable local knowledge and extensive professional networks. The team now offers full-service funding from case inception through to enforcement and recovery, in common law and civil law disputes.

In Australia, the investment team has grown with four new team members joining in early 2020 in Sydney and Melbourne. The new team members are all experienced former commercial litigators. One of the new joiners strengthens our insolvency and restructuring team in anticipation of shifting economic conditions. Another new team member brings extensive in-house corporate experience to assist our corporate funding. In addition, the Australian team is working closely with our enforcement and other specialists around the globe.

We have also expanded our geographic footprint to New Zealand, where we are funding two class actions and assessing a broad range of cases, including commercial, insolvency and insurance claims. We currently service this market on a fly in/fly out basis from Australia and Asia.

Regulatory Environment

As we reported last year, Singapore and Hong Kong, the two leading centres for international dispute resolution in Asia, have actively embraced third-party funding in arbitration and insolvency proceedings. Both jurisdictions are now reviewing the position with respect to a form of contingency fee agreement for lawyers in arbitration. In Singapore, the Ministry of Law issued a consultation paper in late 2019 seeking views. In Hong Kong, the issue is being considered by a sub-committee of the Law Reform Commission of Hong Kong.

In Australia, we are participating in the Commonwealth Government Parliamentary Inquiry into litigation funding and the regulation of the class action industry, as we have set out in more detail elsewhere in this Report. We are also providing input on the implementation of the new licensing regime. In June 2020, the Victorian State Government passed legislation which permits lawyers in that State to charge "percentage-based" or contingency fees in class actions. This was a recommendation of the Victorian Law Reform Commission which conducted an inquiry and published a report into litigation funding and class actions in June 2018.

UK & EMEA

Prior to the merger, our UK and EMEA team comprised two investment managers in London with fly in/fly out support from the wider global investment team. Post-merger, our UK and EMEA team comprises over 50 members located in Amsterdam, Cologne, Dubai, Geneva and London. In early 2020, the team expanded further by the hire of a senior commercial lawyer, based in Amsterdam, who joined as director of collective redress.

Many of the EMEA team are enforcement and recovery specialists who operate across the globe, depending on the jurisdiction-specific needs of clients. Enforcement and recovery often involves parties and assets across multiple jurisdictions and requires a multi-cultural, multi-lingual and multi-disciplined team. Our enforcement team includes seasoned litigators and recovery specialists, as well as economists, financial experts, business intelligence and asset tracing professionals.

Our Dubai team is actively progressing the joint venture with the IFC (part of the World Bank Group) known as the MENA DARP program. This program is designed to assist banks in the MENA regions with funding and cross border legal enforcement of high value non-performing loans.

Regulatory Environment

In England, the dispute funding industry is self-regulated and there is a voluntary code of conduct promoted by the Association of Litigation Funders of which Omni Bridgeway is a member. Previously, if an English case was unsuccessful and an adverse costs order was made against the funded party, a commercial funder's liability for the adverse costs was limited to the amount of funding it had provided (known as the "Arkin cap"¹). However, there have been a number of decisions, most recently in February 2020, where the English Court of Appeal confirmed that the Arkin cap was not a binding rule and does not automatically apply in all cases².

We have the largest dispute funding team in the world with the most extensive geographic coverage including on-the-ground permanent presence in our key jurisdictions.

¹ After *Arkin v Borchard Lines (Nos 2 and 3)* [2005] 1 WLR 3055.

² *Chapelgate Credit Opportunity Master Fund Limited v Money and Others* [2020] EWCA Civ 246.

Chairman's and Managing Director's Report

continued

The wider EMEA region comprises mainly civil law jurisdictions where litigation funding is permitted and is currently largely unregulated. However, in Germany the funding of larger scale collective cases/ group claims can be unpredictable and requires specialist expertise. In several cases, competitors have had adverse decisions against them. For example, in February 2020, the Lower Regional Court of Munich dismissed a claim brought by a funder on the basis that the claim vehicle did not comply with the German laws on debt collection and the provision of legal services. While the judgment is not yet final, the assignment model for funding is unlikely to be used for group claims in Germany for the time being. The questions raised in the case may also lead to additional regulatory attention.

In general, EU jurisdictions await harmonisation of collective redress regimes. Through inter-institutional negotiations, the EU has agreed a new class action regime for consumer disputes and published the Collective Redress Directive in June 2020. This Directive requires Member States to ensure their domestic laws for collective redress meet specified minimum standards. The Council of the European Union and the European Parliament will now finalise the wording of the Directive and, once finalised, Member States will have twenty four months to transpose the Directive into domestic law and a further six months to enact the provisions. In the meantime, the most reliable collective action regime for international claims in Europe continues to be in the Netherlands. This regime can be used in cases where there is a Dutch anchor defendant or another adequate connection with the Netherlands.

To date there is no opt out class action regime for international claimants. However, the assignment model which is a group mechanism has been used positively in Omni Bridgeway's elevators and air cargo cartel cases. The general view is that the Dutch courts have undertaken an active and constructive approach to handling these large and complex group claims.

In January 2020, the Dutch Settlement of Large-scale Losses or Damage (Class Actions) Act (WAMCA) came into effect. Under the WAMCA, an exclusive representative is appointed to act on behalf of the class of aggrieved parties residing in the Netherlands. These Dutch resident parties have the opportunity to opt-out. In principle, a different regime applies to aggrieved parties residing abroad: they are not bound by the court's decision unless they have already opted-in. The WAMCA has not yet been tested but will be of potential interest for claims with Dutch claimants and/or a Dutch anchor defendant or other connection with the Netherlands, establishing admissibility under this new regime.

North America

The US investment team has also grown this year with three new team members. Given increasing demand, the team is expected to expand further in the near future.

The US team strengthened its capabilities in recent years with the addition of senior and highly regarded specialists in practice areas including international arbitration, insurance, bankruptcy and intellectual property. This specialist expertise has led to significant growth and diversification of the US portfolio, as well as the ability to choose quality investments to fund. The US team's specialists in insolvency and restructuring are proving invaluable in the current economic conditions. The team is also working closely with the EMEA-based enforcement specialists, as well as other international colleagues in the global focus groups.

The Canada investment team was also strengthened with the addition of an international arbitration specialist, based in Montreal. The investment team now comprises seven members who continue to advance the case law relating to litigation funding in Canada which is now a popular solution for corporates and individuals alike.

Regulatory Environment

Third-party funding has become much more accepted in the most active litigation jurisdictions in the United States. Various attempts - often led by the US Chamber of Commerce - to regulate the industry at the federal and state level have largely been unsuccessful to date, as have attempts to impose extraordinary discovery requirements on claimants and law firms using third-party dispute financing (as distinguished from any other type of financing) in the courts.

In Canada, the dispute funding industry is still largely unregulated. However, the jurisprudence is developing rapidly. In January 2020, Canada's highest court, the Supreme Court of Canada, considered litigation funding for the first time and approved an Omni Bridgeway funding agreement to support a large commercial claim in an insolvency matter³. This case has highlighted the importance of funding in the insolvency and restructuring context. It will be particularly helpful to insolvency and restructuring professionals in Canada as an option to finance litigation claims and seek to maximise recoveries for a company's creditors.

In the province of Ontario, we were asked to comment on proposed changes to the class proceedings regime which seek to codify rules around dispute funding in the class action context. The proposals again demonstrate how dispute finance is now part of the legal landscape.

3 9354-9186 Québec Inc. v. Callidus Capital Corporation 2020 SCC 10.

Global Risk, Compliance and Governance

Risk Management

Investing in assets where our income is contingent upon successful resolution of a dispute or recovery from enforcement action, involves inherent risks and these are often magnified in non-portfolio early stage financing (especially in loser pays jurisdictions). Effective management of those inherent risks, together with broader risks common to many enterprises in a global economy, is instrumental to our success. Accordingly, risk management is core to our diversification and growth strategy.

We identify our key risks through an analysis of our internal and external operating environments and outline below some of these and the mitigations we deploy to minimise their impact.

Quality of Investment Decisions

Like all investment managers, the quality of our investment decisions is fundamental to our success and sustainability. We continue to build on the processes which have served the Group well to date and have augmented our three investment committees with appointments of senior advisers with deep experience in litigation, bankruptcy and arbitration and our Global Chief Investment Officer joining the Fund 6 (EMEA) investment committee following our merger. We have undertaken a comprehensive update to our investment management governance documentation, consolidating our global best practice.

Competitors

We compete in a growing industry from a position of depth in capability and strength. We have a differentiated strategy, strong vertical and horizontal relationships throughout the market, and agile business operations. Our fully global footprint provides us access to established, maturing and developing markets. Our culture and reputation are core to our retention and attraction of the best talent across all aspects of our business.

We have a long track record and a long-term focus and strategy. There are competitors seeking market share through under-pricing, who will ultimately fail a sustainability test, akin to the Australian market for directors and officers insurance which is now remediating its under-pricing. Success in our asset class is built upon long range development of a diversified portfolio across a range of metrics, with sustainable returns for clients, Fund investors, shareholders and employees.

Regulatory Change

The regulatory environment in our key markets is summarised elsewhere in this Report. The advantages of dispute financing as a business risk management tool and a powerful vehicle for access to justice have been broadly accepted in global jurisprudence. However, our developing industry engenders debate between proponents and opponents of third-party dispute finance, with some high profile global lobbying groups often pushing for greater levels of regulation. We engage in constructive dialogue with regulators and support appropriate industry regulation to safeguard the interests of all participants. We are currently regulated by the US Securities and Exchange Commission, ASIC and the ASX in Australia.

Time and Open-ended Capital Commitments

Two primary factors, beyond the quality of an investment decision, have a major impact upon our financial returns: the duration of, and amount of capital committed to, an investment.

Across all dispute finance investments, it is largely unknown how long it will take for a dispute to conclude, by settlement, final judicial or arbitral determination and potentially, subsequent enforcement of that decision. This risk is exacerbated, particularly at present in the US, by the slowdown in the judicial and arbitration systems as a consequence of COVID-19.

While our returns often step up over the life of an investment, increases are invariably capped and uncertainty in the timing of income creates capital management and liquidity challenges. In addition, outside the US, most of our non-portfolio investments are an open commitment to fund the costs of bringing the case to completion. The commitment is based on a budget from the lawyers to whom we seek to transfer a portion of the risk of 'budget creep' in order to align our respective interests in efficient cost management. However, there are a myriad of reasons over the life of complex, hard-fought litigation or arbitration against well-resourced defendants, why unforeseen costs can arise. With our return being fully contingent on a successful outcome, we meet these additional costs. A MOIC based return structure mitigates the return compression risk, provided the ultimate return is sufficient, but the capital management and liquidity challenges remain.

Chairman's and Managing Director's Report

continued

Cyber Security

Cyber-attacks continue to be a risk faced by businesses around the world. Their sophistication and volume increases year on year. We employ a variety of people-centric cybersecurity tactics, including regular training and simulated attack scenarios for our people in order to customise preventative measures. We enlist all our people throughout our global company as the first line of defence in protecting our data and commercially sensitive know-how.

We invest significantly in security hardware, software, systems and policies to prevent attacks and detect (and learn from) new attack tools, methodologies and targets. Cyber security risks are ever-present and we remain vigilant throughout our business at all times.

Compliance

As our business has expanded into different regions, including as a result of the merger, and diversified in capital sources via the Funds management model, we face an increasing breadth of compliance obligations both regulatory and contractual. In recognition of this we have hired a Global Head of Compliance & Risk with deep financial services experience and are enhancing our compliance and risk management frameworks across our network.

Governance

It has been a busy year from a governance perspective, with ten board meetings and twenty committee meetings. We have reviewed, refreshed and updated our corporate governance policies and procedures in line with the ASX Corporate Governance Principles and Recommendations 4th Edition and have issued a separate Environmental, Social and Governance Statement. This can be accessed at <https://omnibridgeway.com/investors/corporate-governance>.

The Future

Looking forward, Omni Bridgeway will be expanding our product and service offering and global footprint to capitalise on increasing demand. Focusing inwards, we are likely to adjust aspects of our operations to achieve even greater efficiencies such as increased workplace agility through remote working arrangements and ongoing streamlining of our global operations. We also intend to expand team capabilities to ensure resilience for the future.

We have developed our new Business Plan which sets our strategy to 2025. This has been ratified by our Board and we have already commenced implementation. We look forward to reporting progress on the objectives which traverse each aspect of our business:

- Capital management and Fund investors
- Business operations and integration
- People and culture
- Business development and marketing
- Product and service expansion
- Ongoing risk mitigation through continued diversification

We would like to thank our shareholders for your support, our Fund investors for your endorsement and partnership and our wonderful team for your dedication and hard work.

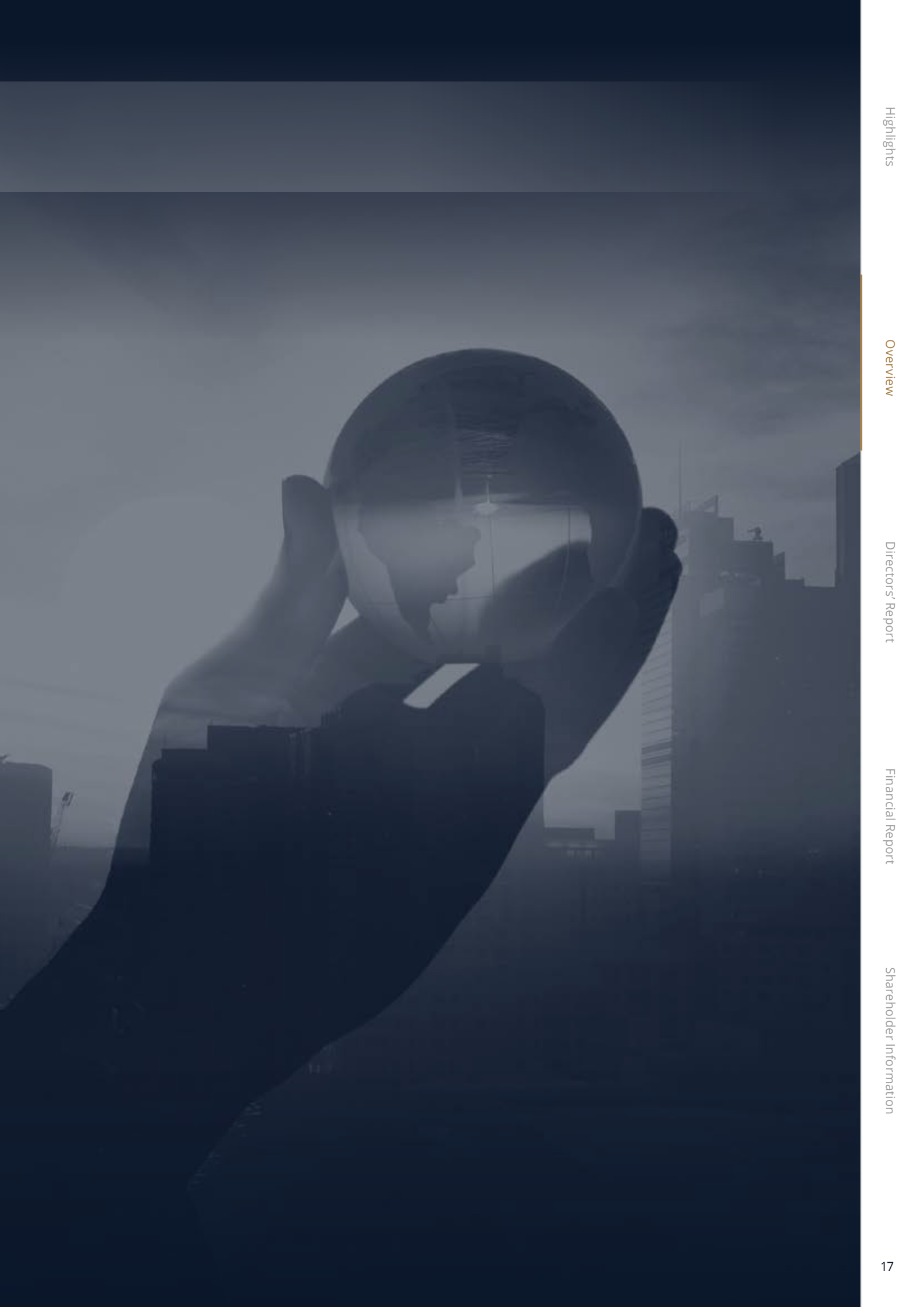
Together, we are expanding world-wide awareness and appetite for dispute finance, affirming its importance and asserting Omni Bridgeway's leadership in this exciting market.



Andrew Saker
Managing Director and Chief Executive Officer



Michael Kay
Chairman



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Directors' Report

The directors of Omni Bridgeway Limited submit their report for the year ended 30 June 2020.

Directors

The names and details of the Company's directors in office during the financial year and until the date of this report are noted below. Directors were in office for the entire period unless otherwise stated.

Names, Qualifications, Experience and Special Responsibilities



Michael Kay

Non-Executive Chairman

Michael Kay has been the Non-Executive Chairman since 1 July 2015. He brings a wealth of commercial experience, with a sound track-record of building successful businesses. Most recently he was Chief Executive Officer and Managing Director of salary packaging company McMillan Shakespeare Limited. He was previously Chief Executive Officer of national insurer AAMI and before that spent 12 years in private legal practice.

Mr Kay is Non-Executive Director of RAC Insurance Pty Limited, and Chairman and Non-Executive Director of City Chic Collective Limited.

Mr Kay is a member of the Audit and Risk Committee, Remuneration Committee, Corporate Governance Committee and Nomination Committee.

During the past three years he has not served as a Director of any listed company other than Omni Bridgeway Limited (formerly IMF Bentham Limited), Quintis Limited, Lovisa Holdings Limited (retired October 2018), ApplyDirect Limited (retired March 2019) and City Chic Collective Limited.

Mr Kay holds a Bachelor of Laws from the University of Sydney, Australia.



Andrew Saker

Managing Director and CEO

Andrew Saker was appointed Managing Director and Chief Executive Officer on 5 January 2015. Since then, he has led a transformational strategy of geographic expansion, product diversification, and migrating the company's business model from capital management to fund management.

Mr Saker began his career at Ferrier Hodgson (now KPMG), a leading provider of corporate recovery, insolvency management and restructuring services throughout Australia and Asia. Appointed partner in 1998, he went on to establish the firm's Indonesian practice in Jakarta. In his 26 years at Ferrier Hodgson, he was involved in over 500 corporate insolvencies and restructurings in Australia, Asia, North and South America.

During the past three years he has not served as a Director of any listed company other than Omni Bridgeway Limited (formerly IMF Bentham Limited).

Mr Saker holds a Bachelor of Commerce in Accounting and Finance from the University of Western Australia. He is a Member of the Institute of Chartered Accountants. Until his appointment as Managing Director and Chief Executive Officer, he was an Official Liquidator of the Supreme and Federal Courts.

Directors' Report

continued



Hugh McLernon

Executive Director

Hugh McLernon is one of the founders and pioneers of the contemporary dispute finance industry. He has been an Executive Director and member of the company's Investment Committee since 2001. He also oversees Special Projects for the company.

Mr McLernon is a lawyer by training. After graduation, he worked as a Crown Prosecutor for eight years and then as a barrister at the independent bar for a further nine years, before joining Clayton Utz for three years as a litigation partner.

In 1988, he retired from legal practice and introduced the secondary life insurance market into Australia through the Capital Life Exchange. He also pioneered the funding of large-scale litigation in Australia through McLernon Group Limited in 1992. In 1997 Mr McLernon faced and overcame the first claim of champerty in the modern era made in the Federal Court before French J (as he then was) in *Penale -v- McLernon Group Limited*. From 1996 to 2001, he was the Managing Director of McLernon Group Limited, as well as the Hill Group of companies which operates in the finance, mining, property, insurance and general investment arenas of Australia.

In 2001, Mr McLernon promoted the listing of Insolvency Management Fund Limited (now Omni Bridgeway Limited) onto the ASX. He was the inaugural Managing Director from 2001 to 2004, and again from 2009 to 2015.

During the past three years Mr McLernon has not served as a Director of any listed company other than Omni Bridgeway Limited (formerly IMF Bentham Limited).

Mr McLernon holds a Bachelor of Laws degree from the University of Western Australia.

The American Lawyer included Mr McLernon in its list of the Top 50 innovators for Big Law in the US during the course of the previous half century.



Michael Bowen

Non-Executive Director

Michael Bowen was a founding partner of the Perth law firm Hardy Bowen and became a partner of global law firm DLA Piper in 2015. He practices primarily corporate, commercial and securities law with an emphasis on mergers, acquisitions, capital raisings and resources. Mr Bowen assists the Managing Director on matters concerning corporations law.

Mr Bowen was appointed to the Board as a Non-Executive Director in December 2001. He is Chair of the Remuneration Committee, was Chair of the Audit and Risk Committee until 4 April 2019 and is a member of the Corporate Governance Committee and Nomination Committee.

Mr Bowen is also a Non-Executive Director of Trek Metals Limited (appointed 22 February 2017).

During the past three years he has not served as a Director of any listed company other than Omni Bridgeway Limited (formerly IMF Bentham Limited) and Trek Metals Limited.

Mr Bowen holds Bachelor of Laws, Jurisprudence and Commerce from the University of Western Australia. He has been admitted as a barrister and solicitor of the Supreme Court of Western Australia since 1979, and is also admitted as a solicitor of the High Court of Australia. He is a Certified Public Accountant and a member of the Australian Society of Accountants.



Karen Phin

Non-Executive Director

Karen Phin has over 20 years' experience advising Australian listed companies in the retail, banking, industrial and natural resources sectors on capital management, capital raisings and mergers and acquisitions. Until 2014, she was a Managing Director and Head of Capital Advisory at Citigroup in Australia and New Zealand. Prior to joining Citigroup, she spent 12 months at ASIC as a Senior Specialist in the Corporations group. From 1996 to 2009, Ms Phin was a Managing Director at UBS AG, where she established and led the Capital Management Group.

Ms Phin was appointed to the Board as a Non-Executive Director in August 2017. Ms Phin is a member of Omni Bridgeway's Audit and Risk Committee, Remuneration Committee, Nomination Committee and Chair of the Corporate Governance Committee.

She is currently a Non-Executive Director of Magellan Financial Group Limited and ARB Corporation Limited and is a member of the Takeovers Panel.

During the past three years, she has not served as a Director of any company other than Omni Bridgeway Limited (formerly IMF Bentham Limited), Magellan Financial Group Limited and ARB Corporation Limited.

Ms Phin holds a Bachelor of Arts and Bachelor of Laws (Honours) from the University of Sydney, Australia and is a graduate of the Australian Institute of Company Directors.



Christine Feldmanis

Non-Executive Director

Christine Feldmanis is a qualified accountant, investment, governance and risk management specialist with over 30 years' experience in the finance and investment industry. She was previously Managing Director of an ASX-listed boutique funds management incubator business and Chief Finance Officer of the NSW Treasury Corporation.

As a professional Non-Executive Director and experienced Board Committee Chair, Ms Feldmanis' current Non-Executive Director roles include Perpetual Equity Investment Company Limited, FIIG Securities Limited, Bell Financial Group Ltd, Bell Asset Management Limited and not-for-profit organisation, Foodbank NSW.

Ms Feldmanis was appointed to the Board as a Non-Executive Director in November 2018. Ms Feldmanis is Chair of the Audit and Risk Committee and a member of the Remuneration Committee, Nomination Committee and Corporate Governance Committee.

During the past three years she has not served as a Director of any listed company other than Omni Bridgeway Limited (formerly IMF Bentham Limited), Bell Financial Group Ltd and Perpetual Equity Investment Company Limited.

Ms Feldmanis holds a Bachelor of Commerce from the University of Wollongong, Australia and Master of Applied Finance from Macquarie University, Australia. She is a Fellow of the Australian Institute of Company Directors, Trustee Fellow of the Association of Superannuation Funds of Australia, Senior Fellow of the Financial Services Institute of Australasia and a Certified Practising Accountant.



Raymond van Hulst

Executive Director – appointed 9 April 2020

Raymond van Hulst was a Managing Director of the Omni Bridgeway Holding B.V. business that was acquired by Omni Bridgeway Limited (then IMF Bentham Limited) in November 2019. Mr van Hulst has close to two decades of experience in structuring innovative solutions for complex and high value litigation funding and legal enforcement matters. He has a successful track record of managing the asset identification processes, enforcement strategies and settlement negotiations for multiple prominent (sovereign) awards and judgments.

In addition, Mr van Hulst has established two institutionally backed funds aimed at funding legal disputes and enforcement matters, including in joint venture with the International Finance Corporation, part of the World Bank for the Distressed Asset Recovery Program. He leads Omni Bridgeway's Investment Committee for these funds. Mr van Hulst also led Omni Bridgeway's acquisition of its German funding business, Roland ProzessFinanz, in 2017.

Before joining Omni Bridgeway, Mr van Hulst was with ABN AMRO Bank Structured Finance, based out of India and Europe.

During the past three years he has not served as a Director of any listed company other than Omni Bridgeway Limited.

Mr van Hulst holds an MBA from INSEAD and a Master's Degree in Management (University of Groningen, the Netherlands).

Directors' Report

continued

Officers



Stuart Mitchell

Group Chief Financial Officer

Stuart Mitchell joined the company in November 2018. He was previously Chief Financial Officer, Legal Counsel and Company Secretary for Ironbridge Capital, an Australian-based investment and private equity firm, providing funding for domestic and international businesses. His role encompassed financial management, budgeting, modelling, reporting and disclosure, governance, compliance, risk assessment, accounting, taxation, licensing and control issues of the manager, funds and associated structures across Asia Pacific, the Caribbean and Europe.

Mr Mitchell has over 20 years' commercial experience in Australia and the UK in the financial services sector, including private equity, funds management and venture capital.

Mr Mitchell holds a Bachelor of Commerce from the University of New South Wales, Australia. He was admitted to practise as a solicitor in New South Wales and is a qualified Chartered Company Secretary and Chartered Accountant.



Jeremy Sambrook

Group General Counsel and Company Secretary

Jeremy Sambrook is an experienced corporate lawyer with a broad in-house legal and private practice background, having practised in the UK, Hong Kong, the Channel Islands and Australia.

Immediately before joining the company Mr Sambrook was a Special Counsel in the Corporate team at DLA Piper Australia in Perth, Australia.

Following seven years working at a leading London law firm, Mr Sambrook moved to one of Europe's largest international hedge fund managers as Corporate Legal Counsel with responsibility for a wide variety of corporate group projects. He became a partner in 2010 and went on to manage the off-shore head office before moving with his family to Australia in 2013.

Mr Sambrook was appointed as General Counsel and Company Secretary in January 2016 and has become Group General Counsel and Company Secretary from 2020 following the expansion of the Legal and Risk team.

Mr Sambrook holds a Bachelor of Laws from the University of Bristol, UK.

Interests in shares, bonds and performance rights of the Company

As at the date of this report, the interests of the directors in shares, Omni Bridgeway Bonds, Fixed Rate Notes and share performance rights of the Company were:

	Number of ordinary shares	Number of Omni Bridgeway Bonds	Number of Fixed Rate Notes	Number of performance rights
Michael Kay	417,023	–	–	–
Andrew Saker	180,190	–	–	2,283,813
Hugh McLernon	5,394,990	7,500	–	2,160,688
Raymond van Hulst	50,000	–	–	–
Michael Bowen	1,103,124	1,500	–	–
Karen Phin	27,266	–	–	–
Christine Feldmanis	45,185	–	80	–
Total	7,217,778	9,000	80	4,444,501

Further details of the interests of the Directors in the shares, bonds and options of the Company as at the date of this report are set out in the Remuneration Report included within the Directors' Report.

Dividends paid by Omni Bridgeway Limited

	Declared date	Record date	Payment date	Cents	\$m
Dividends paid in the year:					
<i>Interim for the year</i>					
On ordinary shares	20/02/2020	27/02/2020	20/03/2020	3.0	7.482
<i>Final for 2019, as recommended in the 2019 financial report</i>					
On ordinary shares	n/a	n/a	n/a	nil	–

Where dividends are paid by Omni Bridgeway Limited, shareholders are able to elect to participate in the dividend reinvestment plan in relation to these dividends.

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, may arrange underwriting to reduce the impact a particular dividend might otherwise have on cash.

The Directors have today declared a final fully franked dividend of 4.0 cents per share as a final dividend for the period, totalling \$9,995,000. The record date for this dividend is 2 September 2020 and the payment date will be 25 September 2020.

Shareholders are able to elect to participate in the dividend reinvestment plan in relation to this dividend.

Directors' Report

continued

Operating and financial review

Principal activities

The principal activities of the entities within the consolidated Group during the financial year were (i) the investment into and the management of Funds (or Fund-like structures) that are focused on investing into litigation and dispute resolution and enforcement matters globally and (ii) the continued holding of direct investments into similar litigation and dispute resolution, and enforcement matters.

The Group (either via the Funds or directly) invests by purchasing awards, claims or rights to action, or entering into funding agreements with claimants, liquidators, creditors or law firms to provide funding, recovery, enforcement and associated services. The Group does not provide legal advice.

The key business driver is to make investments which ultimately result in a successful conclusion. If the litigation, arbitration, recovery or enforcement action is successful, the Group earns a return from the realised amount. The return may be structured as either a multiple of the amount invested or as a percentage of the settlement or judgment proceeds; and may be in addition to or inclusive of the amount invested; or a combination thereof. Generally, the multiple or percentage changes over time and may be lower the earlier the litigation is resolved.

If the litigation, arbitration, recovery or enforcement is ultimately unsuccessful the Group does not generate any return and will realise/derecognise its investment for a loss in the profit and loss account.

In certain jurisdictions, the litigation funding agreement contains an undertaking to the client that the Group will pay any adverse costs that may arise in respect of the costs incurred by the defendant(s) to the funded litigation.

The Group may also receive fees for successful performance of the Funds. Additionally, fees for managing and servicing the Funds will provide an ongoing regular revenue stream independent of litigation investment returns.

COVID-19 pandemic impact

Whilst the pandemic has interrupted dispute resolution systems to different degrees in jurisdictions where the Group has investments, generally they have continued to operate. This has led to some delays in completions, or the expected completion date. In assessing the carrying value and associated impairment of investments, the most up to date estimates of success and timing have been used. This has not led to significant impairments. Additionally, the Group has specifically considered the impact of COVID-19 in assessing the values of its assets (including intangibles, inventories, receivables/loans, investments, other financial assets, contract assets and deferred tax assets) and liabilities. No significant adjustments have been required.

OBL does not consider that the pandemic has had a negative impact on its solvency or going concern. Possibly, COVID-19 related causes of action may result in more investment opportunities to be available for consideration by the Group.

Nature of operations

The Group undertakes new investing activities through its Funds (or Fund-like structures) as outlined below. The Group continues to hold and further invest directly into existing investments that were created prior to the origination of the Funds. The Group operates through 18 offices in 10 countries around the world. Originating in Australia in 2001, the Group expanded into the US, opening an office in New York in 2011, Los Angeles in 2013, San Francisco in 2015 and Houston in 2017.

In 2016 the Group expanded into Canada, opening an office in Toronto followed by a presence in Montreal in 2018. Our UK and EMEA activities were supplemented in 2018 with the opening of a London office. Our legacy businesses each established offices in Singapore in 2015 and 2017 and a Hong Kong office was opened in 2018.

On 8 November 2019, the Group completed the acquisition of Omni Bridgeway Holding B.V. (OBE), a non-listed company headquartered in the Netherlands, in exchange for cash and share capital consideration. OBE is a leading provider of funding and specialised skills for litigation, arbitration and enforcement proceedings, and for the work-out and monetisation of claims and non-performing loans focusing on civil law jurisdictions primarily in Continental Europe, and the Middle East, North Africa and Central Asian regions. This acquisition added offices in Amsterdam, Cologne, Dubai and Geneva to the global footprint.

In 2017 the Group established its first-generation Funds (Fund 1, and Funds 2 & 3) with external investor capital commitments. During the 2019 financial year the Group established its second-generation Funds (Fund 4 (series I), and 5 (series I)). The acquisition of OBE in November 2019 included two more Funds (Fund 6 and Fund 7).

Operating and financial review (continued)

Fund 1

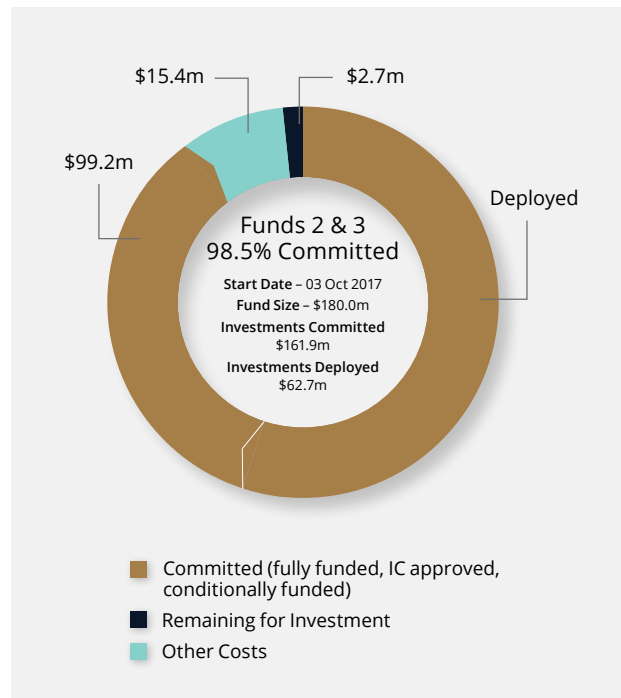
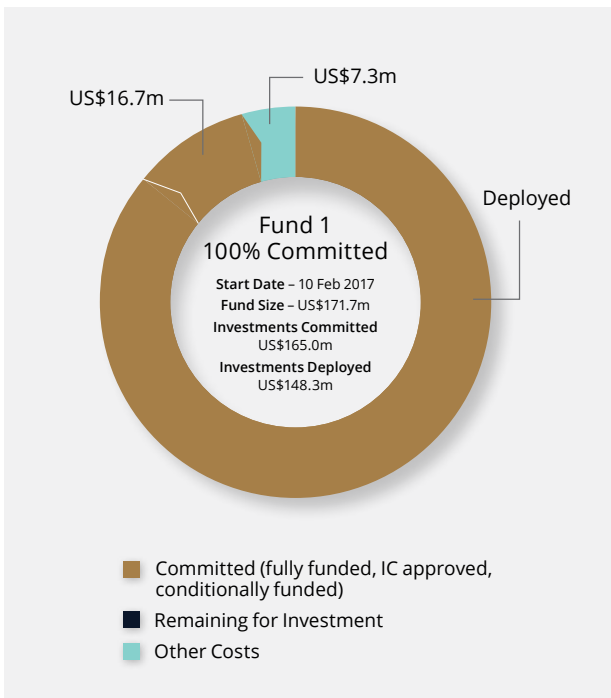
In February 2017, the Group launched its first fund, Fund 1 for US investments. The Group and an external investor have committed up to US\$171.670 million to this Fund to be deployed on US cases over a three year investment period. The external investor's capital commitment is for 75% with OBL funding 25%. Under the Fund's NCI waterfall, the external investor is entitled to a capped priority return on invested capital and a further preferred return on committed but undrawn capital, after which OBL is entitled to a manager return and its invested capital. The residual net cash flows received are distributed 85% to OBL and 15% to the external investor.

By 30 June 2020, the Fund's exclusivity period had completed; and it had committed 100% of its available capacity as shown graphically below. Future US investments will be made by Fund 4.

Funds 2 & 3

In October 2017, the Group launched its second fund, (collectively) Funds 2 & 3 which are mandated to make non-US investments. Funds 2 & 3 invest in litigation in jurisdictions outside the USA. The external investors' capital commitment is for 80% with OBL funding 20%. The Funds' economics and NCI waterfall profile for investors and OBL is similar to Fund 1, except that (i) the preferred return is a slightly different rate and (ii) the residual net cash flows received on investments are distributed 80% to OBL and 20% to the external investors.

At 30 June 2020, Funds 2 & 3 were committed to 98.5% of available capacity as shown diagrammatically below:



Directors' Report

continued

Operating and financial review (continued)

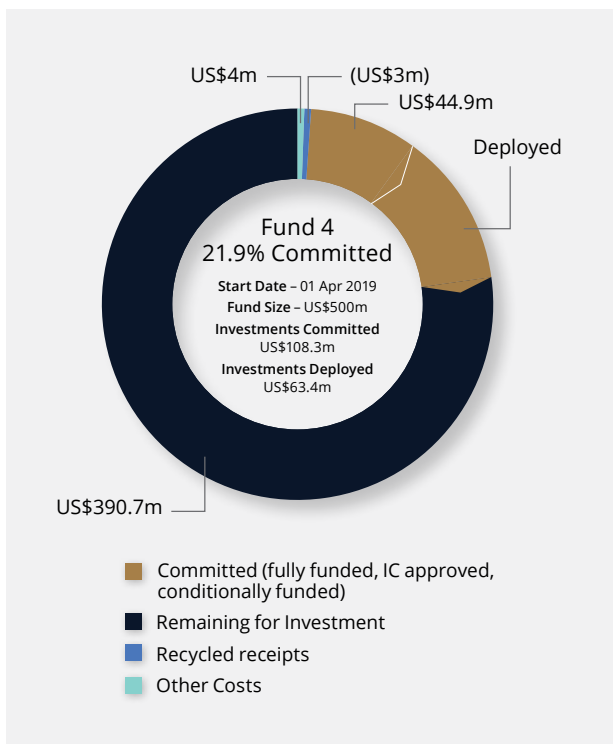
Fund 4

In November 2018, OBL successfully raised its fourth fund, a US centric investment structure established to follow on from the US investment activity of Fund 1. It has capital commitments of US\$500.000 million (series I), with the potential to increase to US\$1.000 billion (with Series II). 20% of the capital is to be provided by OBL, 80% is from external investors.

OBL will periodically receive management, advisory, administration and performance fees in relation to the Fund from the external investors in the Fund.

OBL receives its investor return on its committed capital pari passu with the external investors.

At 30 June 2020, the Fund has committed 21.9% of its available capacity as shown graphically below.



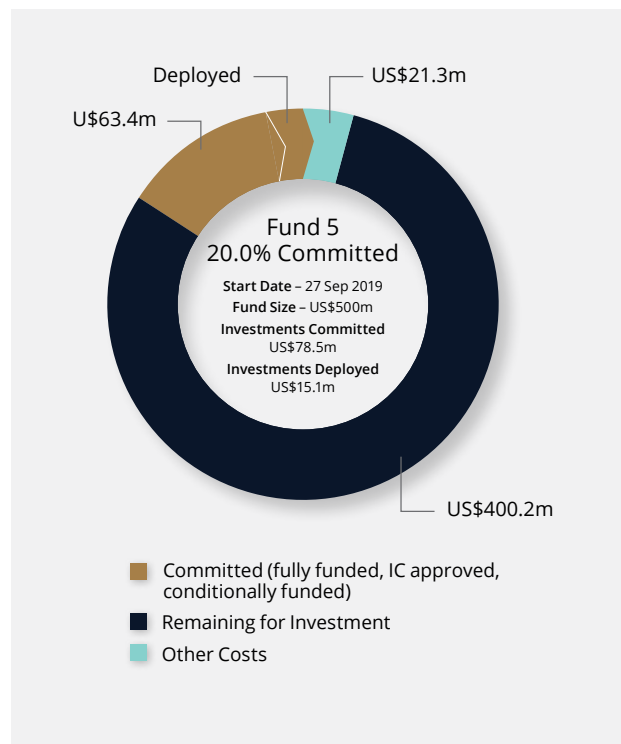
Fund 5

On 20 June 2019, OBL successfully launched its fifth fund, Fund 5. This is a non-US-centric investment structure established to follow the rest of world investment activity of Funds 2 & 3. It has capital commitments of US\$500.000 million (series I), with the potential to increase to US\$1.000 billion (with series II). 20% of the capital is to be provided by OBL, and 80% is from external investors.

OBL will periodically receive management, advisory, administration and performance fees in relation to the Fund.

OBL will receive its investor return on its committed capital pari passu with the external investors.

At 30 June 2020, the Fund has committed 20.0% of its available capacity as shown graphically below.



Operating and financial review (continued)

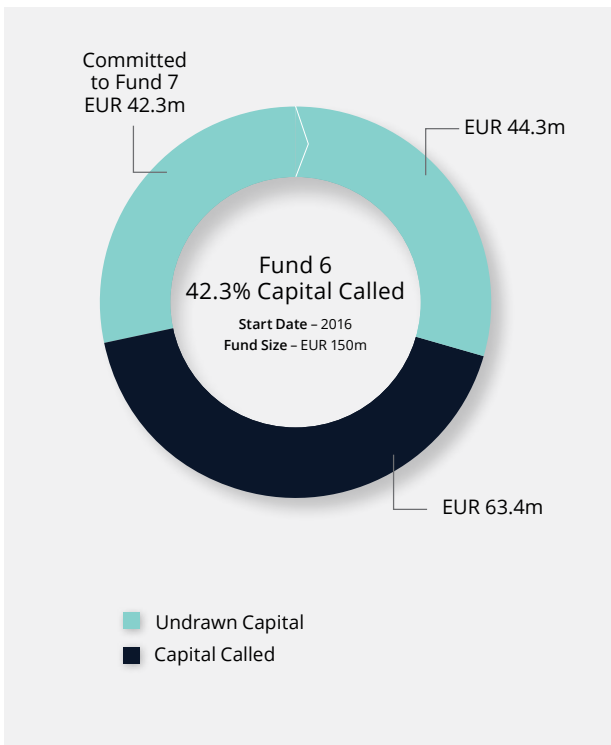
Fund 6

Fund 6 was created in 2016 and was acquired by the Group as part of the November 2019 acquisition of OBE. This is an EMEA focused investment structure established to invest in litigation, arbitration and enforcement proceedings, and for the work-out and monetisation of claims. It has capital commitments of EUR \$150.000 million, 5% of the capital is to be provided by OBL, and 95% is from external investors.

OBL will periodically receive management, advisory, administration and performance fees in relation to the Fund.

OBL will receive its investor return on its committed capital pari passu with the external investors. Under the Funds' economics and NCI waterfall profile returns are attributed between OBL and investors based on the category of underlying case.

At 30 June 2020, the Fund was 42.3% called as shown graphically below.



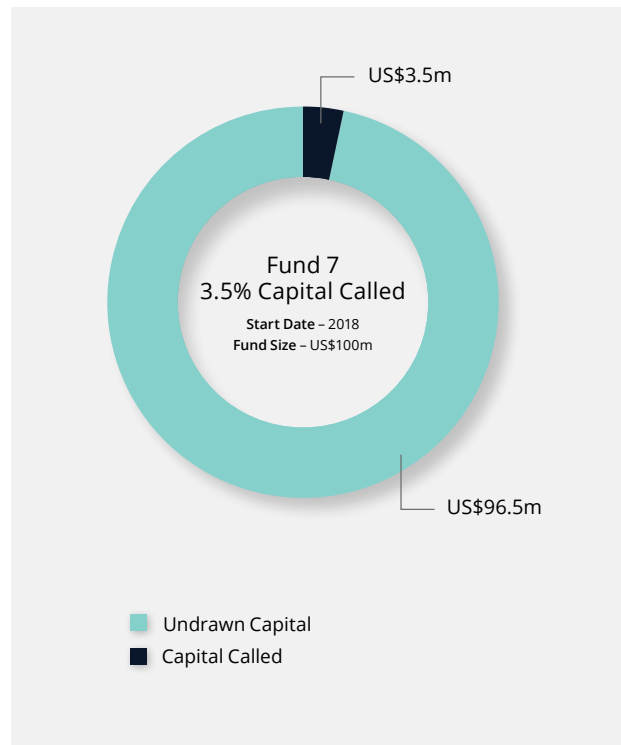
Fund 7

Fund 7 was created in 2018, as a joint initiative with the International Finance Corporation (part of the World Bank) and was acquired by the Group as part of the November 2019 acquisition of OBE. The Fund began operations during the year. This is a MENA focused investment structure established to focus on Bank non-performing loans in the Middle East and North Africa. It has capital commitments of USD \$100.000 million, 50% of the capital is to be provided by Fund 6, and 50% (comprising 20% of capital and 30% by way of a loan) from International Finance Corporation as an external investor.

OBL will periodically receive management, advisory, administration and performance fees in relation to the Fund.

Under the distribution waterfall, funds will be applied firstly to repay the IFC debt, after which Fund 6 is entitled to its investor return on its committed capital pari passu with the external investor.

At 30 June 2020, the Fund was 3.5% called as shown graphically below.



Directors' Report

continued

Operating and financial review (continued)

In any given year the Group's profitability is significantly dependent upon the outcome of funded investments that complete in the year. However, the successful completion of an investment and the timing of that completion is not ultimately within the Group's control. Legislative, regulatory, judicial and policy changes may have an impact on future profitability.

The Group endeavours to have a mix of cases it is funding at any one time. These can broadly be categorised as law firm portfolios, patent and intellectual property claims, commercial, insolvency, corporate, arbitration claims, appeal, whistle-blower claims and multi-party actions. The global expansion also creates diversification across jurisdictions.

At 30 June 2020, there were 277 investments in the Group's portfolio. During the year 51 new investments commenced, 183 were purchased as part of the OBE acquisition and 40 investments completed including withdrawals. In aggregate the 277 investments at 30 June 2020 had an Estimated Portfolio Value of \$13.516 billion.

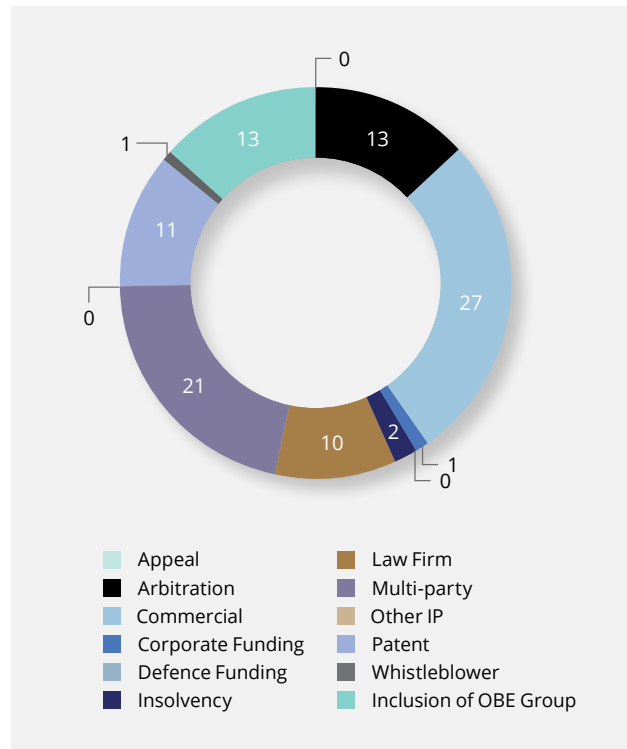
Rest of the World

Since its acquisition of Omni Bridgeway Holding B.V., the Group has funded 21 new investments, and 15 pre-existing investments have completed.

At 30 June 2020 there are a total of 235 non-US investments in the entire rest of the world portfolio: 13 on balance sheet investments; 31 in Funds 2&3; 11 in Fund 5 and 180 in Fund 6. During the year a total of 42 new investments commenced and 33 completed (including withdrawals). There were four losses (2019: 1) and there were five withdrawals (2019: 1). Two investments are currently on appeal (2019: 2).

Since 2001, there have been a total of 246 funded non-US investments, with 189 completions. Since August 2011, there have been a total of 123 funded non-US investments and 92 completions, excluding withdrawals.

EPV by investment type (%)



Operating and financial review (continued)

US

Since entering the US in 2011, a total of 81 investments have been funded, with 39 completions.

At 30 June 2020 there are 42 US investment in the portfolio: 3 being on the balance sheet, 30 in Fund 1 and 9 in Fund 4. During the year 9 new US investments commenced and 7 completed (2019: 10), one of which was a loss (2019: 3) and there were no withdrawals (2019: 0).

The "two Ws"

The Wivenhoe Dam and Westgem investments are direct balance sheet investments.

The **Wivenhoe Dam** class action involves people who suffered loss in the Brisbane floods of 2011, who alleged the increased flooding was caused by the negligence of the dam operators. There is a participation agreement between OBL and a co-funder to share the costs (including any adverse costs) and any return from this claim. A positive judgment for OBL's funded client was received on 29 November 2019. However two of the three defendants have appealed that decision with the hearing of the appeal scheduled in May 2021.

The **Westgem** investment concerns a property developer alleging improper conduct in relation to loans for a property development by a bank. The trial commenced in March 2018 and concluded in July 2018. Judgment is reserved.

Operating results for the financial year

The following summary of operating results reflects the Group's performance for the year ended 30 June 2020:

Shareholder Returns	2020	2019
Basic loss per share (cents per share)	(4.90)	(24.40)
Diluted loss per share (cents per share)	(4.90)	(24.40)
Return on assets (NPAT/average assets)	1.9%	(5.8%)
Return on equity (NPAT/average equity)	2.7%	(8.2%)
Net debt/equity ratio % *	N/A	N/A

The comparatives have not been restated for the impact of adopting *AASB16 Leases* (AASB16) with effect from 1 July 2019 using the modified retrospective approach.

* Net debt (cash and short term deposits less total debt) is positive as cash and short term deposits are greater than total debt.

Investment Returns Metrics

Since the purchase of Omni Bridgeway Holding B.V., its investment completions have demonstrated a (i) 1.98 times ROIC on the purchased fair values and (ii) 3.83 times ROIC on their invested cost.

The Group in total has completed 227 (2019: 192) investments since listing, excluding withdrawals, with an average investment period of 2.7 years (2019: 2.6 years). The Group has generated a ROIC of 1.32 times (excluding overheads) (2019: 1.34 times).

Employees

At 30 June 2020, the Group employed 159 permanent staff (full time equivalents and including the three executive directors), who provide investigative, information technology, accounting and management expertise (2019: 97 full time equivalent permanent staff).

The non-US business employs 136 staff (2019: 75) including 67 investment managers and legal counsel; 49 of these are within the Omni Bridgeway Holding B.V. business. The US business has 23 staff (2019: 22) including 17 investment managers and legal counsel.

Directors' Report

continued

Operating and financial review (continued)

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

Name	Date commenced	EPV (crystallised) \$'000	Proceeds \$'000	Intangible derecognition		Net gain/(loss)		Attributed to		ROIC		IRR
				incl capitalised overheads \$'000	excl capitalised overheads \$'000	incl capitalised overheads \$'000	excl capitalised overheads \$'000	OBL \$'000	NCI \$'000	incl capitalised overheads	excl capitalised overheads	excl capitalised overheads
INTANGIBLES												
Forge securities	20/2/14	16,500	7,540	(5,497)	(3,897)	2,043	3,643	2,043	-	0.4x	0.9x	29%
Confidential	24/2/14	6,000	-	(2,234)	(1,910)	(2,234)	(1,910)	(2,234)	-	(1.0x)	(1.0x)	-
Confidential	27/2/15	43,000	9,342	(9,453)	(8,232)	(111)	1,110	(111)	-	(0.0x)	0.1x	9%
UGL securities	31/3/17	18,000	9,040	(5,637)	(5,115)	3,403	3,925	3,403	-	0.6x	0.8x	59%
Sirtex Medical Group	19/12/17	50,000	11,344	(4,810)	(4,216)	6,534	7,128	6,534	-	1.4x	1.7x	107%
Williamstown	4/8/16	86,000	31,413	(12,674)	(10,456)	18,739	20,957	18,739	-	1.5x	2.0x	62%
Bellamy's Australia	23/2/17	30,000	11,384	(3,789)	(2,849)	7,595	8,535	7,595	-	2.0x	3.0x	105%
Department of Defence	15/3/17	34,000	15,828	(8,758)	(7,616)	7,070	8,212	7,070	-	0.8x	1.1x	55%
Ongoing investments		N/A	12,300	(3,156)	(3,156)	9,144	9,144	9,144	-	N/A	N/A	N/A
Other		N/A	475	(1,145)	(659)	(670)	(184)	(670)	-			N/A
Direct balance sheet investments			108,666	(57,153)	(48,106)	51,513	60,560	51,513	-	0.9x	1.3x	
Confidential	28/11/17	205,135	32,172	(21,052)	(20,219)	11,120	11,953	(833)	11,953	0.5x	0.6x	26%
Confidential	18/4/19	98,544	10,751	(7,477)	(7,404)	3,274	3,347	(73)	3,347	0.4x	0.5x	71%
Confidential	21/9/18	54,217	6,093	(3,293)	(3,105)	2,800	2,988	(188)	2,988	0.9x	1.0x	52%
Confidential	22/10/18	13,303	1,369	(860)	(829)	509	540	(31)	540	0.6x	0.7x	83%
Ongoing investments		N/A	13,518	(13,401)	(13,341)	117	177	(60)	177	N/A	N/A	N/A
Other		N/A	397	(2,743)	(2,571)	(2,346)	(2,174)	(172)	(2,174)			N/A
Fund 1 investments			64,300	(48,826)	(47,469)	15,474	16,831	(1,357)	16,831	0.3x	0.4x	
Confidential	26/10/18	21,612	1,112	(625)	(568)	487	544	(57)	544	0.8x	1.0x	63%
Murray Goulburn	29/6/18	42,000	12,615	(3,159)	(2,630)	9,456	9,985	(529)	9,985	3.0x	3.8x	396%
RAAF Base Tindal	13/6/18	92,500	29,966	(8,324)	(7,362)	21,642	22,604	(962)	22,604	2.6x	3.1x	205%
Confidential	10/9/19	15,913	3,485	(585)	(500)	2,900	2,985	(85)	2,985	5.0x	6.0x	2657%
Other		N/A	-	(446)	(1,252)	(446)	(1,252)	806	(1,252)			N/A
Funds 2 & 3 investments			47,178	(13,139)	(12,312)	34,039	34,866	(827)	34,866	2.6x	3.1x	
Confidential	21/6/19	198,716	29,465	(25,384)	(25,323)	4,081	4,142	(61)	4,142	0.2x	0.2x	149%
Ongoing investments		N/A	263	(78)	(78)	185	185	-	185	N/A	N/A	N/A
Other		N/A	1,208	(1,541)	(1,506)	(333)	(298)	(35)	(298)			N/A
Fund 4 investments			30,936	(27,003)	(26,907)	3,933	4,029	(96)	4,029	0.1x	0.1x	
Other			-	(68)	(68)	(68)	(68)	-	(68)			
Fund 5 investments			-	(68)	(68)	(68)	(68)	-	(68)	(1.0x)	(1.0x)	

Operating and financial review (continued)

Name	Proceeds \$'000	Intangible derecognition		Net gain/(loss)		Attributed to		ROIC	
		incl capitalised overheads	excl capitalised overheads	incl capitalised overheads	excl capitalised overheads	OBL	NCI	incl capitalised overheads	excl capitalised overheads
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000		
Confidential	4,180	(2,775)	(2,084)	1,405	2,096	(691)	2,096	0.5x	1.0x
Confidential	739	(164)	(104)	575	635	(60)	635	3.5x	6.1x
Confidential	115	-	-	115	115	-	115	0.0x	0.0x
Ongoing investments	356	(400)	(221)	(44)	135	(179)	135	N/A	N/A
Other	1,043	(1,512)	(2,558)	(469)	(1,515)	1,046	(1,515)		
Fund 6 investments	6,433	(4,851)	(4,967)	1,582	1,466	116	1,466	0.3x	1.2x
TOTAL INTANGIBLES	257,513	(151,040)	(139,829)	106,473	117,684	49,349	57,124	0.7x	0.9x

Name	Revenue \$'000	Amortisation of claims		Net gain/(loss)		Attributed to		ROIC	
		incl capitalised overheads	excl capitalised overheads	incl capitalised overheads	excl capitalised overheads	OBL	NCI	incl capitalised overheads	excl capitalised overheads
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000		
CLAIMS PORTFOLIO									
Confidential	14,115	(7,401)	(1,767)	6,714	12,348	(5,634)	12,348	0.9x	7.0x
Confidential	7,678	(5,340)	(2,435)	2,338	5,243	(2,905)	5,243	0.4x	2.2x
Other	(99)	(1,779)	(1,678)	(1,878)	(1,777)	(101)	(1,777)		
TOTAL CLAIMS PORTFOLIO	21,694	(14,520)	(5,880)	7,174	15,814	(8,640)	15,814	0.5x	2.7x

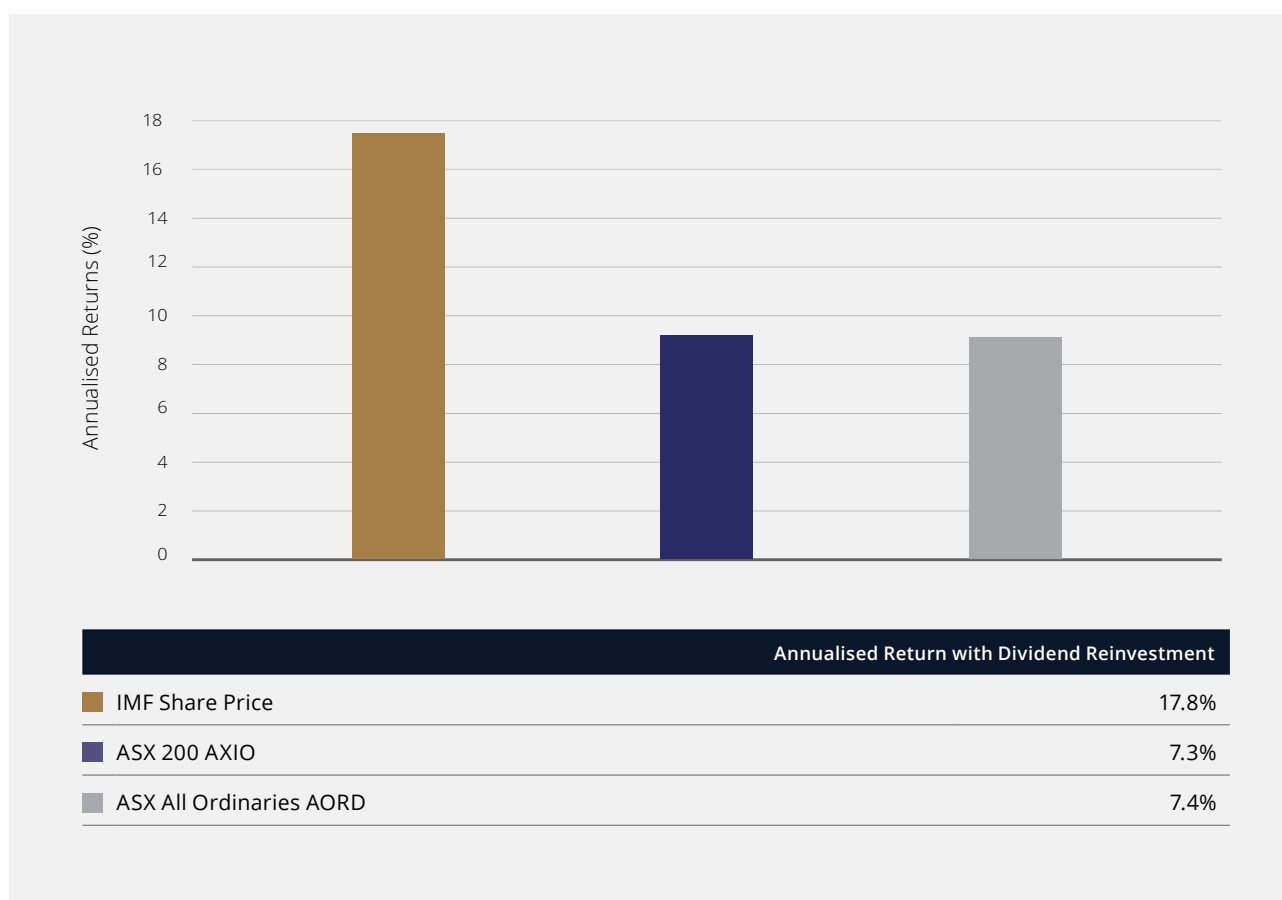
Name	Expense		Net gain/(loss)		Attributed to				
	incl capitalised overheads	excl capitalised overheads	incl capitalised overheads	excl capitalised overheads	OBL	NCI			
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000			
IMPAIRMENT EXPENSE									
Direct balance sheet investments	(5,116)	(4,692)	(5,116)	(4,692)	(5,116)	-			
Fund 1 investments	(9,867)	(7,174)	(9,867)	(7,174)	(2,693)	(7,174)			
Funds 2 & 3 investments	(1,430)	(1,193)	(1,430)	(1,193)	(237)	(1,193)			
Fund 4 investments	6	6	6	6	-	6			
Fund 6 investments	(772)	(772)	(772)	(772)	-	(772)			
TOTAL IMPAIRMENT EXPENSE	(17,229)	(13,825)	(17,229)	(13,825)	(8,096)	(9,133)			
TOTAL	279,207	(182,789)	(159,534)	96,418	119,673	32,613	63,085	0.5x	0.8x

Directors' Report

continued

Operating and financial review (continued)

OBL's share price closed at \$4.77 per share on 30 June 2020 (2019: \$2.92). OBL entered the ASX top 200 companies on 22 June 2020. Since entering the ASX 300 index in 2011, OBL has outperformed the major indices on an annualised basis from 30 June 2011 to 30 June 2020 as detailed below:



Liquidity and capital resources

The consolidated Statement of Cash Flows illustrates that there was a decrease in cash and cash equivalents for the year ended 30 June 2020 of \$33.982 million (2019: increase of \$63.435 million). Operating activities used \$50.181 million of net cash outflows (2019: net cash outflow of \$36.796 million), whilst cash flows used in investing activities were \$77.406 million (2019: net cash outflow of \$80.862 million), and financing activities raised \$93.605 million (2019: net cash inflow of \$181.093 million) principally as a result of cash inflows from issue of shares.

Operating and financial review (continued)

Asset and capital structure

	2020 \$'000	2019 \$'000	Change %
Cash and short term deposits	194,384	226,460	(14%)
Total interest-bearing debt	(149,468)	(143,972)	4%
Net cash	44,916	82,488	(46%)
Total equity	767,201	515,497	48%
Working Capital Ratio	3.7:1	2.2:1	66%

There are 760,000 Bonds on issue with a face value of \$100 each. The Omni Bridgeway 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 is 22 December 2022, with a first issuer call date of 8 January 2022 and an increase in the margin of 1.0% applying from 1 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 OBL, with guarantees provided by certain wholly-owned subsidiaries. OBL has the discretion to redeem the Notes prior to the maturity date on 8 January in each year between 2022 and 2024 (inclusive), and again on 8 July 2025. To the extent OBL exercise its early redemption right it will pay a redemption premium, of between zero and 2%.

Profile of interest-bearing debt

The profile of the Group's interest-bearing debt finance is as follows:

	2020 \$'000	2019 \$'000	Change %
Current			
Omni Bridgeway Bonds	-	-	100%
Fixed Rate Notes	-	71,455	(100%)
Leases	2,870	-	100%
	2,870	71,455	(96%)
Non-current			
Omni Bridgeway Bonds	73,942	72,517	2%
Fixed Rate Notes	69,842	-	100%
Leases	2,814	-	100%
	146,598	72,517	102%
Total interest-bearing debt¹	149,468	143,972	4%

¹ Face value of the Bonds and Notes is \$148,000 million. \$76,000 million relates to the Omni Bridgeway Bonds restructured in December 2018, while Fixed Rate Notes of \$72,000 million were refinanced in December 2019. The carrying value of the debt is net of transaction costs and debt premium (See Note 17).

Directors' Report

continued

Operating and financial review (continued)

Shares issued during the year

On 23 October 2019, the Company issued 23,939,201 shares to institutional investors as a 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 the retail portion of the entitlement offer at \$3.40 per share.

Capital expenditure

For the year ended 30 June 2020, capital expenditure has remained consistent from the prior year at \$0.416 million. The total additions to the carrying amount of property, plant and equipment has increased to \$9.241 million during the year ended 30 June 2020 from \$0.442 million in the prior year, primarily due to assets acquired through the business combination with the OBE Group and the recognition of right-of-use assets.

Risk management

The Group's major risk continues to be the choice of cases to be funded. The Company has an investment protocol in relation to case selection and a rigorous due diligence process which ensures that only cases with very good chances of success are accepted for funding. The Group also insures a portion of the adverse costs order exposure in relation to certain investments on its own balance sheet and all investments in Funds 2 & 3 and Fund 5 are covered by After-The-Event insurance policies.

Another risk which requires constant management is liquidity. OBL's strategic plan addresses this risk through the introduction of fund structures that reduce OBL's direct capital exposure to potential investment losses.

There is currently portfolio concentration risk associated with investments in the Wivenhoe and Westgem investments. However, the company's diversification strategy has reduced this risk for future periods. There are 277 investments in the current portfolio (2019: 83). The overall average investment size for the group's entire portfolio is \$2.267 million. The OBE Group's cases average \$0.840 million. Excluding the new OBE Group portfolio, the average investment size is \$5.139 million (2019: \$5.144 million).

OBL also constantly monitors proposed legislative, regulatory, judicial and policy changes that may affect litigation funding in the markets in which it operates.

OBL, like all businesses, faces the risk of damage to its reputation, name or brand which could materialise from various sources. The Group aspires to maintain an excellent reputation for strong risk management discipline, a client-centric approach and an ability to be flexible and innovative. The Group recognises the serious consequences of any adverse publicity or damage to reputation, whatever the underlying cause. We have various policies and practices to mitigate reputational risk, including strong values that are regularly and proactively reinforced. Strategic and reputational risk is mitigated as much as possible through detailed processes and governance involving escalation procedures from investment managers to management and from management to the board, and from regular, clear communication with shareholders, clients and all stakeholders. Whilst seeking to clearly differentiate itself in the industry, OBL may suffer indirect reputational damage from the actions of other participants that draw criticism of the industry more broadly.

Significant changes in the state of affairs

Total equity increased 49% to \$767.201 million from \$515.497 million at 30 June 2020. There have been no significant changes in the Company's state of affairs during this reporting period other than as is disclosed in this report.

Significant events after reporting date

There have been no significant events after the reporting date.

Likely developments and expected results

Based upon EPV, approximately 29% of the investment portfolio at 30 June 2020 is anticipated to complete in FY21. (2019: 38%)

The estimated completion period is OBL's current estimate of the period in which the case may be finalised. The case may finalise earlier or later than the identified period for various reasons. Completion means finalisation of the litigation by either settlement, judgment or arbitrator determination, for or against the funded client. It may not follow that the financial result will be accounted for in the year of finalisation. Completion period estimates are prepared at case inception and reviewed and updated where necessary on a quarterly basis.

The Group does not provide forecasts in light of the difficulty in estimating the finalisation of its investments but provides an indication of its view of the possible completion dates and EPV in the quarterly portfolio reports.

OBL expects demand for its funding to continue in each of its markets. Competition is expected to increase in coming years with new entrants in each market. Litigation funding is considered non-cyclical or uncorrelated to underlying economic conditions.

Environmental regulation and performance

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

Share options

Unissued shares

As at the date of this report there were 17,302,007 share performance rights on issue (2019: 15,601,589).

Indemnification and insurance of directors and officers

During the financial year the Company has paid premiums in respect of an insurance contract insuring all the directors and officers of the Group against any legal costs incurred in defending proceedings for conduct other than, amongst others:

- (a) wilful breach of duty; or
- (b) contravention of sections 182 or 183 of the *Corporations Act 2001*, as may be permitted by section 199B of the *Corporations Act 2001*.

The total amount of premiums paid under the insurance contract referred to above was \$1,261,000 during the current financial year (2019: \$678,000).

Indemnification of auditors

To the extent permitted by law, the Company has agreed to indemnify its auditors, EY, as part of the terms of its audit engagement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify EY during or since the financial year.

Letter from the Chairman of the Remuneration Committee

Dear Shareholder,

On behalf of the Board of directors ("Board") and as Chairman of the Remuneration Committee, I am pleased to present OBL's 2020 Remuneration Report.

Our 2015 five-year Strategic Business Plan resulted in OBL implementing a variable remuneration framework designed to align executive reward and shareholder value and to incentivise the achievement of our strategic vision over the longer term. The variable remuneration framework was developed to reflect industry standards and to ensure that Key Management Personnel ("KMP") and executives are aligned to and rewarded for delivering sustained Group performance.

We will undertake a review of our variable remuneration framework as part of the implementation of the new five year strategic business plan with the aim of ensuring the optimum alignment of remuneration outcomes with sustained Group performance.

The levels of fixed remuneration of the Group's senior employees are reflective of the private practice professional services market within which OBL competes for talent. Investment managers are invariably at or around the partner level of legal practices prior to joining OBL. Under the total remuneration arrangements, a material portion of staff remuneration is 'at-risk' and linked to both short-term and long-term performance.

The Group's variable remuneration framework for KMP, senior executives and investment managers (collectively "Senior Staff") consists of two components:

- a Short-Term Incentive Plan ("STIP") which provides for an annual cash payment, subject to the achievement of key financial and non-financial performance objectives; and
- an equity-based Long-Term Incentive Plan ("LTIP") that provides for an annual grant of performance rights. Vesting of performance rights is contingent on performance against two metrics, positive relative Total Shareholder Return ("TSR") and Compound Annual Growth Rate ("CAGR") of the intangible asset balance ("Funds Deployed"), both measured over a three-year performance period.

For those employees participating in the STIP, the target STIP payment for the 2020 financial year is capped at 40% of an employee's Total Fixed Remuneration ("TFR"). Following two years when no STIP payments have been earned due to losses being recorded, we are pleased to report that in light of the profit level for the 2020 financial year, STIP payments will be made and the exact level of those payments will vary depending on individual performance against KPIs.

The LTIP for Senior Staff is designed to complement the STIP as a form of 'at-risk' remuneration tied to long-term performance for the key contributors to the business. The LTIP directly aligns shareholders' and participants' interests.

We are pleased to report that the metrics assessed over the three-year vesting period, for the performance rights granted in FY2018, have been exceeded and 100% vesting will be effected. For the TSR performance metric, we note that, consistent with the last two years, the vesting result would have been unaltered had the comparator group for current awards been in effect for the FY18 performance rights. This is largely a reflection of the share price appreciation over the three year performance period.

The Board remains confident that OBL's remuneration policies support the Group's financial and strategic goals and we will continue to review the target metrics to ensure the consistent alignment of employees' and business focus with those of shareholders. We are committed to transparency and an ongoing dialogue with shareholders on remuneration.

On behalf of the Board, I invite you to review the full report and thank you for your continued interest.

Yours faithfully



Michael Bowen
Chairman of the Remuneration Committee

Remuneration Report (Audited)

This Remuneration Report outlines the director and KMP remuneration arrangements of the Group in accordance with the requirements of the *Corporations Act 2001* (Cth) and its Regulations. For the purposes of this report, KMP of the Group are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Group, directly or indirectly, including any director (whether executive or otherwise) of OBL.

Key management personnel

Details of OBL's Key Management Personnel for the 2020 financial year are:

(i) Directors

Michael Kay	Chairman and Non-Executive Director
Andrew Saker	Managing Director and Chief Executive Officer
Hugh McLernon	Executive Director
Raymond van Hulst	Executive Director (appointed 9 April 2020)
Michael Bowen	Non-Executive Director
Karen Phin	Non-Executive Director
Christine Feldmanis	Non-Executive Director

(ii) Executives

Stuart Mitchell	Group Chief Financial Officer
Jeremy Sambrook	Group General Counsel and Company Secretary

Due to the Company's shift towards funds management, Clive Bowman and Charlie Gollow are no longer considered KMP. There were no other changes to OBL's KMP after the reporting date and before the financial report was authorised for issue.

Remuneration Committee

The Remuneration Committee of the Board of directors of the Company is responsible for determining and reviewing remuneration arrangements for the Board and KMP.

The Remuneration Committee assesses the appropriateness of the nature and amount of the emoluments of the Board and KMP on a periodic basis by reference to relevant employment market conditions, with the overall objective of ensuring the best stakeholder benefit from the Board and KMP. During the year, the Comparator Group used for the Long Term Incentive Plan (LTIP) was assessed with involvement from PwC, who provided two alternative Comparator Groups that could be adopted by the Remuneration Committee. PwC were paid \$37,000 for remuneration consulting services and no other services were provided by PwC during the 2020 financial year. The Board is satisfied that the recommendation provided was free from undue influence by eligible participants of the LTIP.

Remuneration philosophy

The performance of the Group is heavily dependent upon the quality of its directors and KMP. Accordingly, the Company must attract, motivate and retain highly skilled directors and executives.

The Group embodies the following principles in its remuneration framework:

- determination of appropriate market rates for the fixed remuneration component recognising that the majority of investment professionals are most comparable to partners in private practice professional services businesses; and
- establishment of appropriate performance hurdles for the variable remuneration component.

Remuneration structure

In accordance with best practice corporate governance, the structure of non-executive director and KMP remuneration is separate and distinct. The STIP and LTIP are products of an external remuneration review that was conducted in 2015 and are reflective of industry standards. The Remuneration Committee will undertake a review of the STIP and LTIP structures as part of the implementation of the new five year strategic business plan with the aim of ensuring continued alignment of remuneration outcomes with sustained Group performance.

Non-executive director remuneration

Fees and payments to non-executive directors reflect the demands which are made on, and the responsibilities of, the non-executive directors. Non-executive directors' fees and payments totalled \$525,000 (including superannuation), as disclosed in the following tables in this report. At the 2015 Annual General Meeting, shareholders approved payments up to \$700,000 to non-executive directors.

There are no retirement allowances for non-executive directors, nor do they participate in any incentive programs. Non-executive directors may, however, elect to have a portion of their remuneration paid into their personal superannuation plans.

Executive remuneration

Objective

The Group aims to reward executives with a level and mix of compensation elements commensurate with their position and responsibilities, within the following framework:

- reward executives for Group and individual performance against targets set to appropriate benchmarks;
- align the interests of executives with those of shareholders;
- link rewards with the internal strategic goals of the Group; and
- ensure total compensation is competitive by market standards.

Directors' Report

continued

Remuneration Report (Audited) (continued)

Structure

It is the Remuneration Committee's policy that employment contracts are entered into with all KMP. Details of these contracts are provided below (see Executive Employment Contracts).

Compensation consists of the following key elements:

- **fixed remuneration** consisting of base salary, superannuation and benefits; and
- **variable remuneration** consisting of a cash component short term incentive plan (STIP) and performance right component long term incentive plan (LTIP).

Fixed remuneration

The levels of fixed remuneration of OBL's senior employees are reflective of the private practice professional services market within which the Company competes for talent. Investment managers are invariably at or around the partner level of legal practices prior to joining OBL.

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

Variable remuneration

Objective

The objective of the variable compensation incentive is to reward executives in a manner that aligns this element of their compensation with the values, strategic objectives and internal key performance indicators of the Group. The total potential incentive available is set at a level which balances the aim of providing sufficient incentive to the executive to achieve operational targets with the participation interests of shareholders in the outcomes of such achievements.

Structure

Short Term Incentive Plan

The purpose of STIP is to provide an annual 'at-risk' incentive to participants linked to the achievement of specific financial and non-financial performance objectives. The STIP performance measures were chosen as they reflect the core drivers of short - term performance and also provide a framework for delivering sustainable value to the Group, its shareholders and other stakeholders.

Key features of the STIP include:

- Applicable employees will be eligible to be considered by the Remuneration Committee to participate in the STIP, which will be delivered as an annual cash payment.
- The STIP opportunity is expressed as a percentage of their total fixed remuneration.
- At the beginning of the financial year, financial and non-financial performance objectives will be set with reference to an employee's role and contribution to the Group. Key performance indicators are set for individuals aligned to the strategic and commercial objectives of the business incorporated in the approved business plan and budget, risk and compliance policies and procedures, and cultural, leadership and behavioural expectations. The KPIs are targeted to the individual roles and their ability to influence each of these pillars of performance, from an outcome perspective and in respect to how they go about achieving the results.
- If elected prior to the start of the financial year, and with approval of the remuneration committee, senior executives have the option of foregoing their STIP allocation and electing to receive 100% of their at-risk remuneration in performance rights, under the same terms as the existing LTIP structure.
- At the end of the financial year, actual performance will be assessed against the pre-set financial and non-financial performance objectives set at the beginning of the year.

The maximum STIP incentive for participating employees is 40% of TFR. The STIP metrics set for the 2020 financial year were:

- Target 1 – Between 25% and 50% of the STIP opportunity (or 10% to 20% of the employees' fixed salary) will be awarded to employees if the Group achieves growth in net profit before tax (before bonus) of between 5% and 15%; and
- Target 2 – 50% of the STIP opportunity (or 20% of the employees' fixed salary) will be awarded if employees achieve their non-financial objectives (which are set individually).

In financial years where no net profit before tax (before bonus) is achieved, it is at the discretion of the Remuneration Committee as to whether to pay STIP.

Remuneration Report (Audited) (continued)

Long Term Incentive Plan

The LTIP complements the STIP as a form of 'at-risk' remuneration tied to long-term performance. The LTIP encourages equity ownership and directly aligns shareholders' and participants' interests.

Key features of the LTIP include:

- Eligible participants include employees and contractors performing an investment role, senior employees or contractors in non-investment roles, directors and company secretaries.
- Awards will be granted annually as performance rights over OBL ordinary shares.
- The LTIP opportunity will be expressed as a percentage of TFR.
- The value of the LTIP opportunity is set at 60% (or 100%, if LTIP has been elected and approved to replace forgone STIP) of TFR calculated on face value by reference to Omni Bridgeway Limited's volume weighted average share price at the start of the applicable period.
- If elected prior to the start of the financial year, and with approval of the remuneration committee, senior executives have the option of foregoing their STIP allocation and electing to receive 100% of their at-risk remuneration in performance rights, under the same terms as the existing LTIP structure.
- Two performance metrics have been set and the performance rights, or a portion thereof, will vest in three years on the following basis:
 - i. Target 1 – TSR measurements will comprise 50% of the LTIP opportunity:
 - TSR must be positive overall between the issuance of the performance rights and the vesting date.
 - The Company's TSR will then be compared to a peer group, at 30 June 2020, which will include listed entities in the ASX 300 Diversified Financials industry group with a market capitalisation below \$10 billion. For the 2020 financial year, this group consists of the following companies:
 - Magellan Financial Group Limited
 - Janus Henderson Group PLC
 - Eclix Group Limited
 - IOOF Holdings Limited
 - Netwealth Group Limited
 - OFX Group Limited
 - Pinnacle Investment Management Group Limited
 - Pental Group Limited
 - Platinum Asset Management Limited
 - Flexigroup Limited
 - AMP Limited
 - Money3 Corporation Limited
 - Hub24 Limited
 - Challenger Limited
 - Perpetual Limited
 - Credit Corp Group Limited
 - Navigator Global Investments Limited

Directors' Report

continued

Remuneration Report (Audited) (continued)

- The TSR component will vest in accordance with the following vesting schedule:

TSR Percentile Ranking	Percentage Vesting
Less than the 50th percentile	Nil vesting
Equal to the 50th percentile	50% vesting
Between the 50th and 75th percentile	Between 50% and 100%, determined on a straight-line basis
Equal to the 75th percentile or above	100% vesting

- ii. Target 2 – The Group will measure the compound annual growth rate of Funds Deployed which will comprise 50% of the LTIP opportunity:

- CAGR of the Funds Deployed component will vest in accordance with the following schedule:

Funds Deployed CAGR	Percentage Vesting
Below 5% CAGR	Nil vesting
At 5% CAGR	50% vesting
Between 5% CAGR and 7% CAGR	Between 50% and 100%, determined on a straight-line basis
7% CAGR and above	100% vesting

These performance conditions have been chosen to ensure the remuneration of executives and KMP is aligned with the Group's strategy to increase the OBL portfolio, invest in future income and potential earnings capacity, and create shareholder wealth.

In addition to the above, shareholder approval was obtained at the General Meeting on 14 February 2020 to amend the LTIP for future issues as follows:

- The number of Performance Rights issued to an Eligible Participant is determined by reference to their Total Fixed Remuneration and the Company VWAP to an applicable date of
 - 30 June of the preceding Financial Year; or
 - 31 December of the preceding Half Financial Year, depending on when a participant became eligible to participate in the LTIP.
- The definition of "Comparator Group" to mean
 - such companies or entities, being not less than 6, selected by the Remuneration Committee with effect from the applicable Start Date, and each being in the diversified financial industry sector, listed on the ASX and having a market capitalisation of between 50% and 200% of the Company's market capitalisation on the applicable date of invitation, save that the Remuneration Committee may at any time thereafter during the relevant Performance Period, add any other company or entity to such group which satisfies the above criteria (as at the date of such addition) and may remove any company or entity within the group which no longer satisfies such criteria (as at the date of such removal), save that where such removal results in the group comprising less than 6 companies and entities, the Remuneration Committee shall, to the extent such company or entity exists, add another company or entity to such group which satisfies the above criteria (as at the date of such addition) in order to maintain, so far as possible, that the group comprises a minimum of 6 companies or entities; or
 - such industry or market index selected by the Remuneration Committee, in its absolute discretion, with effect from the applicable Start Date.

Remuneration Report (Audited) (continued)

Group Performance

The objectives and philosophy of the Remuneration Committee are based upon aligning the performance of the Group's employees with increasing value to shareholders. The graph on page 32 shows the performance of the Group as measured by its share price and compared to other shares listed on the ASX.

The following is a summary of the Group's earnings per share (shown as cents per share) over the last five years:

	2016	2017	2018	2019	2020
OBL share price at 30 June (\$)	1.53	1.89	3.00	2.92	4.77
Dividends paid per share (cents)	7.50	7.00	3.00	-	7.00
Earnings / (loss) per share (cents)	12.08	8.82	(6.25)	(24.40)	(4.90)
Diluted earnings / (loss) per share (cents)	12.08	8.47	(6.25)	(24.40)	(4.90)

Note, comparatives have been restated for the impact of the bonus element of the entitlement offers during the 2020 financial year. Comparatives have not been restated for the impact of adopting *AASB 9, Financial Instruments* and *AASB 15 Revenue from Contracts with Customers* in 2019 and *AASB 16 Leases* in 2020.

Executive Employment Contracts

Andrew Saker, Managing Director and CEO:

- contract commenced 5 January 2015;
- gross salary package of \$1,250,000 pa including superannuation;
- salary may be reviewed by the Board from time to time;
- notice period by the employee is 12 months and 6 months' notice by the Company; and
- As approved by shareholders at the AGM held on 21 November 2018, upon termination on good terms, the following termination payment arrangements apply:
 - i. the notice periods specified above;
 - ii. 12 months' salary; and
 - iii. statutory entitlements.
- As approved by shareholders at the AGM held on 21 November 2018, if termination occurs due to the provision of six months notice by OBL, or the provision of notice by Mr Saker in situations where either a material breach of his executive services agreement occurs, there is a material diminution of Mr Saker's role or if Mr Saker is unfit due to illness or injury then in addition to the above the following benefit is paid:
 - i. A payment calculated by reference to the number of shares Mr Saker would have retained from any unvested performance rights multiplied by the 5-day VWAP calculated at the date such performance rights would have vested had they continued to be held.

Hugh McLernon, Executive Director:

- contract commenced 1 July 2007;
- gross salary package of \$1,200,000 pa including superannuation;
- salary to be reviewed annually;
- notice period by either the employee or the Company is 12 months; and
- no other termination payment arrangements (excluding statutory entitlements) apply other than the notice period specified above.

Directors' Report

continued

Remuneration Report (Audited) (continued)

Raymond van Hulst, Executive Director:

- contract commenced 21 April 2020;
- gross salary package of CHF518,376 pa;
- salary to be reviewed annually;
- notice period by either the employee or the Company is 3 months; and
- no other termination payment arrangements (excluding statutory entitlements) apply other than the notice period specified above.

Stuart Mitchell, Chief Financial Officer:

- contract commenced 12 November 2018;
- gross salary package of \$450,000 pa including superannuation;
- salary to be reviewed annually;
- notice period by either the employee or the Company is 6 months; and
- no other termination payment arrangements apply other than the notice periods specified above.

Jeremy Sambrook, General Counsel and Company Secretary:

- contract commenced 18 January 2016;
- gross salary package of \$420,000 pa including superannuation;
- salary to be reviewed annually;
- notice period by either the employee or the Company is 6 months; and
- no other termination payment arrangements apply other than the notice periods specified above.

(a) Remuneration of Key Management Personnel

Table 1: Remuneration for the year ended 30 June 2020

2020	Short-term benefits		Post-employment	Long term benefits	Share based payments	Termination payments	Total remuneration	Performance related %
	Salary & fees	Cash bonus accrued ¹	Super-annuation /pension	Leave entitlements	Share performance rights			
	\$	\$	\$	\$	\$	\$	\$	%
<i>Directors</i>								
Michael Kay	205,488	–	19,512	–	–	–	225,000	0%
Andrew Saker	1,228,997	–	21,003	49,740	1,044,170	–	2,343,910	45%
Hugh McLernon	1,178,997	–	21,003	112,421	994,545	–	2,306,966	43%
Raymond van Hulst ²	512,313	97,179	25,209	29,340	26,391	–	690,432	15%
Michael Bowen	91,324	–	8,676	–	–	–	100,000	0%
Karen Phin	91,324	–	8,676	–	–	–	100,000	0%
Christine Feldmanis	91,324	–	8,676	–	–	–	100,000	0%
<i>Executives</i>								
Stuart Mitchell	428,997	180,000	21,003	37,592	168,798	–	836,390	42%
Jeremy Sambrook	398,997	168,000	21,003	19,708	224,490	–	832,198	47%
Total	4,227,761	445,179	154,761	248,801	2,458,394	–	7,534,896	

1 The 2020 bonus has been accrued and will be paid in the 2021 year.

2 Performance rights relating to the FY2020 issue have not been granted to Mr van Hulst during the 2020 financial year as they are subject to shareholder approval. Should shareholder approval be obtained, Mr van Hulst will receive 31,946 performance rights (Tranche 1:15,973 and Tranche 2: 15,973) on the same terms as the FY20 LTIP disclosed in Note 30 of the financial statements.

Remuneration Report (Audited) (continued)

Table 2: Remuneration for the year ended 30 June 2019

2019	Short-term benefits		Post-employment	Long term benefits	Share based payments		Total remuneration \$	Performance related %
	Salary & fees \$	Cash bonus accrued ¹ \$	Super-annuation \$	Leave entitlements \$	Share performance rights \$			
<i>Directors</i>								
Michael Kay	205,384	-	19,616	-	-	-	225,000	0%
Andrew Saker	1,200,000	-	20,531	35,166	693,946	-	1,949,643	36%
Hugh McLernon	1,129,469	-	20,531	(53,987)	654,148	-	1,750,161	37%
Michael Bowen	91,324	-	8,676	-	-	-	100,000	0%
Wendy McCarthy	39,182	-	3,722	-	-	-	42,904	0%
Karen Phin	91,324	-	8,676	-	-	-	100,000	0%
Christine Feldmanis	56,912	-	5,407	-	-	-	62,319	0%
<i>Executives</i>								
Clive Bowman	904,469	-	20,531	(40,211)	462,775	-	1,347,564	34%
Charlie Gollow	579,469	-	20,531	8,883	300,178	-	909,061	33%
Stuart Mitchell	248,150	-	14,153	5,831	39,510	-	307,644	13%
Jeremy Sambrook	379,469	-	20,531	7,976	170,012	-	577,988	29%
Total	4,925,152	-	162,905	(36,342)	2,320,569	-	7,372,284	

¹ No bonus in respect of the 2019 financial year was accrued for KMP.

The following table outlines the proportion of maximum STIP earned by KMP in the 2020 financial year.

	Maximum STIP opportunity (% of TFR)	% of maximum earned
Andrew Saker ²	0%	0%
Hugh McLernon ²	0%	0%
Raymond van Hulst	40%	100%
Stuart Mitchell	40%	100%
Jeremy Sambrook	40%	100%

² Elected to receive 100% of variable remuneration as LTIP.

In recognition of the financial performance of the Group, the Remuneration Committee has determined that the maximum STIP is payable for the 2020 financial year. The Group expects to pay the STIP in FY21. In considering the payment of the STIP and bonus the directors considered the impact of COVID-19. The performance of the Group has not been impacted such that there has been an impact in this regard. Refer to Note 25 for the bonus provision recorded as at 30 June 2020.

Directors' Report

continued

Remuneration Report (Audited) (continued)

(b) Share performance rights awarded, vested and lapsed during the year

2020	Tranche 1 performance rights awarded during the year Number	Fair value of Tranche 1 performance rights at grant date ¹ \$	Tranche 2 performance rights awarded during the year Number	Fair value of Tranche 2 performance rights at grant date ¹ \$	Total performance rights awarded during the financial year Number	Grant date	Vesting date	Expiry Date	Value of performance rights granted during the year \$	Total performance rights vested during the year Number	Value of performance rights remaining to be expensed to profit & loss \$	
<i>Directors</i>												
Michael Kay	-	-	-	-	-	-	-	-	-	-	-	
Andrew Saker	217,366	3.93	217,366	4.33	434,732	14/02/2020	30/06/2022	1/07/2034	1,795,661	420,104	1,455,917	
Hugh McLernon	208,671	3.93	208,671	4.33	417,342	14/02/2020	30/06/2022	1/07/2034	1,723,831	395,984	1,393,075	
Raymond van Hulst ²	-	-	-	-	-	-	-	-	-	-	-	
Michael Bowen	-	-	-	-	-	-	-	-	-	-	-	
Karen Phin	-	-	-	-	-	-	-	-	-	-	-	
Christine Feldmanis	-	-	-	-	-	-	-	-	-	-	-	
<i>Executives</i>												
Stuart Mitchell	46,951	3.93	46,951	4.33	93,902	14/02/2020	30/06/2022	1/07/2034	387,862	-	298,085	
Jeremy Sambrook	43,821	3.93	43,821	4.33	87,642	14/02/2020	30/06/2022	1/07/2034	362,005	120,518	291,568	
Total	516,809		516,809		1,033,618				4,269,359	936,606	3,438,645	

2019	Tranche 1 performance rights awarded during the year Number	Fair value of Tranche 1 performance rights at grant date ¹ \$	Tranche 2 performance rights awarded during the year Number	Fair value of Tranche 2 performance rights at grant date ¹ \$	Total performance rights awarded during the financial year Number	Grant date	Vesting date	Expiry Date	Value of performance rights granted during the year \$	Total performance rights vested during the year Number	Value of performance rights remaining to be expensed to profit & loss \$	
<i>Directors</i>												
Michael Kay	-	-	-	-	-	-	-	-	-	-	-	
Andrew Saker	205,405	1.35	205,405	2.43	410,810	21/11/2018	30/06/2021	1/07/2033	776,431	543,588	704,427	
Hugh McLernon	193,535	1.35	193,535	2.43	387,070	21/11/2018	30/06/2021	1/07/2033	731,562	512,688	663,789	
Michael Bowen	-	-	-	-	-	-	-	-	-	-	-	
Wendy McCarthy	-	-	-	-	-	-	-	-	-	-	-	
Karen Phin	-	-	-	-	-	-	-	-	-	-	-	
Christine Feldmanis	-	-	-	-	-	-	-	-	-	-	-	
<i>Executives</i>												
Clive Bowman	93,402	1.60	93,402	2.67	186,804	1/07/2018	30/06/2021	1/07/2033	398,266	412,380	407,142	
Charlie Gollow	60,585	1.60	60,585	2.67	121,170	1/07/2018	30/06/2021	1/07/2033	258,334	267,490	264,091	
Stuart Mitchell	27,798	1.60	27,798	2.67	55,596	1/07/2018	30/06/2021	1/07/2033	118,531	-	79,020	
Jeremy Sambrook	35,341	1.60	35,341	2.67	70,682	1/07/2018	30/06/2021	1/07/2033	150,694	144,890	154,053	
Total	616,066		616,066		1,232,132				2,433,818	1,881,036	2,272,522	

1 The fair value of performance rights is determined at the time of grant as prescribed in AASB 2. For details on the valuation of performance rights, including models and assumptions used, refer to Note 30.

2 Performance rights relating to the FY2020 issue have not been granted to Mr van Hulst during the 2020 financial year as they are subject to shareholder approval.

Remuneration Report (Audited) (continued)

Share performance right holdings of Key Management Personnel

2020	Balance 1 July 2019 Number	Granted as remuneration Number	Performance rights exercised Number	Balance 30 June 2020 Number	Exercisable Number	Not exercisable Number
<i>Directors</i>						
Michael Kay	-	-	-	-	-	-
Andrew Saker	1,849,081	434,732	-	2,283,813	1,438,272	845,541
Hugh McLernon	1,743,346	417,342	-	2,160,688	1,356,276	804,412
Raymond van Hulst ¹	-	-	-	-	-	-
Michael Bowen	-	-	-	-	-	-
Karen Phin	-	-	-	-	-	-
Christine Feldmanis	-	-	-	-	-	-
<i>Executives</i>						
Stuart Mitchell	55,596	93,902	-	149,498	-	149,498
Jeremy Sambrook	336,090	87,642	-	423,732	265,408	158,324
Total	3,984,113	1,033,618	-	5,017,731	3,059,956	1,989,721

¹ Performance rights relating to the FY2020 issue have not been granted to Mr van Hulst during the 2020 financial year as they are subject to shareholder approval.

2019	Balance 1 July 2018 Number	Granted as remuneration Number	Performance rights exercised Number	Balance 30 June 2019 Number	Exercisable Number	Not exercisable Number
<i>Directors</i>						
Michael Kay	-	-	-	-	-	-
Andrew Saker	1,438,271	410,810	-	1,849,081	1,018,167	830,914
Hugh McLernon	1,356,276	387,070	-	1,743,346	960,292	783,054
Michael Bowen	-	-	-	-	-	-
Wendy McCarthy	-	-	-	-	-	-
Karen Phin	-	-	-	-	-	-
Christine Feldmanis	-	-	-	-	-	-
<i>Executives</i>						
Clive Bowman	1,090,920	186,804	-	1,277,724	772,410	505,314
Charlie Gollow	707,622	121,170	-	828,792	501,022	327,770
Stuart Mitchell	-	55,596	-	55,596	-	55,596
Jeremy Sambrook	323,466	70,682	(58,058)	336,090	144,890	191,200
Total	4,916,555	1,232,132	(58,058)	6,090,629	3,396,781	2,693,848

Directors' Report

continued

Remuneration Report (Audited) (continued)

(c) Shareholdings of Key Management Personnel

2020	Balance 1 July 2019	Received as remuneration	Share performance rights exercised	Net change other ¹	Balance 30 June 2020
<i>Directors</i>					
Michael Kay	313,049	-	-	103,974	417,023
Andrew Saker	168,863	-	-	11,327	180,190
Hugh McLernon	5,104,402	-	-	290,588	5,394,990
Raymond van Hulst	-	-	-	50,000	50,000
Michael Bowen	1,019,978	-	-	83,146	1,103,124
Karen Phin	23,256	-	-	4,010	27,266
Christine Feldmanis	-	-	-	45,185	45,185
<i>Executives</i>					
Stuart Mitchell	-	-	-	3,941	3,941
Jeremy Sambrook	8,298	-	-	61	8,359
Total	6,637,846	-	-	592,232	7,230,078

2019	Balance 1 July 2018	Received as remuneration	Share performance rights exercised	Net change other ¹	Balance 30 June 2019
<i>Directors</i>					
Michael Kay	307,692	-	-	5,357	313,049
Andrew Saker	163,506	-	-	5,357	168,863
Hugh McLernon	5,299,045	-	-	(194,643)	5,104,402
Michael Bowen	1,009,264	-	-	10,714	1,019,978
Wendy McCarthy	-	-	-	-	-
Karen Phin	23,256	-	-	-	23,256
Christine Feldmanis	-	-	-	-	-
<i>Executives</i>					
Clive Bowman	533,172	-	-	-	533,172
Charlie Gollow	467,058	-	-	-	467,058
Stuart Mitchell	-	-	-	-	-
Jeremy Sambrook	8,298	-	58,058	(58,058)	8,298
Total	7,811,291	-	58,058	(231,273)	7,638,076

¹ Net change other relates to shares subscribed for or transacted on market.

Remuneration Report (Audited) (continued)

(d) Loans to Key Management Personnel

There have been no loans provided to KMP in 2020 (2019: nil).

(e) Transactions with Key Management Personnel

During the year, the Group obtained legal advice from DLA Piper, a legal firm associated with Michael Bowen, totalling \$2,035,577 (2019: \$499,176). The legal advice was obtained at normal market prices. OBL engages a number of different law firms for its external legal advice and hence the relationship with DLA Piper is not exclusive. Michael Bowen does not participate in any board decisions to appoint external counsel when DLA Piper is being considered for engagement.

During the year, OBL refinanced its Fixed Rate Notes. This resulted in transaction costs totalling \$1,776,243 (2019: nil) paid to FIIG Securities, for which Christine Feldmanis is a mutual director. The services were provided at normal market rates.

Refer to Note 35 for details.

- End of Remuneration Report -

Directors' Report

continued

Directors' Meetings

The number of meetings of directors held during the period under review, and the number of meetings attended by each director, were as follows:

	Board Meetings	Project Sub-Committee Meetings	Audit and Risk Committee	Remuneration Committee	Nomination Committee	Corporate Governance Committee
Total number of meetings held:	10	12	2	2	1	3
Meetings Attended:						
M Kay	10	12	2	2	1	3
A Saker	10	12 ²	2 ³	2 ³	1 ³	3 ³
H McLernon	10	–	–	–	–	–
R van Hulst	5 ¹	–	–	–	–	–
M Bowen	10	7	2	2	1	3
K Phin	10	12	2	2	1	3
C Feldmanis	10	8	2	2	1	3

1 Mr van Hulst attended 2 meetings as a board member and 3 meetings by invitation (as he was not eligible to attend other meetings at the time)

2 Mr Saker attended 11 meetings as a member of the sub-committee and 1 meeting by invitation

3 Attended by invitation.

Committee membership

As at the date of this report, the Company had an Audit and Risk Committee, a Remuneration Committee, a Nomination Committee and a Corporate Governance Committee. Directors acting on committees of the board during the year were as follows:

Audit and Risk Committee	Remuneration Committee	Nomination Committee	Corporate Governance Committee
C Feldmanis (Chair)	M Bowen (Chair)	M Kay (Chair)	K Phin (Chair)
M Kay	M Kay	C Feldmanis	M Kay
K Phin	K Phin	M Bowen	M Bowen
M Bowen	C Feldmanis	K Phin	C Feldmanis
		A Saker	

The Project Sub-Committee heading is an amalgam of the various Project Sub-Committees appointed by the board through the year. The purpose of the project sub-committees is to progress strategic matters intra-board meetings and to spread the workload evenly across the non-executive board members. The Project Sub-Committees have been chaired by Michael Kay and vary as to the other non-executive director participants.

Rounding

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

Auditor's Independence Declaration

EY, the Company's auditors, have provided a written independence declaration to the directors in relation to its audit of the Financial Report for the year ended 30 June 2020. This Independence Declaration which forms part of this report, can be found at page 50.

Non-audit services

The directors are satisfied that the provision of non-audit services by EY to the Group is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The nature and scope of each type of non-audit service provided means that auditor independence was not compromised.

EY received or are due the following amounts for the provision of non-audit services:

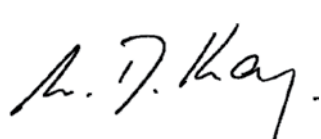
1. Tax compliance services and other non-audit services: \$439,000 (2019: \$12,000).

For further detail regarding auditors' remuneration, refer to Note 36.

Corporate Governance

The Company has an extensive Corporate Governance Manual which enables the Company to interact with its clients and the public in a consistent and transparent manner. For further information on corporate governance policies and procedures adopted by the Company please refer to our website <https://omnibridgeway.com/investors/corporate-governance>.

Signed in accordance with a resolution of the directors.



Michael Kay
Chairman



Andrew Saker
Managing Director

Sydney 24 August 2020

Auditor's Independence Declaration



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Auditor's independence declaration to the directors of Omni Bridgeway Limited

As lead auditor for the audit of Omni Bridgeway Limited for the financial year ended 30 June 2020, 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 audit; and
- b. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Omni Bridgeway Limited and the entities it controlled during the financial year.

A handwritten signature in black ink, appearing to read 'Ernst & Young', written over a horizontal line.

Ernst & Young

A handwritten signature in black ink, appearing to read 'Robert A Kirkby', written over a horizontal line.

Robert A Kirkby
Partner
24 August 2020

Statement of Comprehensive Income

for the year ended 30 June 2020

	Note	Consolidated	
		2020 \$'000	2019 \$'000
Continuing Operations			
Revenue from contracts with customers	2	23,128	114
Interest revenue	3	3,579	4,181
Net gain/(loss) on derecognition of intangible assets	4	106,473	(4,247)
Net gain on disposal of financial assets	12	3,848	-
Other income	5	20,419	5,686
Total income		157,447	5,734
Finance costs	6(a)	1,336	117
Amortisation of claims portfolio	6(b)	14,520	-
Depreciation expense	6(c)	2,912	676
Employee benefits expense	6(d)	50,336	28,541
Corporate and office expense	6(e)	20,043	12,773
Other expenses	6(f)	21,056	11,289
Share of loss in associates		158	-
Profit/(loss) before tax and fair value adjustments		47,086	(47,662)
Loss on fair value of financial liabilities	31	13,597	-
Profit/(loss) before tax		33,489	(47,662)
Income tax expense/(benefit)	7	15,890	(11,514)
Profit/(loss) for the year		17,599	(36,148)
Attributable to:			
Equity holders of the parent	8	(11,542)	(36,098)
Non-controlling interests	33	29,141	(50)
Other comprehensive income			
Items that may be subsequently reclassified to profit and loss:			
Movement in foreign currency translation reserve		(10,981)	(1,810)
Items that will not be subsequently reclassified to profit and loss:			
Movement in foreign currency translation reserve attributed to non-controlling interests		4,091	12,533
Other comprehensive (loss)/income net of tax		(6,890)	10,723
Total comprehensive income/(loss) for the year		10,709	(25,425)
Attributable to:			
Equity holders of the parent		(22,523)	(38,008)
Non-controlling interests		33,232	12,583
Earnings per share attributable to the equity holders of the Company (cents per share)			
Basic loss per share (cents per share)	8	(4.90)	(24.40)
Diluted loss per share (cents per share)	8	(4.90)	(24.40)

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

Statement of Financial Position

as at 30 June 2020

	Note	Consolidated	
		2020 \$'000	2019 \$'000
ASSETS			
Current Assets			
Cash and cash equivalents	16	194,384	226,460
Receivables from litigation contracts and other	20	128,987	16,866
Contract costs	21	939	939
Other assets	22	5,024	1,901
Income tax receivable		-	1,116
Total Current Assets		329,334	247,282
Non-Current Assets			
Receivables from litigation contracts and other	20	5,743	-
Plant and equipment	23	6,922	1,112
Claims portfolio	11	93,680	-
Purchased claims	12	17,019	-
Intangible assets – litigation contracts in progress	13	517,230	426,977
Goodwill	14	103,072	-
Investment in associates and joint ventures	34	4,596	-
Contract costs	21	4,461	5,400
Other assets	22	12,409	9,324
Deferred tax assets	7	26,004	18,848
Total Non-Current Assets		791,136	461,661
TOTAL ASSETS		1,120,470	708,943
LIABILITIES			
Current Liabilities			
Trade and other payables	24	24,044	23,992
Income tax payable		9,557	-
Provisions	25	14,923	15,192
Lease liabilities	26	2,870	-
Debt securities	17	-	71,455
Other liabilities	27	38,336	915
Total Current Liabilities		89,730	111,554
Non-Current Liabilities			
Provisions	25	677	432
Lease liabilities	26	2,814	-
Debt securities	17	143,784	72,517
Deferred income tax liabilities	7	30,747	8,943
Other liabilities	27	85,517	-
Total Non-Current Liabilities		263,539	81,892
TOTAL LIABILITIES		353,269	193,446
NET ASSETS		767,201	515,497
EQUITY			
Contributed equity	18	347,630	205,558
Reserves	19(b)	(5,032)	893
Retained earnings	19(a)	(6,597)	12,494
Equity attributable to equity holders of the parent		336,001	218,945
Non-controlling interests	33	431,200	296,552
TOTAL EQUITY		767,201	515,497

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

Statement of Cash Flows

for the year ended 30 June 2020

	Note	Consolidated	
		2020 \$'000	2019 \$'000
Cash flows from operating activities			
Proceeds from claims portfolio investments		15,004	-
Proceeds from deferred recognition of performance fees		817	-
Payments to suppliers and employees		(53,374)	(35,625)
Payments for transaction costs of acquiring a business		(4,838)	-
Interest income		2,811	4,308
Interest paid		(7,460)	(8,938)
Income tax (paid)/received		(3,904)	3,459
Net cash flows used in operating activities	10	(50,944)	(36,796)
Cash flows from investing activities			
Proceeds from litigation funding		170,978	43,179
Payments for litigation funding – external costs		(183,611)	(116,851)
Payments for litigation funding – capitalised overhead and employee costs		(7,341)	(6,826)
Payments for claims portfolio investments – external costs		(23,210)	-
Proceeds from disposal of financial asset		9,675	-
Payments for plant and equipment		(416)	(364)
Loans to related parties		(938)	-
Loans to third parties		(933)	-
Payments for investment in an associate		(1,743)	-
Payments for acquisition of business	31	(50,212)	-
Net cash acquired in a business combination	31	10,345	-
Net cash flows used in investing activities		(77,406)	(80,862)
Cash flows from financing activities			
Dividends paid		(41,051)	-
Proceeds from raising capital		138,471	76,105
Payments for costs of raising capital		(6,276)	(2,327)
Proceeds from issue of debt		34,284	26,000
Repayment of debt		(34,284)	-
Payments for costs of issuing debt		(2,183)	(3,016)
Payments of lease liabilities		(1,515)	-
Contributions from non-controlling interests		69,092	121,844
Distributions to non-controlling interests		(62,254)	(28,299)
Payments for fund establishment costs		(652)	(10,331)
Receipts for reimbursement of fund establishment costs		736	1,117
Net cash flows from financing activities		94,368	181,093
Net increase in cash and cash equivalents held		(33,982)	63,435
Net foreign exchange difference		1,906	2,794
Cash and cash equivalents at beginning of year		226,460	160,231
Cash and cash equivalents at end of year	16	194,384	226,460

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

Statement of Changes in Equity

for the year ended 30 June 2020

Consolidated	Issued capital \$'000	Share based payments reserve \$'000	Foreign currency translation reserve \$'000	Option premium reserve \$'000	Convertible note reserve \$'000	Fund equity reserve \$'000	Retained Earnings \$'000	Total \$'000	Non-controlling interests \$'000	Total equity \$'000
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)
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 for the year	-	-	-	-	-	-	(11,542)	(11,542)	29,141	17,599
Other comprehensive income	-	-	(10,981)	-	-	-	-	(10,981)	4,091	(6,890)
Total Comprehensive Income for the Year	-	-	(10,981)	-	-	-	(11,542)	(22,523)	33,232	10,709
Equity Transactions:										
Dividend paid / declared	-	-	-	-	-	-	(7,482)	(7,482)	-	(7,482)
Proceeds from shares issued	138,471	-	-	-	-	-	-	138,471	-	138,471
Transaction costs associated with share issue, net of tax	(4,259)	-	-	-	-	-	-	(4,259)	-	(4,259)
Shares issued	6,021	(6,021)	-	-	-	-	-	-	-	-
Share based payments, net of tax	-	12,190	-	-	-	-	-	12,190	-	12,190
Shares issued under Dividend Reinvestment Plan	1,839	-	-	-	-	-	-	1,839	-	1,839
Contributions from non-controlling interests	-	-	-	-	-	-	-	-	69,092	69,092
Distributions to non-controlling interests	-	-	-	-	-	-	-	-	(71,778)	(71,778)
Changes in the proportion of equity held by non-controlling interests	-	-	-	-	-	(1,113)	-	(1,113)	1,993	880
Non-controlling interests arising on a business combination	-	-	-	-	-	-	-	-	102,109	102,109
At 30 June 2020	347,630	23,918	(11,408)	3,404	3,832	(24,778)	(6,597)	336,001	431,200	767,201

	Issued capital \$'000	Share based payments reserve \$'000	Foreign currency translation reserve \$'000	Option premium reserve \$'000	Convertible note reserve \$'000	Fund equity reserve \$'000	(Accumulated loss)/ Retained Earnings \$'000	Total \$'000	Non-controlling interests \$'000	Total equity \$'000
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 year	-	-	-	-	-	-	(36,098)	(36,098)	(50)	(36,148)
Other comprehensive income	-	-	(1,810)	-	-	-	-	(1,810)	12,533	10,723
Total Comprehensive Income for the Year	-	-	(1,810)	-	-	-	(36,098)	(37,908)	12,483	(25,425)
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	2,589	2,498	-	-	-	-	-	5,087	-	5,087
Contributions from non-controlling interests	-	-	-	-	-	-	-	-	121,844	121,844
Distributions to non-controlling interests	-	-	-	-	-	-	-	-	(28,299)	(28,299)
Changes in the proportion of equity held by non-controlling interests	-	-	-	-	-	(15,905)	-	(15,905)	15,905	-
Transaction costs - disposal of non-controlling interests, net of tax	-	-	-	-	-	-	-	-	(885)	(885)
At 30 June 2019	205,558	17,749	(427)	3,404	3,832	(23,665)	12,494	218,945	296,552	515,497

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

Notes to the Financial Statements

for the year ended 30 June 2020

About this Report

The financial report of Omni Bridgeway Limited, formerly IMF Bentham Limited, ("OBL", "the Company" or "the Parent") and its subsidiaries ("the Group" or "consolidated entity") for the year ended 30 June 2020 was authorised for issue in accordance with a resolution of the directors on 24 August 2020. 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.

Omni Bridgeway Limited (ABN 45 067 298 088) is a for profit company incorporated and domiciled in Australia and limited by shares that are publicly traded on the Australian Securities Exchange (ASX code: OBL, formerly IMF).

This section sets out the basis upon which the Group's Financial Statements are prepared. Specific accounting policies are described in the respective notes to the Financial Statements. This section also shows information on new or amended accounting standards and interpretations and their impact on the financial position and performance of the Group.

a. Basis of preparation

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. The financial report has been prepared on a historical cost basis, except for deferred and variable deferred consideration that have been measured at fair value.

The financial report is presented in Australian dollars, being the functional currency of the Parent.

The amounts contained within this report have been rounded to the nearest \$1,000 (where rounding is applicable) under the option available to the Company under ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191.

b. Compliance with IFRS

The financial report also complies with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board.

c. Basis of consolidation

The consolidated financial statements comprise the financial statements of Omni Bridgeway Limited and its subsidiaries as at 30 June 2020. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

The Group includes Fund collective investment vehicles over which Omni Bridgeway Limited has the right to direct the relevant activities of the Fund under contractual arrangements and has exposure to variable returns from the Fund collective investment vehicles. See Note 33.

The financial results of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profits and losses resulting from intra-group transactions have been eliminated in full.

Foreign currency

The Group's consolidated financial statements are presented in Australian dollars, which is also the Parent's functional currency. The Group determines the functional currency of each entity in the Group. The Group uses the direct method of consolidation and on disposal of a foreign operation, the gain or loss that is reclassified to profit or loss reflects the amount that arises from using this method.

Transactions and balances

Transactions in foreign currencies are initially recorded by each entity in the Group at their respective functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are converted at the functional currency spot rates of exchange at the reporting date.

Exchange differences arising on settlement or conversion of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of gain or loss on change in fair value of the item (i.e. translation differences on items whose fair value gain or loss is recognised in other comprehensive income or profit or loss are also recognised in other comprehensive income or profit or loss, respectively).

About this Report (continued)

Group companies

On consolidation, the assets and liabilities of foreign operations are translated into Australian dollars at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation purposes are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

d. New and amended accounting standards and interpretations adopted during the year

The accounting policies adopted are consistent with those of the previous financial year, except for changes to accounting policies as a result of adopting new and amended standards and interpretations effective as of 1 July 2019 and the adoption of accounting policies during the year relating to new transactions and events, as follows:

- Claims portfolio (Note 11);
- Purchased claims (Note 12);
- Goodwill (Note 14);
- Other liabilities (Note 27);
- Business combination (Note 31); and
- Investment in associates and joint ventures (Note 34).

The Group applied *AASB 16 Leases* ("AASB 16") 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 2020, 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 was issued in January 2016 and replaces *AASB 117 Leases* ("AASB 117"), *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).

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 Group classified each of its leases at inception as either operating or finance leases based on the extent to which, risks and rewards incidental to ownership of the leased asset were transferred to the Group.

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 that fall within the scope of AASB 16.

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

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

Notes to the Financial Statements

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About this Report (continued)

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

	1 July 2019 \$'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 June 2019 \$'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

The Group's weighted average incremental borrowing rate was 6% at the date of initial application of AASB 16.

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 is 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. Judgments are reassessed as and when new facts and circumstances come to light. No material impact was noted on the application of Interpretation 23.

e. New and amended accounting standards and interpretations issued but not yet effective

The following accounting standards relevant to the Company and/or the Group have been issued but are not yet effective and have not been applied in these financial statements. New and amended accounting standards that are issued but not yet effective that are not listed below have been deemed to either be not relevant or have no material impact on the Group.

Conceptual Framework for Financial Reporting and relevant amending standards

The revised Conceptual Framework was issued by the AASB in May 2019 and applies to the Group for the financial year beginning 1 July 2020. It includes some new concepts, provides updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts. It is arranged in eight chapters, as follows:

- Chapter 1 – The objective of financial reporting
- Chapter 2 – Qualitative characteristics of useful financial information
- Chapter 3 – Financial statements and the reporting entity
- Chapter 4 – The elements of financial statements
- Chapter 5 – Recognition and derecognition
- Chapter 6 – Measurement
- Chapter 7 – Presentation and disclosure
- Chapter 8 – Concepts of capital and capital maintenance

About this Report (continued)

Amendments to References to the Conceptual Framework in AASB Standards has also been issued, which sets out the amendments to affected standards in order to update references to the revised Conceptual Framework. The changes to the Conceptual Framework may affect the application of AASB in situations where no standard applies to a particular transaction or event. In addition, relief has been provided in applying AASB 3 and developing accounting policies for regulatory account balances using AASB 108, such that entities must continue to apply the definitions of an asset and a liability (and supporting concepts) in the 2010 Conceptual Framework, and not the definitions in the revised Conceptual Framework. The Group is in the process of assessing the impact of the changes and is not yet able to reasonably estimate the impact on its financial statements.

f. Significant accounting judgments, estimates and assumptions

The preparation of the Group's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities at the date of the consolidated financial statements.

Key judgments

In the process of applying the Group's accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognised in the consolidated financial statements:

Consolidation of entities in which the Group holds less than a majority voting right (de facto control)

The Group has assessed the entities in which it has an interest to determine whether or not control exists and the entity is, therefore, consolidated into the Group. These entities are listed in Note 32. For those entities consolidated with an interest less than 51%, the Group uses judgment to determine that it has power to direct the relevant activities of the investee under contractual arrangements and sufficient exposure to variable returns. In reviewing whether the Group has power and sufficient exposure to variable returns the Group considers whether it is acting as a principal or as an agent of the entity.

Taxation

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

Assumptions about the generation of future taxable profits depend on management's estimates of future cash flows as contained in the Group's yearly budget. These depend on estimates of future income, operating costs, capital expenditure, dividends and other capital management transactions.

Judgments and assumptions are also required about the application of income tax legislation. These judgments and assumptions are subject to risk and uncertainty, hence there is a possibility that changes in circumstances will alter expectations, which may impact the amount of deferred tax assets and deferred tax liabilities recognised in the Statement of Financial Position and the amount of other tax losses and temporary differences not yet recognised. In such circumstances, some or all of the carrying amounts of recognised deferred tax assets and liabilities may require adjustment, resulting in a corresponding credit or charge to the Statement of Comprehensive Income.

Lease term of contracts with renewal and termination options – Group as lessee

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has several lease contracts that include extension and termination options. The Group applies judgment in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (eg, construction of significant leasehold improvements or significant customisation to the leased asset).

The Group does not include the renewal period as part of the lease term for leases of motor vehicles because the Group typically leases motor vehicles for not more than five years and, hence, is not exercising any renewal options. The periods covered by termination options are included as part of the lease term only when they are reasonably certain not to be exercised.

Refer to Note 26 for information on potential future rental payments relating to periods following the exercise date of extension and termination options that are not included in the lease term.

Notes to the Financial Statements

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About this Report (continued)

Intangible Assets - Litigation Contracts in Progress

Classification of litigation investments as Intangible Assets - Litigation Contracts in Progress requires judgment on the circumstances and contracts attached to the investment. Refer to Note 13 on the accounting policy on and significant judgments for Intangible Assets - Litigation Contracts in Progress.

Significant estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Covid 19 pandemic

Whilst the pandemic has interrupted dispute resolution systems to different degrees in jurisdictions where the Group has investments, generally they have continued to operate. This has led to some delays in completions, or the expected completion date. In assessing the carrying value and associated impairment of investments, the most up to date estimates of success and timing have been used.

Impairment of non-financial assets

The Group assesses impairment of all required non-financial assets at each reporting date by evaluating conditions specific to the Group and to the particular asset that may lead to impairment. Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The group primarily relies on value in use calculations based on DCF models. The cash flows are derived from either the Group's budget or from estimates made by investment managers. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. These estimates are most relevant to goodwill and other intangibles recognised by the Group. Refer to individual notes for further information around impairment of non- financial assets.

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

Fair value measurement of financial liabilities through profit and loss

Deferred and variable deferred consideration, resulting from business combinations, is valued at fair value at the acquisition date as part of the business combination. When the deferred and 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 option pricing methodology. The key inputs are detailed in the Notes 15, 27 and 31.

About this Report (continued)

Provision for adverse costs

The Group raises a provision for adverse costs when the underlying litigation, arbitration, enforcement or recovery which was funded is lost and the jurisdiction requires adverse costs to be paid to the counter party. When an investment is lost and an appeal is lodged, the Group still raises a provision. The provision raised is the Group's best estimate of the amount of adverse costs it will have to remit. Typically this estimate is between 40% to 70% of the amount spent by the plaintiff, on the basis that there is only one defendant per case. Refer to Notes 25 and 28 for further details on adverse costs.

Measurement of non-controlling interests ("NCI")

Profits and losses are attributed to non-controlling interests in line with the allocation of profit distributions under the terms of the respective agreements with non-controlling investors. Therefore, at the end of each reporting period, the non-controlling interests represents the non-controlling shareholders' share of net assets, as would be distributed under the relevant shareholders or investors agreements at the balance date.

Revenue recognition – estimating variable consideration on management and performance fees

The Group estimates variable considerations to be included in the transaction price for management and performance fees charged. Management fees are based on the level of external investors net deployed capital per quarter and any uncertainty is resolved at the end of the same quarter. Therefore, management fee revenues are recognised quarterly in arrears, corresponding with the delivery of performance obligations. The calculation of performance fees are subject to some uncertainties. Accordingly, performance fee revenue is not recognised until it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur.

A. RESULTS FOR THE YEAR

Note 1: 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 the OBL Group's corporate 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 has remained consistent with that of prior periods, however, the parent entity and wholly owned subsidiaries have been combined for internal reporting purposes and are now shown as Corporate. Comparative information has been restated to align with the new segments.

- Corporate reflects the parent entity and its wholly owned subsidiaries which 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 (Europe, Middle East, Africa), including corporate costs associated with the OBE Group that was acquired in a business combination on 8 November 2019.
- The Group's Funds include:
 - Fund 1 – This comprises Omni Bridgeway (Fund 1) LLC (formerly Bentham IMF 1 LLC), Security Finance (Fund 1) LLC (formerly Security Finance 1 LLC) and HC 1 LLC. The Fund invests in litigation investments in the United States. Fund 1 is consolidated into the Group;
 - Funds 2 & 3 – This comprises Omni Bridgeway (Fund 2) Pty Ltd (formerly IMF Bentham (Fund 2) Pty Ltd) and Omni Bridgeway (Fund 3) Pty Ltd (formerly IMF Bentham (Fund 3) Pty Ltd) and IMF Bentham ROW SPV 1 Limited. These entities jointly invest in litigation investments outside the United States. Funds 2&3 are consolidated into the Group;
 - Fund 4 – This Fund invests in litigation investments in the United States. It consists of a series of parallel investing entities comprising Omni Bridgeway (Fund 4) Invt 1 LP (formerly Bentham Investments 1 LP); Omni Bridgeway (Fund 4) Invt 2 LP (formerly Bentham Investments 2 LP); Omni Bridgeway (Fund 4) Invt 3 LP (formerly Bentham Investments 3 LP); Omni Bridgeway (Fund 4) Invt 4 LP (formerly Bentham Investments 4 LP); Omni Bridgeway (Fund 4) Invt 5 LP (formerly Bentham Investments 5 LP); Omni Bridgeway (Fund 4) Invt 6 LP (formerly Bentham Investments 6 LP); Omni Bridgeway (Fund 4) Invt 7 LP (formerly Bentham Investments 7 LP); Omni Bridgeway (Fund 4) Invt 8 LP (formerly Bentham Investments 8 LP); Omni Bridgeway (Fund 4) Invt 9 LP (formerly Bentham Investments 9 LP); Security Finance (Fund 4) LLC (formerly Security Finance 2 LLC) and Bentham HPCR LP. Fund 4 entities except for Bentham HPCR LP are consolidated into the Group.
 - Fund 5 – Consists of a collective investment group comprising Omni Bridgeway (Fund 5) LP (formerly IMF Bentham (Fund 5) LP), Omni Bridgeway (Cayman) Limited (formerly IMF Bentham (Fund 5) Cayman Investments Ltd), Omni Bridgeway (Fund 5) Australian Invt Pty Ltd (formerly IMF Bentham (Fund 5) Australia Investments Pty Ltd) as well as parallel joint investor, Omni Bridgeway (Fund 5) GPA Pty Ltd (formerly IMF Bentham GPA 5 Pty Ltd). This Fund invests in litigation investments outside the United States. Only the parallel joint investor is consolidated within the Group. The segment note includes the parallel joint investor as well as Omni Bridgeway (Cayman) Limited which is the investment advisor to Fund 5.

Notes to the Financial Statements

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Note 1: Segment information (continued)

- Fund 6: This is an EMEA focused investment structure that was acquired in a business combination on 8 November 2019 and includes the entity responsible for providing the management of Fund 7. Fund 7 itself is not consolidated into Fund 6. It was established to invest in litigation, arbitration and enforcement proceedings, and for the work-out and monetisation of claims. Revenue is derived from enforcement and recovery services and other income is derived from litigation contracts in progress investments and purchased claims. OBL retains control and ownership of Fund 6 via its equity interests. Legal ownership of the investments are spread across the entire OBE Group. Fund 6 is consolidated into the Group.

For Fund 1 and Funds 2 & 3, the non-controlling interest is comprised of an equity interests which carry an entitlement to receive a capped priority return on drawn capital and a further preferred return on committed but undrawn capital. OBL retains control and ownership of the Funds via its equity interests. Upon satisfaction of the non-controlling interests' priority returns, OBL is entitled to a manager return. After satisfaction of the priority return and the manager returns, the residual net cash flows are to be distributed (i) for Fund 1: 85% to OBL and 15% to the non-controlling interests; (ii) for Funds 2 & 3, 80% to OBL and 20% to non-controlling 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 OBL'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 OBL's periodic management fee and transactional based performance fee. OBL 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 OBL's 100% owned parallel joint investor vehicle is consolidated. OBL is entitled to periodic management fees and transactional based performance fees.

For Fund 6, the non-controlling interest is comprised of an equity interest which, together with OBL's interest, carries a case by case entitlement to receive return of capital plus a return on invested capital after OBL's transactional based performance fee. OBL retains control and ownership of the Funds via its equity interest. The Fund has an infinite life and all distributions are discretionary during the investment period.

Intersegment revenue comprises interest revenue on intercompany loans and management fees.

Intercompany interest revenue is recognised in accordance with AASB 9 using the effective interest method.

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.

Inter-segment revenues and expenses are eliminated on consolidation and reflected in the "adjustments and eliminations" column.

Adjustments made in the balance sheet include adjustments to non-current assets to eliminate intercompany loans and investments in subsidiaries on consolidation.

Note 1: Segment information (continued)

	Group (excl Funds)	Funds					Consolidation	
	Corporate \$'000	1 \$'000	2&3 \$'000	4 \$'000	5 \$'000	6 \$'000	Adjustments and eliminations \$'000	Consolidated \$'000
Segment result for the year ended 30 June 2020								
Interest revenue	2,141	192	413	-	-	76	-	2,822
Purchased claims interest revenue	836	-	896	-	-	-	(975)	757
Inter-segment	18,038	-	-	-	-	4,069	(22,107)	-
Revenue from contracts with customers	1,293	-	-	-	141	21,694	-	23,128
Segment revenue	22,308	192	1,309	-	141	25,839	(23,082)	26,707
Net gain/(loss) on derecognition of intangible assets	51,513	16,831	34,866	4,029	(68)	1,466	(2,164)	106,473
Net gain/(loss) on disposal of financial assets	-	-	-	-	-	3,848	-	3,848
Other income	19,815	-	(32)	(5)	(736)	1,314	63	20,419
Total Income	93,636	17,023	36,143	4,024	(663)	32,467	(25,183)	157,447
Impairment expenses	5,166	7,174	1,193	(6)	-	772	2,930	17,229
Amortisation of claims portfolio	-	-	-	-	-	14,520	-	14,520
Expenses	108,434	47	276	156	488	16,274	(47,221)	78,454
Share of loss in associates	-	-	-	-	-	158	-	158
(Loss)/profit before tax and fair value adjustments on financial liabilities	(19,964)	9,802	34,674	3,874	(1,151)	743	19,108	47,086
Fair value adjustments on financial liabilities	(13,597)	-	-	-	-	-	-	(13,597)
(Loss)/profit before tax	(33,561)	9,802	34,674	3,874	(1,151)	743	19,108	33,489
Income tax	(1,056)	(143)	(10,213)	-	(342)	(3,704)	(1,116)	(15,890)
Segment result	(34,617)	9,659	24,461	3,874	(809)	(2,961)	17,992	17,599
Attributable to:								
Equity holders of the parent	(34,617)	-	5,399	968	(809)	(475)	17,992	(11,542)
Non-controlling interests	-	9,659	19,062	2,906	-	(2,486)	-	29,141

	Group (excl Funds)	Funds					Consolidation	
	Corporate \$'000	1 \$'000	2&3 \$'000	4 \$'000	5 \$'000	6 \$'000	Adjustments and eliminations \$'000	Consolidated \$'000
Segment assets and liabilities at 30 June 2020								
Cash ¹	133,205	17,366	6,671	28,533	49	8,560	-	194,384
Other current assets	80,956	5,886	39,390	3	1,368	16,199	(8,852)	134,950
Claims portfolio	-	-	-	-	-	93,680	-	93,680
Purchased claims	-	-	5,726	1	3,032	8,260	-	17,019
Intangible assets	126,655	191,339	51,902	92,017	1,874	33,244	48,199	545,230
Provision for impairment	(8,086)	(13,149)	(1,813)	-	-	(898)	(4,054)	(28,000)
Goodwill	103,072	-	-	-	-	-	-	103,072
Other non-current assets	170,618	(1)	6,894	-	(7,243)	173,791	(283,924)	60,135
Total segment assets	606,420	201,441	108,770	120,554	(920)	332,836	(248,631)	1,120,470
Current liabilities	31,741	1,181	11,721	3,311	(141)	51,725	(9,808)	89,730
Non-current liabilities	198,824	-	5,018	-	-	83,823	(24,126)	263,539
Total segment liabilities	230,565	1,181	16,739	3,311	(141)	135,548	(33,934)	353,269
Net assets	375,855	200,260	92,031	117,243	(779)	197,288	(214,697)	767,201
Equity attributable to:								
Equity holders of the parent	374,098	32,103	23,681	23,190	(779)	96,648	(214,697)	336,001
Contributed equity - NCI	-	127,511	54,871	94,479	-	98,609	-	375,470
Earnings - NCI	-	40,646	13,479	(426)	-	2,031	-	55,730
Total equity	375,855	200,260	92,031	117,243	(779)	197,288	(214,697)	767,201

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

Notes to the Financial Statements

continued

Note 1: Segment information (continued)

	Group (excl Funds)		Funds				Consolidation	
	Corporate \$'000	1 \$'000	2&3 \$'000	4 \$'000	5 \$'000	6 \$'000	Adjustments and eliminations \$'000	Consolidated \$'000
Segment result for the year ended 30 June 2019								
Interest revenue	3,473	55	653	-	-	-	-	4,181
Purchased claims interest revenue	-	-	-	-	-	-	-	-
Inter-segment	14,235	-	-	-	-	-	(14,235)	-
Revenue from contracts with customers	114	-	-	-	-	-	-	114
Segment revenue	17,822	55	653	-	-	-	(14,235)	4,295
Net gain/(loss) on derecognition of intangible assets	4,608	(5,203)	(854)	-	-	-	(2,798)	(4,247)
Net gain/(loss) on disposal of financial assets	-	-	-	-	-	-	-	-
Other income	6,099	-	(73)	-	-	-	(340)	5,686
Total Income	28,529	(5,148)	(274)	-	-	-	(17,373)	5,734
Impairment expenses	1,113	6,545	620	-	-	-	1,291	9,569
Amortisation of claims portfolio	-	-	-	-	-	-	-	-
Expenses	73,251	91	51	42	-	-	(29,608)	43,827
(Loss)/profit before tax	(45,835)	(11,784)	(945)	(42)	-	-	10,944	(47,662)
Income tax	14,843	(69)	218	-	-	-	(3,478)	11,514
Net (loss)/profit	(30,992)	(11,853)	(727)	(42)	-	-	7,466	(36,148)
Attributable to:								
Equity holders of the parent	(30,992)	(11,838)	(727)	(7)	-	-	7,466	(36,098)
Non-controlling interests	-	(15)	-	(35)	-	-	-	(50)

	Group (excl Funds)		Funds				Consolidation	
	Corporate \$'000	1 \$'000	2&3 \$'000	4 \$'000	5 \$'000	6 \$'000	Adjustments and eliminations \$'000	Consolidated \$'000
Segment assets and liabilities at 30 June 2019								
Cash ¹	132,827	49,680	38,326	5,627	-	-	-	226,460
Other current assets	28,003	-	740	-	-	-	(7,921)	20,822
Claims portfolio	-	-	-	-	-	-	-	-
Purchased claims	-	-	-	-	-	-	-	-
Intangible assets	154,287	200,846	34,663	28,456	-	-	18,347	436,599
Provision for impairment	(1,112)	(6,594)	(620)	-	-	-	(1,296)	(9,622)
Goodwill	-	-	-	-	-	-	-	-
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.

Note 1: Segment information (continued)

Geographically, non-current assets, excluding financial assets and deferred tax assets, can be represented geographically as follows:

	Consolidated	
	2020 \$'000	2019 \$'000
Australia	238,041	161,758
United States	295,443	243,604
Canada	17,844	15,585
EMEA	58,512	659
Asia	15,627	6,482
	625,467	428,088

Note 2: Revenue from contracts with customers

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.

(i) Enforcement and recovery services

The nature of services

Revenue is generated from enforcement and recovery services. The revenue generated from recovery services consists of revenue earned for the recovery services provided for various claims such as court judgments, non-performing loans and unpaid account receivables.

Performance obligations

At contract inception, the Group assesses the services promised in its contracts with customers and identifies performance obligations in each promise to transfer to the customer funds recovered from various claims such as court judgments, non-performing loans and unpaid account receivables. Performance obligations are satisfied at a point in time, upon the recovery of each dollar of a judgment.

Transaction price

Almost all revenues from enforcement and recovery services 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. The revenue is based on a percentage of the funds recovered so the uncertainty is typically removed when the funds have been received or settlement agreement has been signed and where applicable, court approval obtained as then the revenue formula can be applied to the outcome.

(ii) Management fees

The management fee revenue earned during the year was derived from Investment Management Agreements with the investors in Fund 4 and Fund 5. The services provided are for the administration of the investor accounts and fund structures. The consideration receivable is considered to be variable consideration and is determined 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. Variable consideration is recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. As the net invested capital is known at the end of each quarter the management fees are able to be calculated and recognised as it is then highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur.

Notes to the Financial Statements

continued

Note 2: Revenue from contracts with customers (continued)

	Corporate \$'000	Fund 5 \$'000	Fund 6 \$'000	Total \$'000
2020				
Type of service				
Enforcement and recovery services	-	-	21,694	21,694
Management fees	1,293	141	-	1,434
	1,293	141	21,694	23,128
2019				
Type of service				
Management fees	114	-	-	114
	114	-	-	114
2020				
Geographical markets				
Europe	-	-	21,694	21,694
Australia	109	-	-	109
United States	1,184	-	-	1,184
Cayman Islands	-	141	-	141
	1,293	141	21,694	23,128
2019				
Geographical markets				
United States	114	-	-	114
	114	-	-	114
2020				
Timing of revenue recognition				
Services transferred at a point in time	-	-	21,694	21,694
Services transferred over time	1,293	141	-	1,434
	1,293	141	21,694	23,128
2019				
Timing of revenue recognition				
Services transferred over time	114	-	-	114
	114	-	-	114

Not included in revenue is \$0.812 million (2019: \$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.

Within enforcement and recovery services income there is revenue from one customer totalling \$14.115 million and another totalling \$7.678 million. Both are in the Fund 6 segment and Europe geographic market.

Note 3: Interest revenue

Interest revenue is recognised using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

The Group earned 91% (2019: 99%) of its interest revenue in Australia. The purchased claims interest revenue relates to the Europe geographical market.

	Consolidated	
	2020 \$'000	2019 \$'000
Interest revenue		
Interest revenue calculated using effective interest rate method	2,822	4,181
Purchased claims interest revenue calculated using the effective interest rate method	757	-
	3,579	4,181

Note 4: Net gain/(loss) on derecognition of intangible assets

Net gain/(loss) on derecognition of intangibles assets is derived from the disposal of the Group's Litigation Contracts in Progress. The accounting policy for Litigation Contracts in Progress is outlined in Note 13.

	Consolidated	
	2020 \$'000	2019 \$'000
Net gain/(loss) on derecognition of intangible assets		
Litigation funding contracts - proceeds	257,513	35,021
Litigation funding contracts - derecognition of intangible (successful investments) ¹	(134,393)	(22,432)
Litigation funding contracts - derecognition of intangible (unsuccessful investments) ²	(16,647)	(16,836)
	106,473	(4,247)

1 This consists of costs related to the Group's derecognition of litigation contracts intangibles on cases that have settled or been won. It includes derecognition of fair value adjustments of \$912,000.

2 This consists of 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. It includes derecognition of fair value adjustments of (\$221,000).

Net gain/(loss) on derecognition of intangible assets can be represented geographically as follows:

	Consolidated	
	2020 \$'000	2019 \$'000
Australia	82,964	5,670
United States	19,343	(8,755)
Canada	3,317	(1,658)
EMEA	1,150	554
Asia	(301)	(58)
Total net gain/(loss) on derecognition of intangible assets	106,473	(4,247)

Notes to the Financial Statements

continued

Note 5: Other income

	Consolidated	
	2020 \$'000	2019 \$'000
Other income		
Foreign exchange gain	17,843	4,269
Other income	2,221	1,417
Fair value gain on equity instruments at fair value through profit or loss	355	-
	20,419	5,686

Note 6: Expenses

Finance costs

Borrowing costs directly attributable to the acquisition and development of a qualifying asset (i.e. an asset that necessarily takes a substantial period of time to get ready for its intended use or sale) are capitalised as part of the cost of that asset. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that the Group incurs in connection with the borrowing of funds. Detailed information is provided in Note 17.

Amortisation of claims portfolio

Amortisation of claims portfolio represents the amortisation of the previously capitalised contract costs relating to the claims portfolio assets due to the completion of the underlying enforcement or recovery claims. Detailed information is provided in Note 11.

Depreciation

The depreciation policy is disclosed in Note 23.

Employee benefits

Provision is made for employee benefits accumulated as a result of employees rendering services up to the end of the reporting period. These benefits include wages, salaries, annual leave, long service leave and bonuses. Liabilities in respect of employees' services rendered that are not expected to be wholly settled within one year after the end of the periods in which the employees render the related services are recognised as long-term employee benefits. These liabilities are measured at the present value of the estimated future cash outflow to be made to the employees using the projected unit credit method. Liabilities expected to be wholly settled within one year after the end of the period in which the employees render the related services are classified as short-term benefits and are measured at the amount due to be paid.

Share based payments

The policy for share based payments is disclosed in Note 30.

Impairment of intangible assets

The policy for intangible assets is disclosed in Note 13.

Note 6: Expenses (continued)

	Consolidated	
	2020 \$'000	2019 \$'000
(a) Finance costs		
Interest on lease liabilities (Note 26)	263	-
Other finance charges	1,073	117
	1,336	117
(b) Amortisation of claims portfolio		
Amortisation of claims portfolio	14,520	-
(c) Depreciation expense		
Depreciation	2,912	676
(d) Employee benefits expense		
Wages and salaries	39,307	19,459
Superannuation expense	1,524	1,509
Directors' fees	496	464
Payroll tax	1,682	1,898
Share based payments	7,313	5,266
Long service leave provision	14	(55)
	50,336	28,541
(e) Corporate and office expense		
Insurance expense	2,711	1,203
Network expense	1,544	903
Marketing expense	1,708	1,381
Occupancy expense	538	1,244
Professional fees expense	11,416	5,723
Recruitment expense	557	995
Travel expense	1,569	1,324
	20,043	12,773
(f) Other expenses		
ASX fees	267	201
General expenses	1,438	661
Amortisation of contract costs	939	235
Postage, printing and stationery	788	481
Repairs and maintenance	41	32
Share registry costs	111	31
Staff training, development and conferences	243	77
Impairment of intangible assets	17,229	9,571
	21,056	11,289

Notes to the Financial Statements

continued

Note 7: Income tax

Income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities based on the current period's taxable income. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Deferred income tax is provided for using the full liability balance sheet method.

Deferred income tax liabilities are recognised for all taxable temporary differences except:

- when the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Income taxes relating to items recognised directly in other comprehensive income are recognised in equity and not in profit or loss.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

Australian consolidated tax group

The Parent Company and its Australian resident wholly owned subsidiaries have formed a tax consolidated group. The Parent Company has entered into tax funding arrangements with its Australian resident wholly owned subsidiaries, pursuant to which each subsidiary has agreed to pay or receive a tax equivalent amount based on the net taxable amount or loss of the subsidiary at the current tax rate. The tax consolidated group has applied the separate taxpayer approach in determining the appropriate amount of current taxes to allocate to each entity.

Other taxes

Revenues, expenses and assets are recognised net of the amount of GST, except:

- when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable; and
- receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

Cash flows are included in the Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority is classified as part of cash flows from operating activities.

Note 7: Income tax (continued)

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

	Consolidated	
	2020 \$'000	2019 \$'000
Statement of Comprehensive Income		
The major components of income tax expense are:		
<i>Current income tax</i>		
Current income tax charge	8,762	(14,354)
Adjustment in respect of current income tax expense of previous year	(14)	24
Refund of foreign state-based taxes	23	254
Current year losses moved to deferred tax asset	5,150	14,910
Other	(545)	(108)
<i>Deferred income tax:</i>		
Relating to origination and reversal of temporary differences	3,649	3,367
Current year losses moved to deferred tax asset	(5,150)	(14,910)
Adjustment in respect of deferred income tax of previous year	563	(592)
Deferred tax assets derecognised	3,019	-
Other	433	(105)
Income tax expense/(benefit) reported in the Statement of Comprehensive Income	15,890	(11,514)
<i>Deferred income tax related to items charged or credited directly to equity</i>		
Deferred tax associated with share-based payments	(7,240)	(1,112)
Deferred tax associated with transaction costs recognised in equity	(763)	(1,049)
Income tax expense reported in equity	(8,003)	(2,161)

A reconciliation between tax expense and the product of accounting profit before income multiplied by the Group's applicable income tax rate is as follows:

	Consolidated	
	2020 \$'000	2019 \$'000
Accounting profit/(loss) before income tax	33,489	(47,662)
At the Group's statutory income tax rate of 30% (2019: 30%)	10,047	(14,298)
Foreign tax rate adjustments	2,605	2,154
Adjustment in respect of income and deferred tax of previous years	548	(568)
Expenditure not allowable for income tax purposes	5,418	3,940
Non-assessable income	(3,742)	-
State income tax	(1,363)	(1,539)
Relating to deductible temporary differences not previously recognised	(514)	(874)
Deferred tax assets derecognised	3,019	-
Other	(128)	(329)
Income tax expense/(benefit) reported in the Statement of Comprehensive Income	15,890	(11,514)

Notes to the Financial Statements

continued

Note 7: Income tax (continued)

	Statement of Financial Position		Statement of Comprehensive Income	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Deferred income tax at 30 June relates to the following:				
CONSOLIDATED				
Deferred income tax liabilities				
Intangibles	59,220	38,348	1,042	(5,468)
Accrued interest & unrealised foreign exchange differences	22	3	(19)	84
Right-of-use assets	1,425	-	(1,425)	-
Receivables	-	38	38	(38)
Other	72	-	(69)	5
Gross deferred income tax liabilities	60,739	38,389	(433)	(5,417)
Deferred income tax assets				
Net operating losses	19,330	16,204	2,028	11,628
Accruals and provisions / bonds raising costs	1,980	4,257	(2,277)	(210)
Share based payments	6,409	6,750	(4,918)	1,363
Leases	71	-	71	-
Expenditure deductible for income tax over time	2,202	2,235	(795)	(1,154)
Gross deferred income tax assets	29,992	29,446	(5,891)	11,627
Net deferred income tax liabilities	30,747	8,943		
Foreign deferred tax assets				
Accruals and provisions	1,369	4	1,365	(111)
Intercompany	55	28	27	(510)
Expenditure deductible for income tax over time	1,500	212	1,288	212
Leases	1,215	-	1,215	-
Share based payments	4,537	4,398	(2,524)	1,698
Deferred tax assets - Foreign net operating losses - federal and state	17,328	14,206	3,122	5,204
Deferred tax assets	26,004	18,848	4,493	6,493
Net deferred income tax			(1,830)	12,703
Movement in foreign exchange			(685)	(463)
Deferred tax expense			(2,515)	12,240

Unrecognised temporary differences and tax losses

At 30 June 2020, the Group had \$3.019 million (30 June 2019: nil) of unrecognised deferred tax assets. This relates to temporary differences and tax losses in its Canadian subsidiaries.

Deferred tax assets relating to USA operations

The deferred tax assets balance includes \$17.362 million (30 June 2019: \$13.350 million) of assets relating to carried forward tax losses of Omni Bridgeway Holdings (USA) Inc (formerly Bentham Holdings Inc). 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. The Group 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, the Group considers there to be convincing other evidence to support the recoverability of these tax losses including:

Note 7: Income tax (continued)

- (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 approximately 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. Fund 1 raised US\$171.670 million (75% external commitments) and 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. OBL has access to more investment capital than at any time in its history;
- (iii) There are 42 US investments. The carrying value of intangibles assets (investments) has increased from \$241.151 million at 30 June 2019 to \$293.237 million at 30 June 2020. 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.

Note 8: Earnings per share

Basic earnings per share is calculated as net profit attributable to members of the Parent, adjusted to exclude any costs of servicing equity (other than dividends), divided by the weighted average number of ordinary shares outstanding during the financial year, adjusted for any bonus element.

Diluted earnings per share is calculated as net profit attributable to members of the Parent, adjusted for:

- costs of servicing equity (other than dividends);
- the after-tax effect of dividends associated with dilutive potential ordinary shares that have been recognised; and
- other non-discretionary changes in revenue or expenses during the period that would result from dilution of potential ordinary shares;
- divided by the weighted average number of shares and dilutive shares, adjusted for any bonus element.

At 30 June 2020, 17,302,007 performance rights (2019: 15,601,589) were on issue as detailed in Note 30. Upon meeting certain performance conditions over the three-year performance period, the vesting of each right will result in the issue of 1 ordinary share. The performance shares are contingently issuable and are therefore not considered dilutive.

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

(a) Earnings used in calculating earnings per share

	Consolidated	
	2020 \$'000	2019 \$'000
For basic and diluted earnings per share		
Total net loss attributable to equity holders of the Parent	(11,542)	(36,098)

(b) Weighted average number of shares

	2020 '000	2019 '000
Weighted average number of ordinary shares outstanding	235,709	194,897
Effect of dilution:		
Performance rights ¹	-	-
Weighted average number of ordinary shares	235,709	194,897

¹ Performance rights granted under the Long Term Incentive Plan are only included in diluted earnings per ordinary share where the performance hurdles are met as at year end and they do not have an anti-dilutive effect. As at 30 June 2020, there were 17,302,007 performance rights on issue that were not included in diluted earnings per share as they were either contingently issuable or were anti-dilutive potential ordinary shares. Details of contingently issuable shares related to deferred and variable deferred consideration that were not included in the diluted earnings per share as they were either contingently issuable or were anti-dilutive potential ordinary shares are detailed in Note 31.

Notes to the Financial Statements

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Note 8: Earnings per share (continued)

The weighted average number of ordinary shares outstanding includes:

- i. The bonus element arising from an institutional offer during the period reflecting the pricing of the offer at a discount to the market value. All periods prior to the institutional offer have been restated to reflect the impact of the bonus element using a bonus adjustment factor of 1.03.
- ii. The bonus element arising from a retail offer during the period reflecting the pricing of the offer at a discount to the market value. All periods prior to the retail offer have been restated to reflect the impact of the bonus element using a bonus adjustment factor of 1.01.

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

Note 9: Dividends paid and proposed by Omni Bridgeway Limited (the parent entity)

(a) Cash dividends on ordinary shares declared and paid

	Consolidated	
	2020 \$'000	2019 \$'000
Final dividend for 2019: nil cents per share (2018: nil cents per share)	-	-
Interim dividend for 2020: 3.0 cents per share (2019: nil cents per share)	7,482	-
	7,482	-

On 24 August 2020, the Directors declared a final fully franked dividend of 4.0 cents per share for the 2020 financial year, totalling \$9,995,000. The record date for this dividend is 2 September 2020 and the payment date will be 25 September 2020. Shareholders are able to elect to participate in the dividend reinvestment plan in relation to this dividend.

On 20 February 2020 the Directors declared a fully franked interim dividend of 3.0 cents per share totalling \$7,482,000. The record date for this dividend was 27 February 2020 and the payment date was 20 March 2020. Shareholders were able to elect to participate in the dividend reinvestment plan in relation to this dividend.

(b) Franking credit balance

	Omni Bridgeway Limited	
	2020 \$'000	2019 \$'000
The amount of franking credits for the subsequent financial year are:		
- Franking account balance as at the end of the previous financial year at 30%	14,766	19,056
- Franking debits arising from the payment of current year's interim dividend	(3,207)	-
- Franking credits arising from the payment of income tax instalments paid during the financial year	-	1,644
- Franking debits arising from the income tax refund received during the financial year	(1,309)	(5,934)
	10,250	14,766

(c) Tax rates

The tax rate at which paid dividends have been franked is 30% (2019: 30%).

Note 10: Statement of cash flows reconciliation

Reconciliation of net profit after tax to net cash flows used in operations:

	Consolidated	
	2020 \$'000	2019 \$'000
Net gain/(loss) after tax	17,599	(36,148)
<i>Adjustments for:</i>		
Fair value adjustments to financial liabilities	(33,225)	-
Net impact of the reclassification of litigation intangibles related cashflows to investing activities	13,364	73,672
Receipts of reimbursement of fund establishment costs	(736)	(1,117)
Fund establishment costs in net loss after tax	-	1,461
Amortisation of claims portfolio	14,520	-
Amortisation of contract costs	939	-
Depreciation	2,912	676
Share based payments	9,084	6,952
Unrealised foreign exchange gain	(17,843)	(3,535)
Lease incentive adjustments	(289)	209
<i>Changes in assets and liabilities</i>		
(Increase)/decrease in receivables	(117,864)	1,393
Increase in other current assets	(3,123)	(490)
Increase in other liabilities	122,938	-
Increase in lease liabilities	5,684	-
Increase in intangibles	(90,253)	(105,709)
Increase in trade creditors and accruals	52	5,945
(Decrease)/Increase in provisions	(24)	691
Increase in deferred tax assets and liabilities	14,648	14,865
Increase in current income tax payable	10,673	4,339
Net cash used in operating activities	(50,944)	(36,796)

Disclosure of financing facilities

Refer to Note 16 and Note 17.

Changes in liabilities arising from financing activities

Refer to Note 17 and Note 26.

Notes to the Financial Statements

continued

B. INVESTMENTS AND INTANGIBLE ASSETS

Note 11: Claims portfolio

The claims portfolio assets consist of the capitalised costs incurred to obtain or fulfill a contract with a customer. These contracts with customers comprise the litigation funding enforcement investment contracts and certain merits-based funding contracts.

Costs incurred to obtain a contract are only capitalised to the investment when it is expected that a contract will be executed, and where those costs will be recoverable. The Group recognises an asset for costs incurred to fulfill a contract if those costs relate directly to the contract, the costs generate or enhance resources of the Group to satisfy performance obligations in the future and the costs are expected to be recovered. All capitalised contract costs are amortised to the profit and loss on a systematic basis that follows delivery of performance obligations to the customer. The satisfaction of performance obligations on the contracts are aligned with each individual dollar of recovery to the customer.

The carrying value of the claims portfolio is measured at cost less amortisation and any impairment loss. At each reporting date an assessment is made on an individual investment by investment basis to determine if the carrying amount of a contract exceeds its recoverable amount. In order to determine the recoverable amount a cashflow model is used which includes forecast revenues and expenses, together with an estimate of directly attributable overheads to complete the contract. If the carrying value exceeds the recoverable amount the difference is recognised as an impairment expense in the profit or loss.

	Consolidated	
	2020 \$'000	2019 \$'000
Acquisition through business combination ¹	98,330	-
Additions to claims portfolio investments	8,123	-
Amortisation of claims portfolio ²	(14,520)	-
Foreign currency adjustment	1,747	-
	93,680	-

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 of OBE. Refer to Note 31 for further information.

2 Amortisation of claims portfolio represents the amortisation of the capitalised contract costs due to successful closing of claims. It includes \$8.540 million of fair value adjustments that originally arose from business combination.

Note 12: Purchased claims

Purchased claims are litigation assets requiring enforcement which have been acquired by the Group. They are classified as purchased credit-impaired financial assets which are initially recognised at fair value.

The credit-adjusted effective interest rate on these financial assets is calculated taking into account the initial lifetime expected credit loss in the estimated cash flows. In determining the lifetime expected credit losses for these financial assets, the Group has taken into account the financial position of the counterparties, the legal environment in which the enforcement occurs, historical default experience and considering various external sources of actual and forecast information, as appropriate.

Purchased claims are subsequently measured at amortised cost by applying the credit-adjusted effective interest rate. The Group recognises –

- i. Interest income through the application of the credit-adjusted effective interest rate to the amortised cost of the purchased claims; and
- ii. Impairment losses and gains, when material, due to the changes in estimated lifetime expected credit losses. At each reporting period the Group reviews the estimated cash flows from purchased claims on an investment by investment basis, estimating the expected recovery, its timing and any other cashflows that may be attributable to the counterparties. The net present value of the cashflows are then determined using the credit-adjusted effective interest rate and the value compared to the carrying value. Where there is a material gain, this gain is recognised by adjusting the gross carrying amount of the receivable. Where there is a material loss, it is recognised as a loss allowance account.

Note 12: Purchased claims (continued)

	Consolidated	
	2020 \$'000	2019 \$'000
Acquisition through business combination ¹	12,028	-
Interests recognized using the effective tax rate method	757	-
Additions to Purchased claims	9,830	-
Purchased claims expenses ²	(5,815)	-
Foreign currency adjustment	219	-
	17,019	-

At 30 June 2020 the fair value of the purchased claims amounted to \$17.019 million and a gross contractual amount of \$173.343 million.

- 1 Purchased claims were acquired through the business combination. Refer to Note 31 for further information.
- 2 Included in the purchased claims expense was \$5.595 million of fair value adjustments that originally arose from business combination.

	Consolidated	
	2020 \$'000	2019 \$'000
Net Gain on disposal of Purchased claims		
Proceeds from purchased claims disposed	9,663	-
Carrying value of purchased claims disposed ¹	(5,815)	-
	3,848	-

- 1 Included in the carrying value of purchased claims disposed of was \$5.595 million of fair value adjustments that originally arose from business combination.

Note 13: Intangible assets – litigation contracts in progress

(a) Recognition and measurement

Litigation Contracts in Progress

Litigation Contracts in Progress are recognised as an intangible asset in the financial statements of the Group as they represent future economic benefits controlled by the Group. The Group is able to control the expected future economic benefit as the Litigation Contracts in Progress may be exchanged or sold. The litigation funding contract does not give rise to an unconditional right to receive cash. Rather, it provides the Group with a right to a share of litigation proceeds which may be in the form of cash or other non-financial assets.

The Group's litigation contracts are not considered contracts with customers as they are collaborative arrangements and there is no vendor-customer relationship established in the contract.

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

Gains or losses arising from derecognition of Litigation Contracts in Progress are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the profit or loss when the asset is derecognised.

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

Notes to the Financial Statements

continued

Note 13: Intangible assets – litigation contracts in progress (continued)

(i) Actions still ongoing:

When litigation is ongoing and pending a determination, Litigation Contracts in Progress are carried at cost (subject to any provision for impairment). Subsequent and ongoing expenditure is capitalised when it meets all the following criteria:

- (a) the Group is able to demonstrate its ability to complete the litigation so that the asset will be available for use and the benefits embodied in the asset will be realised;
- (b) the Group retains control of the asset;
- (c) the Group can demonstrate that it intends to complete the litigation;
- (d) the Group is able demonstrate the availability of adequate technical, financial and other resources to complete the litigation; and
- (e) the Group can measure reliably the expenditure attributable to the intangible asset during the life of the Litigation Contracts In Progress.

Impairment is considered in line with policy described in (c) Impairment testing of intangible assets, below.

(ii) Successful completion:

Where the litigation has been finally determined in favour of the client or a positive settlement has been agreed, such that there is not considered to be a significant risk of reversal, this constitutes a disposal transaction and a gain or loss on disposal of the intangible asset is recognised in the Statement of Comprehensive income. Control of the intangible asset is considered to be transferred as follows:

- For judgments, typically after a judgment has been determined in favour of the Group and the relevant appeal periods have expired; and
- For settlements, typically when settlement agreement is reached and if relevant, court approval is obtained.

(iii) Unsuccessful completion:

Where the litigation is unsuccessful at trial, this is an indication for impairment consideration. If there is a successful appeal decision, this is an indication for reassessment of the impairment. If there is no appeal or the appeal is subsequently lost the asset is written off.

If the claimant, having been unsuccessful at trial, appeals against the judgment, then the future costs incurred by the Group on the investment in relation to the appeal are expensed as incurred.

(b) Reconciliation of carrying amounts

	Consolidated	
	2020 \$'000	2019 \$'000
Balance at 1 July	426,977	321,268
Additions through business combination	53,435	–
Additions - external funding costs	177,578	125,634
Additions - capitalised borrowing costs	10,385	10,127
Additions - capitalised employee costs	10,424	7,274
Additions - capitalised overheads	465	1,239
Derecognitions - external expenditure (successful investment)	(124,297)	(18,503)
Derecognitions - capitalised borrowing costs and overheads (successful investment)	(10,096)	(3,929)
Derecognitions - external expenditure (unsuccessful investment)	(14,501)	(15,197)
Derecognitions - capitalised borrowing costs and overheads (unsuccessful investment)	(2,146)	(1,639)
Provision for impairment	(17,229)	(9,571)
Effect of movement in foreign currency	6,235	10,274
Balance at 30 June	517,230	426,977

Note 13: Intangible assets – litigation contracts in progress (continued)

The carrying value of Litigation Contracts In Progress includes external costs such as solicitors' fees, counsels' fees and experts' fees funded by the Group, the capitalisation of certain directly attributable internal costs of managing the litigation funding investment, such as certain wages, occupancy costs, other out of pocket expenses and the capitalisation of borrowing costs as described below. The capitalised wages in 2020 equated to approximately 22.6% of the Group's total salary costs (2019: 22.6%). The other internal capitalised expenses equated to approximately 46.3% of related overhead costs (2019: 49.8%).

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 7.9% (2019: 7.6%).

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

	Consolidated	
	2020 \$'000	2019 \$'000
External costs funded by the Group	473,170	376,285
Capitalised internal costs	39,000	33,078
Capitalised borrowing costs	33,060	27,185
Gross carrying amount at cost	545,230	436,548
Accumulated impairment	(28,000)	(9,571)
Balance at 30 June	517,230	426,977

(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 expected 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. The discount rate applied ranged between 8.5% and 10% (2019: between 10.0% and 11.5%).

At 30 June 2020, a provision for impairment has been recognised for \$28,000,000 (2019: 9,571,000). The impairment related to twenty-six litigation contract funding investments, with a combined total carrying value prior to impairment of \$40,232,000. During the impairment review, management have determined that either a successful outcome for the case was no longer likely to occur or that the likely award would not recover the current carrying value of the investment. The discount rate used in the impairment assessment of these assets was 8.5%. After taking into account the impairment, at 30 June 2020, the fifteen litigation contract investments have a combined carrying value of \$12,232,000. This amount reflects the net recoverable amount expected to be received from the investments.

Notes to the Financial Statements

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Note 14: Goodwill

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 fair value of the net identifiable assets acquired and liabilities assumed). Goodwill is subsequently measured at cost less any impairment.

Goodwill arose on the acquisition of Omni Bridgeway Holding B.V. and its subsidiaries (collectively known as the OBE Group) accounted for as a business combination. For impairment purposes, Goodwill has been solely allocated to the OBE Group. As at reporting date the goodwill generated has been accounted for provisionally. Refer to Note 31 for further information.

The Group performs its annual impairment test on the goodwill associated with the OBE Group at 30 June each year.

The impairment test performed on the OBE Group goodwill is done via a value-in-use calculation using the following inputs –

- i. Cashflows generated over a 5 year period from the OBE Group's annual budget. The annual budget includes an estimation for all cashflows from operations of the OBE Group, including returns from investments and payments of overheads. The budget cashflows are sensitive to the timing and amount of investment completions. The investment completions refer to income earned from claims portfolio, purchased claims and intangible assets – litigation contracts in progress. The timing of completion and amount of investment income are based on the relevant investment manager's best estimates during the Group's annual budget process and are reviewed internally by management. The cashflows from investment completions have a compound annual growth rate of 25.3% over the cash flow period. This is reflective of the management's estimate of the OBE Group's expected future growth in business activity.
- ii. Discount rate of 12%. The discount rate represents the current assessment of the risks specific to OBE Group CGU, taking into consideration the time value of money and individual risks of the underlying OBE Group investment that have not been incorporated in the cash flow estimates. The discount rate was arrived using the OBL's weighted average cost of capital ("WACC") as a starting base.
- iii. No reasonably possible change in key assumption would result in the carrying amount of the CGU exceeding its recoverable amount.

	Consolidated	
	2020 \$'000	2019 \$'000
Balance at 1 July	-	-
Provisional goodwill recognised on acquisition	101,342	-
Foreign currency adjustment	1,730	-
	103,072	-

C. CAPITAL STRUCTURE

Note 15: Financial risk management

The Group's principal financial instruments comprise cash and short-term deposits, purchased claims, receivables, payables, debt securities (bonds and fixed rate notes), lease liabilities, deferred consideration and variable deferred consideration.

The Group manages its exposure to key financial risks, including interest rate risk and currency risk in accordance with the Group's financial risk management policy. The objective of the policy is to support the delivery of the Group's financial targets whilst protecting its future financial security.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. The Group uses different methods to measure and manage different types of risks to which it is exposed. These include monitoring levels of exposure to interest rates and currencies and assessments of market forecasts for interest rates and foreign currencies. Aging analyses and monitoring of specific credit allowances are undertaken to manage credit risk. Liquidity risk is monitored through the development of future rolling cash flow forecasts.

Risk exposures and responses

Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to:

- the Group's cash holdings with a floating interest rate; and
- the Group has a \$76,000,000 variable rate bond debt outstanding as at 30 June 2020. These Omni Bridgeway Bonds require that the Group make a quarterly coupon payment based on the Bank Bill Rate plus a fixed margin of 4.20% per annum.

At reporting date the Group had the following financial instruments exposed mainly to variable interest rate risk:

	Consolidated	
	2020 \$'000	2019 \$'000
Financial instruments		
Cash and cash equivalents	194,384	226,460
Omni Bridgeway Bonds	(73,942)	(72,517)
Net exposure	120,442	153,943

The Group regularly analyses its interest rate exposure. Within this analysis, consideration is given to expected interest rate movements and the Group's future cash requirements, potential renewals of existing positions, alternative financing available, and the mix of fixed and variable interest rates.

The following sensitivity analysis is based on the interest rate risk exposures in existence at the reporting date.

At 30 June 2020, if interest rates had moved with all other variables held constant, post-tax profit and equity would have been affected as follows:

	Post Tax Profit Higher/(Lower)		Equity Higher/(Lower)	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
+0.25% (25 basis points) (2019: +0.25%)	211	269	211	269
-0.25% (25 basis points) (2019: -0.25%)	(211)	(269)	(211)	(269)

Notes to the Financial Statements

continued

Note 15: Financial risk management (continued)

Credit risk

Credit risk arises from the financial assets of the Group, which comprises cash and cash equivalents, purchased claims and receivables from litigation contracts and other. The Group's exposure to credit risk arises from potential default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments. Exposure at reporting date is addressed in each applicable note. Apart from ratings on cash held and litigation contract receivables, as detailed below, the remainder of the Group's receivables typically do not carry and credit risk rating from a ratings agency.

To mitigate credit risk on litigation contract receivables the Group assesses the defendants in the investments funded by the Group prior to entering into any agreement to provide funding and continues this assessment during the course of funding. Wherever possible, the Group ensures that security for settlement sums is provided, usually with the settlement funds placed into solicitors' trust accounts. As at 30 June 2020 there are no funds within solicitor's trust accounts relating to receivables. The Group's continual monitoring of the defendants' financial capacity mitigates this risk. As at 30 June 2020 there were \$78.204 million of litigation contract receivables that were due to be paid by the AAA rated government (30 June 2019 \$nil).

To mitigate credit risk on purchased claims, the Group assesses the defendants in the investments funded by the Group prior to purchasing the claim. The Group's continual monitoring of the defendants' financial capacity mitigates this risk.

To mitigate credit risk on cash and cash equivalents, the Group holds over 95% of its cash with Australian and American AA rated banks.

Refer to each financial asset's respective note for information on how impairment and credit loss is determined.

Liquidity risk

The liquidity position of the Group is managed to ensure sufficient liquid funds are available to meet the Group's expected financial commitments in a timely and cost-effective manner.

Management continually reviews the Group's liquidity position, including the preparation of cash flow forecasts, to determine the forecast liquidity position and to maintain appropriate liquidity levels. All financial liabilities of the Group, except the Omni Bridgeway Bonds, Fixed Rate Notes, consideration liabilities and non-current lease liabilities, are current and payable within 30 days.

The maturity profile of the Group's financial liabilities based on contractual maturity on an undiscounted basis are:

	< 6 months \$'000	6-12 months \$'000	1-5 years \$'000	>5 years \$'000	Total \$'000
2020					
Financial Liabilities					
Trade and other payables	24,044	-	-	-	24,044
Bonds and Notes – principal	-	-	76,000	72,000	148,000
Bonds and Notes – interest	3,668	3,668	22,059	2,140	31,535
Lease liabilities	1,356	1,356	2,795	666	6,173
Deferred and variable deferred consideration ¹	42,786	-	76,030	-	118,816
	71,854	5,024	176,884	74,806	328,568
2019					
Financial Liabilities					
Trade and other payables	23,992	-	-	-	23,992
Bonds and Notes – principal	-	72,000	76,000	-	148,000
Bonds and Notes – interest	4,720	4,720	8,223	-	17,663
	28,712	76,720	84,223	-	189,655

¹ Deferred and variable deferred consideration is expected to be satisfied by issuing shares of the Company.

Note 15: Financial risk management (continued)

Equity price risk

The fair value of the deferred and variable deferred consideration for the acquisition of the OBE Group (refer to Note 27 and 31) is exposed to changes in the Company's share price. There is no hedging or policies in place to mitigate the changes in share price. Refer to Fair Value section of Note 15 for sensitivity analysis of this risk.

Fair value

The methods for estimating fair value are outlined in the relevant notes to the financial statements. The carrying amounts of financial assets and liabilities of the Group carried at amortised cost approximate their fair values, except for the Omni Bridgeway Bonds and Fixed Rate Notes. The Omni Bridgeway Bonds fair value has been determined using the quoted market price at 30 June 2020, as quoted on the Australian Securities Exchange, and the Fixed Rate Notes fair value has been determined using the price from FIIG, an independent privately-owned corporate bonds and government bonds specialist.

For the purposes of disclosure, the fair value measurements used for the Bonds are level 1 on the fair value hierarchy and the Notes level 2. Level 3 inputs were used for all other assets and liabilities below to determine that the carrying value approximates fair value.

	Carrying Value		Fair Value	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Financial assets				
Receivables from litigation contracts and other	134,730	16,866	134,730	16,866
Purchased claims	17,019	-	17,019	-
Other assets/security deposits	17,396	11,212	17,396	11,212
	169,145	28,078	169,145	28,078
Financial liabilities				
Trade and other payables	24,044	23,992	24,044	23,992
Debt securities	143,784	143,972	144,947	150,950
Deferred consideration	42,786	-	42,786	-
Variable deferred consideration	76,030	-	76,030	-
Variable consideration – Purchased claims	4,884	-	4,884	-
	291,528	167,964	292,691	174,942

Notes to the Financial Statements

continued

Note 15: Financial risk management (continued)

Description of significant inputs to valuation of deferred and variable deferred consideration

The significant inputs used in the fair value measurements of deferred and variable deferred consideration, categorised within Level 3 of the fair value hierarchy, together with a quantitative sensitivity analysis as at 30 June 2020 are shown below:

Item	Valuation technique	Significant unobservable inputs	Range (weighted average)	Sensitivity of the input to fair value
Variable deferred consideration	Black Scholes Option Pricing Model	Exercise price	Theoretical exercise price based on the floor price of \$3.407	
		Volatility	55% at 8 November 2019 and 45% at 30 June 2020	At 8 November 2019: An absolute 5% increase in the volatility would result in a \$1,117,000 increase in the value of the liability. An absolute 5% decrease in the volatility would result in a \$1,151,000 decrease in the value of the liability. At 30 June 2020: An absolute 5% increase in the volatility would result in a \$1,293,000 increase in the value of the liability. An absolute 5% decrease in the volatility would result in a \$1,285,000 decrease in the value of the liability.
		Underlying share price	\$3.40 at 8 November 2019 and \$4.77 at 30 June 2020	At 30 June 2020: A relative 5% increase in the share price would result in a \$2,755,000 increase in the value of the liability. A relative 5% decrease in the share price would result in a \$2,699,000 decrease in the value of the liability.
		Dividend yield	4%	
		Risk free rate	0.98% at 8 November 2019 0.41% at 30 June 2020	
		Discount for non-performance	2020: 3.25% 2019: –	An absolute 3% increase in the discount for non-performance would result in a decrease in the value the variable deferred consideration liability of \$2,044,000. An absolute 3% decrease in the discount for non-performance would result in an increase in the value the variable deferred consideration liability of \$2,044,000.
		FX forward rate (AUD/EUR)	At 8 November 2019: 8-Nov-20: 1.630 8-Nov-21: 1.657 8-Nov-22: 1.685 8-Nov-23: 1.715 8-Nov-24: 1.747	At 8 November 2019: A relative 5% increase in the forward exchange rates would result in a \$3,304,000 increase the value of the liability. A relative 5% decrease in the forward exchange rate would result in a \$3,295,000 decrease in the value of the liability.
			At 30 June 2020: 8-Nov-20: 1.632 8-Nov-21: 1.648 8-Nov-22: 1.668 8-Nov-23: 1.689 8-Nov-24: 1.714	At 30 June 2020: A relative 5% increase in the forward exchange rate would result in a \$3,776,000 increase the value of the liability. A 5% decrease in the forward exchange rate would result in a \$3,781,000 decrease in the value of the liability.

Note 15: Financial risk management (continued)

Item	Valuation technique	Significant unobservable inputs	Range (weighted average)	Sensitivity of the input to fair value
Deferred consideration	Black Scholes Option Pricing Model	Exercise price	Theoretical exercise price based on the floor price of \$3.407	
		Volatility	55% at 8 November 2019 and 45% at 30 June 2020	At 8 November 2019: An absolute 5% increase in the volatility would result in a \$430,000 increase in the value of the liability. An absolute 5% decrease in the volatility would result in a \$440,000 decrease in the value of the liability. At 30 June 2020: An absolute 5% increase in the volatility would result in a \$571,000 increase in the value of the liability. An absolute 5% decrease in the volatility would result in a \$553,000 decrease in the value of the liability.
		Underlying share price	\$3.40 at 8 November 2019 and \$4.77 at 30 June 2020	At 30 June 2020: A relative 5% increase in the share price would result in a \$1,683,000 increase in the value of the liability. A relative 5% decrease in the share price would result in a \$1,630,000 decrease in the value of the liability.
		Dividend yield	4%	
		Risk free rate	0.98% at 8 November 2019 0.41% at 30 June 2020	
		FX forward rate (AUD/EUR)	At 8 November 2019: 8-Nov-20: 1.630 8-Nov-21: 1.657 8-Nov-22: 1.685 8-Nov-23: 1.715 8-Nov-24: 1.747 At 30 June 2020: 8-Nov-20: 1.632 8-Nov-21: 1.648 8-Nov-22: 1.668 8-Nov-23: 1.689 8-Nov-24: 1.714	At 8 November 2019: A relative 5% increase in the forward exchange rates would result in a \$1,984,000 increase the value of the liability. A relative 5% decrease in the forward exchange rate would result in a \$1,983,000 decrease in the value of the liability. At 30 June 2020: A relative 5% increase in the forward exchange rate would result in a \$3,378,000 increase the value of the liability. A 5% decrease in the forward exchange rate would result in a \$3,382,000 decrease in the value of the liability.

For reconciliation of fair value measurement of financial liabilities classified as financial liabilities designated at fair value through profit and loss, refer to Note 27.

Notes to the Financial Statements

continued

Note 15: Financial risk management (continued)

Foreign currency risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar. Foreign exchange risk arises from commercial transactions and recognised assets and liabilities denominated in a currency that is not the functional currency in which they are measured. The risk is monitored using sensitivity analysis and cash flow forecasting. The Group is also exposed to foreign exchange translation risk arising from its foreign operations. The Group's investments in its subsidiaries are not hedged as those currency positions are considered to be long term in nature. In addition, the parent entity has intercompany receivables from its subsidiaries denominated in Australian Dollars which are eliminated on consolidation. The gains or losses on re-measurement of these intercompany receivables from foreign currencies to Australian Dollars are not eliminated on consolidation as the loans are not considered to be part of the net investment in the subsidiary.

The Group's exposures to foreign currency risk at 30 June was as follows:

2020	AUD \$'000	USD \$'000	GBP £'000	EUR €'000	SGD \$'000	CAD \$'000	HKD \$'000	CHF F'000	AED \$'000	JPY ¥'000
Financial Assets										
Cash and cash equivalents	-	26,821	81	2,573	813	1,225	10,434	89	567	64
Receivables from litigation contracts and other ¹	-	21,219	1,973	1,700	-	-	-	-	-	-
Total assets	-	48,040	2,054	4,273	813	1,225	10,434	89	567	64
Financial Liabilities										
Trade Payables	-	18	-	349	1,125	(1)	-	307	-	-
Deferred and variable deferred consideration liabilities	118,816	-	-	-	-	-	-	-	-	-
Total liabilities	118,816	18	-	349	1,125	(1)	-	307	-	-

2019	AUD \$'000	USD \$'000	GBP £'000	EUR €'000	SGD \$'000	CAD \$'000	HKD \$'000	CHF F'000	AED \$'000	JPY ¥'000
Financial Assets										
Cash and cash equivalents	-	18,172	11	522	76	1,241	11,321	-	-	-
Receivables from litigation contracts and other ¹	-	26,290	895	-	2,417	6,321	-	-	-	-
Total assets	-	44,462	906	522	2,493	7,562	11,321	-	-	-
Financial Liabilities										
Trade Payables	-	49	-	18	11	114	1	-	-	-
Total liabilities	-	49	-	18	11	114	1	-	-	-

¹ The receivables from litigation contracts and other balance includes the intercompany loan receivable that Omni Bridgeway Limited has with Omni Bridgeway Holdings (USA) Inc (formerly Bentham Holdings Inc) (USD), Omni Bridgeway Capital (Canada) Limited (formerly Bentham IMF Capital Limited) (CAD) and Omni Bridgeway (Singapore) Pte Limited (formerly IMF Bentham Pte Limited) (SGD).

The Group's exposure to foreign currency risk on cash and cash equivalents primarily relates to foreign cash holdings within the parent entity. The USD foreign currency risk for receivables is predominately due to the Group's Euro denominated subsidiaries which have USD receivables. The AUD foreign currency risk for deferred and variable deferred consideration is due to Omni Bridgeway (Storm) Holdings BV's acquisition of the OBE Group and its requirement to deliver AUD denominated shares in the Company.

Note 15: Financial risk management (continued)

Sensitivity

The following table summarises the sensitivity of financial instruments held at balance date to movement in the exchange rate of the subsidiary's functional currency to the listed currencies, with all other variables held constant. The sensitivity is based on management's estimate of reasonably possible changes over the financial year.

		Impact on profit or loss before tax (\$'000)									
		AUD	USD	GBP	EUR	SGD	CAD	HKD	CHF	AED	JPY
2020	+10%	14,308	(7,006)	(368)	(700)	(85)	(131)	(196)	33	(23)	-
	-10%	(14,326)	7,006	368	700	85	131	196	(33)	23	-
2019 ¹	+10%	-	(6,327)	(164)	(85)	(263)	(811)	-	-	-	-
	-10%	-	6,327	164	85	263	811	-	-	-	-

¹ 2019 sensitivity has been updated to correct the disclosure.

Note 16: Cash and cash equivalents

Cash and cash equivalents in the Statement of Financial Position and Statement of Cash Flows comprise cash at bank and on hand, and short-term deposits with an original maturity of three months or less that are readily convertible to known amounts of cash on hand and which are subject to an insignificant risk of changes in value.

Cash and cash equivalents comprise the following at 30 June:

	Consolidated	
	2020 \$'000	2019 \$'000
Cash at bank	101,037	94,446
Short-term deposits	93,347	132,014
	194,384	226,460

Cash at bank earns interest at floating rates based on daily bank deposit rates. The carrying amounts of cash and cash equivalents represent fair value. Of the cash at bank, \$1,089,000 is restricted as it is held within Stichting vehicles on behalf of customers. The Stichting vehicles were founded as separate, independent foundations to ensure the cash flows related to the claims were secured.

Short-term deposits are made for varying periods depending on the immediate cash requirements of the Group. As at 30 June 2020, all short-term deposits are due to mature in less than 90 days from inception 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 investments funded under litigation contracts. As at 30 June 2020, guarantees of \$1,204,000 were outstanding (2019: \$1,138,000). The Group has a total guarantee facility limit of \$1,474,000 (2019: \$1,462,000) that is secured by an offset arrangement with deposits of \$1,674,000 (2019: \$1,662,000).

Notes to the Financial Statements

continued

Note 17: Debt securities

All loans and borrowings are initially recognised at fair value less directly attributable transaction costs.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

The borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance date.

	Consolidated	
	2020 \$'000	2019 \$'000
Current		
Omni Bridgeway Bonds	-	-
Fixed Rate Notes	-	71,455
	-	71,455
Non-Current		
Omni Bridgeway Bonds	73,942	72,517
Fixed Rate Notes	69,842	-
	143,784	72,517

Cash and non-cash movements in debt securities are shown below:

	Consolidated	
	2020 \$'000	2019 \$'000
Balance 1 July	143,972	120,462
Proceeds from issue of debt	34,284	26,000
Repayment of debt	(34,284)	-
Payments for costs of issuing debt	(2,183)	(3,016)
Gain on debt modification	-	(700)
Amortisation of costs of issuing debt	1,995	1,226
Balance 30 June	143,784	143,972

There are 760,000 Bonds on issue with a face value of \$100 each. The Omni Bridgeway 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 is 22 December 2022, with a first issuer call date of 8 January 2022 with an increase in the margin of 1.0% applying from 1 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 new notes issued 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 the Group. OBL has the discretion to redeem the Notes prior to the maturity date on 8 January in each year between 2022 and 2024 (inclusive), and again on 8 July 2025. To the extent OBL exercises its early redemption right it will pay a redemption premium of between zero and 2%.

The application of AASB 123 *Borrowing Costs* (revised 2007) has resulted in the capitalisation of \$10,385,000 (2019: \$10,127,000) during the current financial year as part of the Litigation Contracts in Progress intangible assets which are deemed to be qualifying assets post the application date of AASB 123 (revised) on 1 July 2009 (refer to Note 13).

Note 17: Debt Securities (continued)

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 financial year:

	Consolidated	
	2020	2019
Gearing ratio ¹	46%	38%
Working capital ratio ²	3.67	2.22
Interest cover ³	N/A	N/A

- 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.
- 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.
- 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 OBL 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.

Note 18: Contributed equity

Ordinary shares are classified as equity. Issued and paid up capital is recognised at the fair value of the consideration received by the Company. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

	Consolidated	
	2020 \$'000	2019 \$'000
<i>Contributed equity</i>		
Issued and fully paid ordinary shares	347,630	205,558

(a) Ordinary shares

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

	Number '000	\$'000
Movement in ordinary shares		
At 1 July 2018	173,863	127,630
Shares issued during the year (Placement and Share Purchase Plan)	27,180	75,339
Shares issued upon exercise of performance rights	3,566	2,589
At 30 June 2019	204,609	205,558
Shares issued during the year (Entitlement offer and Placement)	40,571	134,212
Shares issued upon exercise of performance rights	4,231	6,021
Shares issued under the Dividend Reinvestment Plan	454	1,839
At 30 June 2020	249,865	347,630

On 23 October 2019, the Company issued 23,939,201 shares to institutional investors as a 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 the retail portion of the entitlement offer at \$3.40 per share.

Notes to the Financial Statements

continued

Note 18: Contributed equity (continued)

(b) Performance rights

As at 30 June 2020, there were 17,302,007 unissued ordinary shares in respect of which share performance rights were outstanding (30 June 2019: 15,601,589).

(c) Capital management

Capital includes bonds, notes, lease liabilities and equity attributable to the equity holders of the Parent. When managing capital, management's objective is to ensure the Group continues as a going concern while maintaining optimal returns to shareholders and benefits for other stakeholders. Management also aims to maintain a capital structure that ensures the lowest cost of capital available to the Group.

The Group's earnings often vary dramatically, and this is expected to continue in the future. Management's policy is to pay dividends to shareholders from earnings where there is capital surplus to the needs of the business.

The Group is not currently subject to any externally imposed capital requirements. Omni Bridgeway Limited's retained earnings are disclosed in Note 32.

Note 19: Retained earnings and reserves

(a) Movements in retained earnings were as follows:

	Consolidated	
	2020 \$'000	2019 \$'000
Balance at 1 July	12,494	48,592
Effect of adoption of AASB 16 Leases	(67)	-
Net profit/(loss) for the year	(11,542)	(36,098)
Dividend paid	(7,482)	-
At 30 June	(6,597)	12,494

(b) Movements in reserves were as follows:

	Share based payment reserve \$'000	Foreign currency translation reserve \$'000	Option premium reserve \$'000	Convertible note reserve \$'000	Fund equity reserve \$'000	Total reserves \$'000
At 1 July 2018	15,251	1,383	3,404	3,832	(7,760)	16,110
Movements in reserves during the period	2,498	(1,810)	-	-	(15,905)	(15,217)
At 30 June 2019	17,749	(427)	3,404	3,832	(23,665)	893
Movements in reserves during the period	6,169	(10,981)	-	-	(1,113)	(5,925)
At 30 June 2020	23,918	(11,408)	3,404	3,832	(24,778)	(5,032)

Note 19: Retained earnings and reserves (continued)

(c) Nature and purpose of reserves

i. *Share-based payment reserve*

The share-based payments reserve is used to recognise the value of equity-settled share-based payments provided to employees, including Key Management Personnel as part of their remuneration. Refer to Note 30 for further details of this plan.

ii. *Foreign currency translation reserve*

This reserve is used to record differences on the translation of the assets and liabilities of foreign operations.

iii. *Option premium reserve*

This reserve is used to record the value of equity benefits provided to employees and directors, including Key Management Personnel, as part of their remuneration. This reserve relates to the previous plan for options already vested.

iv. *Convertible note reserve*

This reserve was used to record the equity portion on the convertible notes (issued on 13 December 2010), which were fully redeemed by the Company during December 2013.

v. *Fund equity reserve*

This reserve is used to record changes in the proportion of equity held by non-controlling interests within the Group.

D. WORKING CAPITAL, OTHER ASSETS AND OTHER LIABILITIES

Note 20: Receivables from litigation contracts and other

Receivables are recognised initially at fair value and subsequently remeasured at amortised cost using the effective interest rate method, less an allowance for any uncollectible amounts.

Collectability of receivables from litigation contracts is reviewed on an ongoing basis. The Group recognises an allowance for expected credit losses (ECLs) for all receivables based on the difference between the contractual cash flows due and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows may include funds that are already held within a solicitor's trust account. ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL). Refer to Note 15 for impairment of financial assets. As at 30 June 2020 the value of the ECL allowance is nil (30 June 2020 nil).

	Consolidated	
	2020 \$'000	2019 \$'000
Current		
Receivables from litigation contracts ¹	118,701	14,098
Other receivables ²	10,286	2,768
	128,987	16,866
Non-current		
Receivables from litigation contracts ¹	5,743	–
	5,743	–

1 Receivables from litigation contracts are non-interest bearing and generally on 0 - 90 day terms.

2 Other receivables comprise 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, short term loans and deposits receivable.

Fair value and credit risk

Due to the nature of these receivables, the carrying value of the current receivables approximates its fair value. The maximum exposure to credit risk is the carrying value of receivables. It is not the Group's policy to transfer (on-sell) receivables.

Notes to the Financial Statements

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Note 21: Contract costs

The Group holds management and advisory contracts in respect of Fund 4 and Fund 5. Incremental costs incurred in obtaining a contract are capitalised when the Group expects to recover the costs and are amortised on a systemic basis that is consistent with the Group's transfer of related services to the customer.

The amounts have been capitalised as shown below. The amounts are amortised on a straight line basis over a period of seven years, being in reference to the initial four-year commitment period of the fund plus the estimated litigation funding contract life of three years.

	Consolidated	
	2020 \$'000	2019 \$'000
Balance at 1 July	6,339	-
New contracts	-	6,339
Amortisation of contract costs	(939)	-
At 30 June	5,400	6,339
Current	939	939
Non-current	4,461	5,400
	5,400	6,339

Note 22: Other assets

	Consolidated	
	2020 \$'000	2019 \$'000
Current		
Prepayments	2,274	959
Rental deposits	2,750	753
Lease incentive receivable	-	189
	5,024	1,901
Non-current		
Prepayments	11,522	9,022
Lease incentive receivable	-	289
Other	887	13
	12,409	9,324

Note 23: Plant and equipment

Plant and Equipment

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Such cost includes the cost of replacing parts that are eligible for capitalisation when the cost of replacing parts is incurred. All other repairs and maintenance are recognised in the profit or loss as incurred.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets. The major categories of property, plant and equipment are depreciated as follows:

- Equipment 2 to 5 years;
- Furniture 2 to 6 years;
- Leasehold 2 to 11 years; and
- Right-of-use 2 to 7 years.

The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each financial year end. An item of plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

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 (Refer to Note 26), 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. Refer to Note 26 for further information regarding leases.

	Consolidated	
	2020 \$'000	2019 \$'000
Gross carrying amount - at cost	12,833	3,592
Accumulated depreciation	(5,911)	(2,480)
Net carrying amount	6,922	1,112

Notes to the Financial Statements

continued

Note 23: Plant and equipment (continued)

Reconciliation of carrying amounts at the beginning and end of the year

	Equipment \$'000	Furniture, Fixtures and Fittings \$'000	Leasehold Improvements \$'000	Right-of-use assets \$'000	Total \$'000
Gross carrying amount					
Balance as at 1 July 2018	867	423	1,829	-	3,119
Additions	212	47	183	-	442
Disposals	-	(4)	-	-	(4)
Effect of movement in foreign currency	6	16	13	-	35
At 30 June 2019	1,085	482	2,025	-	3,592
Adjustment on adoption of AASB 16	-	-	-	3,054	3,054
Additions recognised at acquisition	788	442	-	1,993	3,223
Additions	166	103	138	2,770	3,177
Disposals	-	-	(231)	-	(231)
Effect of movement in foreign currency	2	10	6	-	18
At 30 June 2020	2,041	1,037	1,938	7,817	12,833
Accumulated depreciation					
Balance as at 1 July 2018	603	213	971	-	1,787
Depreciation charge for the year	152	104	420	-	676
Disposals	-	(3)	-	-	(3)
Effect of movement in foreign currency	5	9	6	-	20
At 30 June 2019	760	323	1,397	-	2,480
Depreciation recognised at acquisition	379	378	-	-	757
Depreciation charge for the year	221	118	379	2,194	2,912
Disposals	-	-	(183)	-	(183)
Effect of movement in foreign currency	(19)	(11)	(25)	-	(55)
At 30 June 2020	1,341	808	1,568	2,194	5,911

Plant and Equipment of the Company is subject to a fixed charge to secure the Company's debt due to Bondholders. See Note 17 for further details. Refer to Note 26 for further information on Right-of-use assets and their associated leases.

Note 24: Trade and other payables

Trade payables, other payables and accruals are carried at amortised cost. Due to their short-term nature they are not discounted. They represent liabilities for goods and services provided to the Group or liabilities to provide funding in relation to an investment to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services or deployment against investment commitments. The amounts are unsecured, non-interest bearing and are usually paid within 30 days of recognition.

	Consolidated	
	2020 \$'000	2019 \$'000
Trade payables	20,333	21,481
Wage accruals	1,833	1,374
Interest accruals	1,878	1,137
	24,044	23,992

Fair Value

Due to the nature of trade and other payables, their carrying value approximates their fair value.

Note 25: Provisions

General provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the balance date. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the time value of money and the risks specific to the liability.

The increase in the provision resulting from the passage of time is recognised in finance costs.

Employee benefits

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

Liabilities in respect of employees' services rendered that are not expected to be wholly settled within one year after the end of the periods in which the employees render the related services are recognised as long-term employee benefits. These liabilities are measured at the present value of the estimated future cash outflow to be made to the employees using the projected unit credit method.

Liabilities expected to be wholly settled within one year after the end of the period in which the employees render the related services are classified as short-term benefits and are measured at the amount due to be paid.

	Consolidated	
	2020 \$'000	2019 \$'000
Current		
Annual leave and vested long service leave	3,498	2,575
Adverse costs	672	12,617
Bonus	10,753	-
	14,923	15,192
Non-Current		
Premises lease make good	282	153
Long service leave	395	279
	677	432

Notes to the Financial Statements

continued

Note 25: Provisions (continued)

(a) Movement in provisions

	Adverse costs \$'000	Annual leave \$'000	Long service leave \$'000	Premises lease make good \$'000	Bonus \$'000	Total \$'000
At 1 July 2019	12,617	1,668	1,186	153	-	15,624
Arising during the year	4,086	2,354	31	129	10,753	17,353
Utilised	(16,031)	(1,333)	(17)	-	-	(17,381)
Effect of movement in foreign currency	-	4	-	-	-	4
At 30 June 2020	672	2,693	1,200	282	10,753	15,600
Current 2020	672	2,693	805	-	10,753	14,923
Non-current 2020	-	-	395	282	-	677
	672	2,693	1,200	282	10,753	15,600
Current 2019	12,617	1,668	907	-	-	15,192
Non-current 2019	-	-	279	153	-	432
	12,617	1,668	1,186	153	-	15,624

(b) Nature and timing of provisions

Adverse costs

The Group raises a provision for adverse costs when the underlying litigation, arbitration, enforcement or recovery which was funded is lost and the jurisdiction requires adverse costs to be paid to the counter party. When an investment is lost and an appeal is lodged, the Group still raises a provision. The provision raised is the Group's best estimate of the amount of adverse costs it will have to remit. Typically this estimate is between 40% to 70% of the amount spent by the plaintiff, on the basis that there is only one defendant per case. Refer to Note 28 for further details on adverse costs.

During the 2020 financial year, the Group raised provisions of \$4,086,000 for estimated adverse costs obligations. The provisions raised are the Group's estimate of the amount of adverse costs it will have to remit. During the year, some of this provision was utilised and at 30 June the balance of the provision was \$672,000 relating to one investment which is on the Group's balance sheet.

During the 2019 financial year, the Group raised a further provision of \$617,000 for estimated adverse costs obligations against a particular litigation investment that is held on the Group's balance sheet which was lost and which is currently being appealed. The provision raised is the Group's best estimate of the amount of adverse costs it will have to remit.

Premises lease make good

The make good provision relates to amounts recognised for make good requirements on leases of office space.

Bonus

The bonus provision relates to amounts accrued based on management's estimate to be paid to employees (including STIP).

Note 26: Lease liabilities

The Group has lease contracts for rental property and motor vehicles. These leases generally have lease terms between 3 and 7 years. The Group's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the Group is restricted from assigning and subleasing the leased assets. There are several lease contracts that include extension and termination options and variable lease payments, which are further discussed below.

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as lessee

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.

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 (ie 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. 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.

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period:

	Rental property \$'000	Other equipment \$'000	Total \$'000
At 1 July 2019 on adoption of AASB 16	3,001	53	3,054
Additions	4,763	-	4,763
Depreciation expense	(2,171)	(23)	(2,194)
At 30 June 2020	5,593	30	5,623

Notes to the Financial Statements

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Note 26: Lease liabilities (continued)

Set out below are the carrying amounts of lease liabilities and the movements during the period:

	Consolidated
	2020 \$'000
Balance at 1 July on adoption of AASB 16	3,205
Additions	4,494
Accretion of interest	263
Payments	(2,278)
At 30 June	5,684
Current	2,870
Non-current	2,814
	5,684

The following are the amounts recognised in profit or loss:

	Consolidated
	2020 \$'000
Depreciation expense of right-of-use assets	2,194
Interest expense on lease liabilities (included in finance costs)	263
Expense relating to short-term leases	205
Expenses relating to leases of low-value assets (included in corporate and office expense)	189
Total amount recognised in profit and loss	2,851

The Group had total cash outflows for leases of \$2,278,000 in 2020. The future cash outflows for these non-cancellable lease contracts are disclosed in Note 28.

The Group has several lease contracts that include extension and termination options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Group's business needs. Management exercises significant judgment in determining whether these extension and termination options are reasonably certain to be exercised.

Set out below are the undiscounted potential future rental payments relating to periods following the exercise date of extension and termination options that are not included in the lease term:

	Within five years \$'000	More than five years \$'000	Total \$'000
Extension options not expected to be exercised	531	-	531

Note 27: Other liabilities

Variable consideration relating to purchased claims is initially measured at fair value and subsequently measured at amortised cost using the effective interest rate method.

Deferred and variable deferred consideration is valued at fair value at the acquisition date as part of the business combination. The deferred and variable deferred consideration meets the definition of a financial liability, and it is subsequently remeasured at fair value at each reporting date.

	Consolidated	
	2020 \$'000	2019 \$'000
Current		
Deferred consideration	20,681	-
Variable deferred consideration	17,655	-
Other	-	915
	38,336	915
Non-Current		
Deferred consideration	22,105	-
Variable deferred consideration	58,375	-
Variable consideration – Purchased claims	4,884	-
Other liabilities	153	-
	85,517	-

Deferred and variable deferred consideration

Deferred and variable deferred consideration relates to the acquisition of OBE Group. The determination of the fair value is designated as level 3 in the fair value hierarchy. Refer to Notes 31 and 15 for further information.

The following table reconciles the movements in recurring fair value measurements categorised within level 3 of the fair value hierarchy:

	Deferred consideration \$'000	Variable Deferred consideration \$'000	Total \$'000
Current			
At 30 June 2019	-	-	-
Additions recognised through business combination	17,565	14,997	32,562
Fair value remeasurement recognised through profit and loss	2,816	2,402	5,218
Effects of movement in foreign currency	300	256	556
At 30 June 2020	20,681	17,655	38,336
Non-Current			
At 30 June 2019	-	-	-
Additions recognised through business combination	19,452	51,440	70,892
Fair value remeasurement recognised through profit and loss	2,321	6,058	8,379
Effects of movement in foreign currency	332	877	1,209
At 30 June 2020	22,105	58,375	80,480

Notes to the Financial Statements

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Note 28: Commitments and contingencies

Lease commitments

The Group has various lease contracts as at 30 June 2020. The future lease payments for these non-cancellable lease contracts are \$2,712,000 within one year, \$2,795,000 within five years and \$666,000 thereafter.

Remuneration commitments

	Consolidated	
	2020 \$'000	2019 \$'000
Commitments for the payment of salaries and other remuneration under long-term employment contracts in existence at the reporting date but not recognised as liabilities payable:		
Within one year	4,383	5,064
After one year but no more than five years	-	-
	4,383	5,064

Amounts disclosed as remuneration commitments also include commitments arising from the service contracts of, and bonuses payable to, directors and executives referred to in the Remuneration Report of the Directors' Report that are not recognised as liabilities and are not included in the compensation of Key Management Personnel.

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. The entire Funds 2 and 3 portfolio has an after the event ("ATE") insurance policy that will respond to claims for adverse costs in aggregate in excess of \$7.5m. The entire Fund 5 portfolio has an ATE insurance policy that will respond to claims for adverse costs in aggregate in excess of USD25 million. 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 30 June 2020, the total amount spent on currently funded investments by the Group where undertakings to pay adverse costs have been provided was \$129,856,000 (2019: \$136,112,000). The potential adverse costs orders using the above methodology would amount to \$75,735,000. Subject to impairment considerations, around expected investment success and recovery, the Group does not currently expect that any of the investments will be unsuccessful. The Group maintains a large cash holding in the event that one or more investments are unsuccessful and an adverse costs order is made which is not covered by its insurance arrangements.

A portion of the consideration relating to the acquisition of OBE Group is contingent upon the OBE Group meeting performance targets. This is outlined in Note 31.

E. THE GROUP, MANAGEMENT AND RELATED PARTIES

Note 29: Key management personnel

Details of Key Management Personnel

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

Compensation of Key Management Personnel

	Consolidated	
	2020 \$'000	2019 \$'000
Short-term employee benefits	4,673	4,925
Post-employment benefits	155	163
Long term employee benefits	249	(36)
Share based payments	2,458	2,321
	7,535	7,373

Note 30: Share-based payment plan

(i) Equity-settled transactions

The Company's LTIP awards share performance rights to key senior employees. The cost of equity-settled transactions with employees is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using a Monte Carlo or Black Scholes Model depending on the type of LTIP.

In valuing equity-settled transactions, no account is taken of any vesting conditions, other than conditions linked to the price of the shares of OBL (i.e. market conditions) if applicable.

The cost of equity-settled transactions is recognised, together with a corresponding increase in the share-based payment reserve, over the period in which the performance and/or service conditions are fulfilled (the vesting period), ending on the date on which the relevant employees become fully entitled to the award (the vesting date).

The charge to the profit or loss for the period is the cumulative amount as calculated above less the amounts already charged in previous periods. There is a corresponding credit to equity.

Equity-settled awards granted by OBL to employees of subsidiaries are recognised in the Parent's separate financial statements as an additional investment in the subsidiary with a corresponding credit to equity. These amounts are eliminated through consolidation. As a result, the expenses recognised by the Company in relation to equity-settled awards only represents the expense associated with grants to employees of the Parent. The expense recognised by the Group is the total expense associated with all such awards.

Until an award has vested, any amounts recorded are contingent and will be adjusted if more or fewer awards vest than were originally anticipated to do so. Any award subject to a market condition is considered to vest irrespective of whether or not that market condition is fulfilled, provided that all other conditions are satisfied.

If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. An additional expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and an expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

Where outstanding rights do not have an anti-dilutive effect and are currently meeting the performance criteria, the dilutive effect, if any, is added to share dilution in the computation of diluted earnings per share.

Notes to the Financial Statements

continued

Note 30: Share-Based Payment Plan (continued)

(ii) Cash-settled transactions

The Group does not provide cash-settled share-based benefits to employees or senior executives.

Long Term Incentive Plan

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. The Group uses relative TSR and 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 conditions upon which the share performance rights were granted. For the portion of the LTIP based on the achievement of CAGR of Funds Deployed, the Black-Scholes model is used.

5,431,814 share performance rights were issued during 2020 (2019: 4,255,816). Specific assessment for performance rights issued in the period is below:

Grant Date	14 February 2020
Share price at grant date	\$4.75
Expected Volatility (%)	30%
Dividend yield (%)	4.00%
Risk-free rate (%)	0.75%
Performance period	3 years ending 30 June 2022
Models used	Monte Carlo & Black Scholes
Tranche 1 - relative TSR (value per right \$)	\$3.93
Tranche 2 - CAGR (value per right \$)	\$4.33

The expense recognised for share based payments during the year is shown below:

	Consolidated	
	2020 \$'000	2019 \$'000
Share based payments expense	7,313	5,266

The following table illustrates the number and weighted average exercise prices (WAEP) of, and movements in, share performance rights during the year:

	2020 Number	2020 WAEP	2019 Number	2019 WAEP
Movements during the year				
Outstanding at 1 July	15,601,589	-	14,355,887	-
Granted	5,431,814	-	4,255,816	-
Exercised	(2,425,845)	-	(2,398,473)	-
Forfeited	(1,305,551)	-	(611,641)	-
Outstanding at 30 June	17,302,007	-	15,601,589	-
Exercisable at 30 June	7,862,485	-	6,699,191	-

Note 31: Business combination

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 profit or loss in accordance with AASB 9. Refer to Note 15 and 27 for further information.

Acquisition of Omni Bridgeway Holding B.V.

On 15 October 2019, the Group agreed to acquire 100% of shares in Omni Bridgeway Holding B.V. (OBE Group), a non-listed company headquartered in the Netherlands, and its subsidiaries in exchange for cash and share capital consideration. The primary purpose for the acquisition was to expand the Group's geographical footprint and also expand the types of litigation dispute resolution investments that it engages in. The transaction completed on 8 November 2019, for \$122.737 million with a cash payment of EUR31.177 million (\$51.003 million); a fair value of deferred consideration payable of EUR22.984 million (\$37.017 million at acquisition) and a fair value of contingent variable deferred consideration amount payable of up to EUR41.251 million (\$66.437 million at acquisition), subject to new business targets. The accounting for the OBE Group acquisition has been provisionally determined, as the process of fair valuing OBE Group's net assets is still in progress. Provisionally, goodwill of \$101,342 million has been recognised and \$103.065 million of fair value adjustment was required to individually identifiable assets. Goodwill remains provisional at 30 June 2020 as the Group continues to assess the assumptions used in calculating the fair values of the claims portfolio, purchased claims and intangible assets, together with any impacts on tax and non-controlling interest.

Notes to the Financial Statements

continued

Note 31: Business combination (continued)

(a) Assets acquired and liabilities assumed

The fair values of the identifiable assets and liabilities of the OBE group 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	473
Right-of-use assets	1,993
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	44,174
Provisions	1,490
Deferred income tax liabilities	20,127
Lease liabilities	1,993
	67,784
Total identifiable net assets at fair value	154,433
Non-controlling interests	(102,109)
Goodwill arising on acquisition ¹	101,342
Purchase consideration	153,666

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

From the date of acquisition, the OBE Group has contributed revenue of \$25.839 million, total income of \$32.467 million and \$1.299 million loss before tax. If the combination had taken place at the beginning of the year, revenue from continuing operations would have been \$30.097 million and the loss before tax from continuing operations for the Group would have been \$9.670 million.

The fair value of the trade receivables amounted to \$7.753 million which was approximately the same as the gross amount of trade receivables. It is expected that the full contractual amounts can be collected from the trade receivables. Other receivables with a carrying value amounting to \$32.161 are related party receivables which are fully collectable. Purchased claims had a fair value of \$12.785 million with a gross contractual amount of \$127.680 million.

Note 31: Business combination (continued)

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	37,017
Variable deferred consideration	66,437
Total consideration	153,666
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.

(b) Deferred consideration

As part of the purchase agreement with the vendors, an amount of deferred consideration of EUR18.132 million (\$29.202 million at acquisition) was agreed, payable in two equal instalments 12 months and 36 months after completion.

Subject to shareholder approval the deferred consideration will be satisfied by the issue of shares in Omni Bridgeway at an issue price of \$3.407 per share. If the deferred consideration is satisfied by the issue of OBL shares and the market value of those shares is less than \$3.407 per share at the time of issue, OBL 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 OBL shares, OBL will be obliged to make the payment in cash at the higher of EUR18.132 million (\$29.202 million at acquisition) or the value of the OBL shares which would have been issued had shareholder approval been obtained. The fair value is determined using the Black Scholes option pricing model. The key assumptions are detailed above in Note 15. As at the acquisition date, the fair value of the deferred consideration payable was estimated to be \$37.017 million.

	\$'000
As at 30 June 2019	-
Liability arising on business combination	37,017
Fair value remeasurement recognised through profit and loss	5,137
Effect of movement in foreign currency	632
As at 30 June 2020	42,786

Notes to the Financial Statements

continued

Note 31: Business combination (continued)

(c) Variable deferred consideration

As part of the purchase agreement with the vendors., an amount of variable deferred consideration of up to EUR32.500 million (\$52.343 million at acquisition) was agreed. This will be payable over a five year period subject to performance milestones. On 14 February 2020, the Company obtained shareholder approval for the issue of up to a maximum of 17,328,712 shares toward satisfaction of the variable deferred consideration liability that may become payable.

The variable deferred consideration will (to the extent it becomes payable) be satisfied by the issue of shares in the Company 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, the Group shall be obliged to make a further payment by way of variable deferred consideration for the difference in value. The payment schedule for the variable deferred consideration is:

- i. EUR8.000 million per year, over the period of 1 to 3 years following acquisition date, if the entity meets stipulated performance milestones; and
- ii. 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 focused on cumulative annual new business generation of the OBE Group.

As at the acquisition date, the fair value of the variable deferred consideration was estimated to be \$66.437 million. The fair value of the variable deferred consideration has been determined using a probability weighted payout approach incorporating a Black Scholes option pricing model. The probabilities of meeting the business hurdles have been estimated by management and the valuation method is considered Level 3 in the fair value hierarchy. The key assumptions take into consideration the probability of meeting each target performance milestone % at both acquisition and balance sheet date. 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.

	\$'000
As at 30 June 2019	–
Liability arising on business combination	66,437
Fair value remeasurement recognised through profit and loss	8,460
Effect of movement in foreign currency	1,133
At 30 June 2020	76,030

Note 31: Business combination (continued)

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 was granted subject to the following conditions:

- i. the Annual Targets not being varied;
- ii. 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;
- iii. 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;
- iv. 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
- v. 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 shares issued in settlement of this obligation.

	Number 000
Variable Deferred Consideration shares	
Maximum approved as permissible to issue	17,329
Previously issued	-
Issued during the period	-
Total issued	-
Remaining shares to be issued	17,329

The remaining balance may be issued per the payment schedule above if the cumulative annual business generation milestones are met.

Notes to the Financial Statements

continued

Note 32: Parent entity information

	2020 \$'000	2019 \$'000
Information relating to Omni Bridgeway Limited:		
Current assets	201,473	151,920
Total assets	564,818	453,535
Current liabilities	(21,524)	(103,995)
Total liabilities	(165,826)	(179,262)
Net assets	398,992	274,273
Issued capital	345,548	204,553
Retained earnings	25,449	46,190
Reserves	27,995	23,530
Total shareholders' equity	398,992	274,273
Profit or loss of the Parent	(13,315)	(20,476)
Total comprehensive income of the Parent	(13,315)	(20,476)

The Parent has not entered into any guarantees with any of its subsidiaries.

Details of the contractual commitments and contingent liabilities of the Parent are contained in Note 28.

Note 32: Parent entity information (continued)

The consolidated financial statements include the financial statements of OBL and the subsidiaries listed in the following table:

Name	Country of Incorporation	Percentage owned	
		2020 %	2019 %
Fund 1			
Omni Bridgeway (Fund 1) LLC (formerly Bentham IMF 1 LLC)	USA	37	28
HC 1 LLC	USA	7	7
Security Finance (Fund 1) LLC (formerly Security Finance 1 LLC)	USA	37	28
Funds 2 & 3			
Omni Bridgeway (Fund 2) Pty Ltd (formerly IMF Bentham (Fund 2) Pty Ltd)	Australia	20	20
Omni Bridgeway (Fund 3) Pty Ltd (formerly IMF Bentham (Fund 3) Pty Ltd)	Australia	20	20
IMF Bentham ROW SPV 1 Limited ¹	United Kingdom	20	-
Fund 4			
Omni Bridgeway (Fund 4) Invt 1 LP (formerly Bentham Investments 1 LP)	USA	20	20
Omni Bridgeway (Fund 4) Invt 2 LP (formerly Bentham Investments 2 LP)	USA	20	20
Omni Bridgeway (Fund 4) Invt 3 LP (formerly Bentham Investments 3 LP)	USA	20	20
Omni Bridgeway (Fund 4) Invt 4 LP (formerly Bentham Investments 4 LP)	USA	20	20
Omni Bridgeway (Fund 4) Invt 5 LP (formerly Bentham Investments 5 LP)	USA	20	20
Omni Bridgeway (Fund 4) Invt 6 LP (formerly Bentham Investments 6 LP)	USA	20	20
Omni Bridgeway (Fund 4) Invt 7 LP (formerly Bentham Investments 7 LP)	USA	20	20
Omni Bridgeway (Fund 4) Invt 8 LP (formerly Bentham Investments 8 LP)	USA	20	20
Omni Bridgeway (Fund 4) Invt 9 LP (formerly Bentham Investments 9 LP)	USA	20	20
Security Finance (Fund 4) LLC (formerly Security Finance 2 LLC)	USA	20	20
Fund 5			
Omni Bridgeway (Fund 5) GPA Pty Ltd (formerly IMF Bentham GPA 5 Pty Ltd)	Australia	100	100
Fund 6			
Omni Bridgeway BV ²	The Netherlands	81	-
Omni Bridgeway LegalTech BV ²	The Netherlands	41	-
Omni Bridgeway Emerging Markets BV ²	The Netherlands	81	-
Omni Bridgeway Collective Redress BV ²	The Netherlands	81	-
Omni Bridgeway Asia Pte Ltd ²	Singapore	81	-
Omni Bridgeway Holding (Switzerland) SA ²	Switzerland	81	-
Omni Bridgeway SA ²	Switzerland	81	-
Omni Bridgeway AG (formerly Roland ProzessFinanz AG) ²	Germany	81	-
Minorities Capital Ltd ²	Guernsey	81	-
Omni Bridgeway Finance BV ²	The Netherlands	81	-
Stichting Client Accounts Omni Bridgeway ^{2,3}	The Netherlands	N/A	-
Stichting Cartel Compensation ^{2,3}	The Netherlands	N/A	-
Stichting Trucks Cartel Compensation ^{2,3}	The Netherlands	N/A	-
Fund 7			
Omni Bridgeway Advisory Ltd ²	United Arab Emirates	65	-

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Note 32: Parent entity information (continued)

Name	Country of Incorporation	Percentage owned	
		2020 %	2019 %
Group Subsidiaries			
Omni Bridgeway Holdings (Fund 1) LLC (formerly Bentham IMF Holdings 1 LLC)	USA	100	100
Omni Bridgeway Capital GP (Fund 4) LLC (formerly Bentham Capital GP LLC)	USA	100	100
Omni Bridgeway (USA) LLC (formerly Bentham Capital LLC)	USA	100	100
Omni Bridgeway Management (USA) LLC (formerly Bentham Capital Management LLC)	USA	100	100
Omni Bridgeway Holdings (USA) Inc (formerly Bentham Holdings Inc)	USA	100	100
Security Finance LLC	USA	100	100
Omni Bridgeway Capital (Canada) Limited (formerly Bentham IMF Capital Limited)	Canada	100	100
Lien Finance Canada Limited	Canada	100	100
Omni Bridgeway (Singapore) Pte Limited (formerly IMF Bentham Pte Limited)	Singapore	100	100
Omni Bridgeway (UK) Limited (formerly IMF Litigation Funding Services Limited)	United Kingdom	100	100
Omni Bridgeway (Cayman) Limited (formerly IMF Bentham Cayman Advisory Services Limited)	Cayman Islands	100	100
Omni Bridgeway (Storm) Holdings Pty Ltd (formerly IMF Bentham Holdings Pty Ltd ⁴)	Australia	100	–
Omni Bridgeway (Storm) Holdings BV (formerly IMF Bentham BV ⁵)	The Netherlands	100	–
Omni Bridgeway Investment Management Ltd ⁶	Australia	100	–
Omni Bridgeway Holding B.V. ²	The Netherlands	100	–
Omni Bridgeway Investment BV ^{2,7}	The Netherlands	100	–

1 This entity was incorporated 26 July 2019.

2 Acquired through business combination with Omni Bridgeway Holding B.V. Group.

3 The Stichting vehicles were founded as separate, independent foundations to ensure the cash flows related to the claims were secured.

4 This entity was incorporated on 27 September 2019.

5 This entity was incorporated on 9 October 2019.

6 This entity was incorporated 26 June 2020.

7 This holding 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 yearly profits.

For all subsidiaries where there is less than 51% ownership interest, the Group has power to direct the relevant activities of the investee under contractual arrangements and exposure to variable returns the Group is considered to be acting as principal and thus has control.

Note 33: Material partly-owned subsidiaries

Financial information of subsidiaries that have material non-controlling interests is provided below:

	Country of Incorporation	Non-controlling interest	
		2020 %	2019 %
Proportion of equity interest held by non-controlling interests:			
Fund 1			
Omni Bridgeway (Fund 1) LLC (formerly Bentham IMF 1 LLC) ¹	USA	63	72
HC 1 LLC ¹	USA	93	93
Security Finance (Fund 1) LLC (formerly Security Finance 1 LLC) ¹	USA	63	72
Funds 2 & 3			
Omni Bridgeway (Fund 2) Pty Ltd (formerly IMF Bentham (Fund 2) Pty Ltd) ²	Australia	80	80
Omni Bridgeway (Fund 3) Pty Ltd (formerly IMF Bentham (Fund 3) Pty Ltd) ²	Australia	80	80
IMF Bentham ROW SPV 1 Limited ²	United Kingdom	80	-
Fund 4			
Omni Bridgeway (Fund 4) Invt 1 LP (formerly Bentham Investments 1 LP) ³	USA	80	80
Omni Bridgeway (Fund 4) Invt 2 LP (formerly Bentham Investments 2 LP) ³	USA	80	80
Omni Bridgeway (Fund 4) Invt 3 LP (formerly Bentham Investments 3 LP) ³	USA	80	80
Omni Bridgeway (Fund 4) Invt 4 LP (formerly Bentham Investments 4 LP) ³	USA	80	80
Omni Bridgeway (Fund 4) Invt 5 LP (formerly Bentham Investments 5 LP) ³	USA	80	80
Omni Bridgeway (Fund 4) Invt 6 LP (formerly Bentham Investments 6 LP) ³	USA	80	80
Omni Bridgeway (Fund 4) Invt 7 LP (formerly Bentham Investments 7 LP) ³	USA	80	80
Omni Bridgeway (Fund 4) Invt 8 LP (formerly Bentham Investments 8 LP) ³	USA	80	80
Omni Bridgeway (Fund 4) Invt 9 LP (formerly Bentham Investments 9 LP) ³	USA	80	80
Security Finance (Fund 4) LLC (formerly Security Finance 2 LLC) ³	USA	80	80
Fund 6			
Omni Bridgeway BV ⁴	The Netherlands	19	-
Omni Bridgeway LegalTech BV ⁴	The Netherlands	59	-
Omni Bridgeway Emerging Markets BV ⁴	The Netherlands	19	-
Omni Bridgeway Collective Redress BV ⁴	The Netherlands	19	-
Omni Bridgeway Asia Pte Ltd ⁴	Singapore	19	-
Omni Bridgeway Holding (Switzerland) SA ⁴	Switzerland	19	-
Omni Bridgeway SA ⁴	Switzerland	19	-
Omni Bridgeway AG (formerly Roland ProzessFinanz AG) ⁴	Germany	19	-
Minorities Capital Ltd ⁴	Guernsey	19	-
Omni Bridgeway Finance BV ⁴	The Netherlands	19	-

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continued

Note 33: Material partly-owned subsidiaries (continued)

	2020 \$'000	2019 \$'000
Accumulated balances of material non-controlling interest:		
Omni Bridgeway (Fund 1) LLC ¹	126,987	161,369
HC 1 LLC ¹	47,104	47,092
Omni Bridgeway (Fund 2) Pty Ltd ²	53,455	53,613
Omni Bridgeway (Fund 3) Pty Ltd ²	17,804	17,871
Fund 4 ³	94,053	25,450
Fund 6 ⁴	100,640	-
Fund 7	-	-
Transaction costs, net of tax - disposal of non-controlling interest (Fund 1)	(5,934)	(5,934)
Transaction costs, net of tax - disposal of non-controlling interest (Funds 2 & 3)	(2,909)	(2,909)
	431,200	296,552
Profit allocated to material non-controlling interest:		
Omni Bridgeway (Fund 1) LLC ¹	9,659	(15)
Omni Bridgeway (Fund 2) Pty Ltd ²	14,325	-
Omni Bridgeway (Fund 3) Pty Ltd ²	4,737	-
Fund 4 ³	2,906	(35)
Fund 6 ⁴	(2,486)	-
Fund 7	-	-
	29,141	(50)

- 1 The results and non-controlling interests of these entities comprise the results of Fund 1, included in Note 1 Segment Information.
- 2 The results and non-controlling interests of these entities comprise the results of Funds 2 & 3, included in Note 1 Segment Information.
- 3 The results and non-controlling interests of these entities comprise the results of Fund 4, included in Note 1 Segment Information.
- 4 The results and non-controlling interests of these entities comprise the results of Fund 6, included in Note 1 Segment Information.

Movements in NCI's during the year were as follows:

	Fund 1 \$'000	Funds 2 & 3 \$'000	Fund 4 \$'000	Fund 5 \$'000	Fund 6 \$'000	Total \$'000
At 1 July 2018	146,951	28,553	-	-	-	175,504
Contributions	59,494	36,865	25,485	-	-	121,844
Distributions	(24,247)	(4,052)	-	-	-	(28,299)
Change in share of net assets attributable to NCI	7,259	8,092	554	-	-	15,905
Loss	(50)	-	-	-	-	(50)
Other comprehensive income	13,112	-	(589)	-	-	12,533
Transaction costs	-	(885)	-	-	-	(885)
At 30 June 2019	202,529	68,573	25,450	-	-	296,552
Business combination	-	-	-	-	102,109	102,109
Contributions	-	-	69,092	-	-	69,092
Distributions	(57,753)	(10,561)	(3,464)	-	-	(71,778)
Change in share of net assets attributable to NCI	8,686	(8,724)	(137)	-	2,168	1,993
Profit	9,659	19,062	2,906	-	(2,486)	29,141
Other comprehensive income	5,036	-	206	-	(1,151)	4,091
As at 30 June 2020	168,157	68,350	94,053	-	100,640	431,200

Note 33: Material partly-owned subsidiaries (continued)

Funds 2 & 3

On 13 September 2017, the Group established Omni Bridgeway (Fund 2) Pty Ltd (formerly IMF Bentham (Fund 2) Pty Ltd) and Omni Bridgeway (Fund 3) Pty Ltd (formerly IMF Bentham (Fund 3) Pty Ltd) (collectively "Funds 2 & 3").

On 3 October 2017, the Group undertook a transaction to dispose of a non-controlling interest in Funds 2 & 3. The change in equity of the Group was recorded as follows:

	2020 \$'000	2019 \$'000
Change in equity on disposal of non-controlling interest:		
Transaction costs net of tax - disposal of non-controlling interest	-	(885)
	-	(885)

Fund 4

On 26 October 2018, the Group established Omni Bridgeway Capital GP (Fund 4) LLC (formerly Bentham Capital GP LLC). On 29 November 2018, the Group established Security Finance (Fund 4) LLC (formerly Security Finance 2 LLC). On 4 December 2018, the Group established Bentham Investments 1 - 9 LP (collectively "Fund 4"). Fund 4 has been part of the Group and consolidated into the results since this time as it was controlled by the Group.

The summarised financial information of controlled entities with material non-controlling interests provided below is based on amounts prior to intercompany eliminations:

	Fund 1		Funds 2 & 3		Fund 4		Fund 5		Fund 6	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Summarised statement of cash flows										
Operating	(98)	(77)	6,797	(988)	(310)	(43)	-	-	(49,682)	-
Investing	25,507	(15,469)	(27,923)	(18,690)	(66,042)	(25,059)	-	-	58,143	-
Financing	(57,724)	57,760	(10,561)	42,042	91,965	30,729	-	-	-	-
Net increase in cash and cash equivalents	(32,315)	42,214	(31,687)	22,364	25,613	5,627	-	-	8,461	-
Cash and cash equivalents at the beginning of the period	49,680	7,466	38,326	15,889	5,627	-	-	-	-	-
Foreign exchange	-	-	32	73	6	-	-	-	95	-
Cash and cash equivalents at the end of the period	17,365	49,680	6,671	38,326	31,246	5,627	-	-	8,556	-

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Note 34: 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 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 comprehensive income.

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.

The Group acquired 21% of The Flight Refund Company GmbH, 40% of TCF Ltd and 5% of OB Capital Coop U.A. through the acquisition of Omni Bridgeway Holding B.V. in October 2019. TCF Ltd is a joint venture accounted for using the equity method.

OB Capital Coop U.A and The Flight Refund Company GmbH are associates accounted for using the equity method.

Investment in OB Capital Coop U.A. for the relevant financial year is provided below. Investments in The Flight Refund Company GmbH and TCF Ltd are immaterial to the Group.

	2020 \$'000	2019 \$'000
Current assets	696	-
Non-current assets	101,245	-
Current liabilities	(11,195)	-
Non-current liabilities	-	-
Equity	90,746	-
Group's share in equity - 5% (2019: nil)	4,537	-
Group's carrying amount of the investment	4,537	-

Note 35: Related party disclosure

Transactions with director related entities

The following table provides the total amount of transactions that were entered into with related parties for the relevant financial year.

	Consolidated	
	2020 \$'000	2019 \$'000
Transactions with DLA Piper ¹	2,036	499
Transactions with FIG Securities ²	1,776	-
	3,812	499

- 1 During the year, the Group obtained legal advice from DLA Piper, a legal firm associated with director Michael Bowen. The legal advice was obtained at normal market rates. Michael Bowen recuses himself from all discussions regarding the appointment of DLA Piper and review of its service provision. The Group uses several different legal service providers across its network.
- 2 During the year, the Group obtained services from FIG Securities, for which Christine Feldmanis is a mutual Director. The services were provided at normal market rates. Christine Feldmanis recuses herself from all discussions regarding the appointment of FIG Securities and review of its service provision.

Note 36: Auditor's remuneration

The auditor of Omni Bridgeway Limited is EY.

	Consolidated	
	2020 \$'000	2019 \$'000
Fees to Ernst & Young (Australia)		
Fees for auditing the statutory financial report of the parent covering the group and auditing the statutory financial reports of any controlled entities	500	398
Fees for other assurance and agreed-upon procedures services under other legislation or contractual arrangements where there is discretion as to whether the service is provided by the auditor or another firm	85	12
Fees for other services		
- Due Diligence Report	354	-
	939	410

Note 37: Events after the reporting date

Apart from that disclosed in this report, no other circumstances have arisen since 30 June 2020 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.

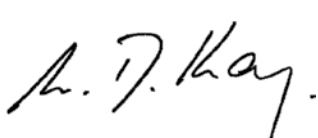
Directors' Declaration

In accordance with a resolution of the Directors of Omni Bridgeway Limited, we state that:

In the opinion of the Directors:

- (a) the financial statements and notes of Omni Bridgeway Limited for the financial year ended 30 June 2020 are in accordance with the *Corporations Act 2001*, including:
 - i. giving a true and fair view of its financial position as at 30 June 2020 and performance for the year ended on that date; and
 - ii. complying with Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*;
- (b) the financial statements and notes also comply with International Financial Reporting Standards as disclosed in the notes to the financial statements;
- (c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and
- (d) this declaration has been made after receiving the declarations required to be made to the directors in accordance with section 295A of the *Corporations Act 2001* for the financial year ended 30 June 2020.

On behalf of the board



Michael Kay
Non-Executive Director
Sydney, 24 August 2020



Andrew Saker
Managing Director

Independent Auditor's Report



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Independent auditor's report to the members of Omni Bridgeway Limited

Report on the audit of the Financial Report

Opinion

We have audited the financial report of Omni Bridgeway Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 30 June 2020, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is 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 30 June 2020 and of its consolidated financial performance for the year ended on that date; and
- b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial report. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial report.

Independent Auditor's Report

continued



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Impairment of litigation related assets

Why significant

The Group has recognised three different types of litigation assets which include:

- ▶ Claims portfolio;
- ▶ Purchased claims; and
- ▶ Litigation contracts in progress.

Whilst the assets are different from an accounting perspective, they are considered for impairment by the Group on a similar basis, using cash flow forecasts.

The carrying values are contingent on future cash flows and there is a risk that if these cash flows do not meet the Group's expectations, or if significant judgments such as the discount rates change, the assets may be impaired.

This was a key audit matter because it requires a high level of judgment and changes in these assumptions might lead to a significant change in the carrying values of the related assets.

Refer to Note 11 Claims portfolio, Note 12 Purchased claims and Note 13 Intangible assets - litigation contracts in progress of the financial report for the amounts recognised by the Group as at 30 June 2020 and related disclosures.

How our audit addressed the key audit matter

We evaluated the Group's assessment of the carrying value of litigation related assets. Our audit procedures included the following:

- ▶ Assessed, through testing a sample, the effectiveness of the Group's controls in relation to the review of carrying values for litigation assets, including controls over the valuation model and assumptions applied.
- ▶ Discussed significant case matters with respective Case Investment Managers, in order to understand case status and assess judgements made by the Group that impacted the impairment model including litigation completion timing, litigation revenue, budgeted costs to complete and intention to continue the litigation funding.
- ▶ Discussed with Case Investment Managers and Chief Investment Officers the impact on case matters, if any, arising from the Covid-19 global pandemic.
- ▶ Examined the Group's impairment assessment model and tested the reasonableness of key assumptions including cash flow forecasts considering the accuracy of previous forecasts, estimated completion dates and discount rates, with the involvement of our valuation specialists.
- ▶ Tested the mathematical accuracy of the cash flow models.
- ▶ Conducted sensitivity analyses to ascertain the impact of reasonably possible changes to key assumptions on the available headroom.
- ▶ Assessed the adequacy of the financial statement disclosures regarding impairment and the recoverable amount of the Group's litigation assets.



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Taxation and recoverability of tax losses

Why significant

At 30 June 2020, the Group had deferred tax assets including tax losses of \$23.49 million recorded in the statement of financial position. AASB 112 *Income Taxes* outlines the requirements necessary to recognise a deferred tax asset. The recoverability of the deferred tax assets is reliant on taxable profits being earned by Group subsidiaries.

Given the magnitude and judgment involved in determining the recoverability of deferred tax assets, it was considered as a key audit matter.

Refer to Note 7 of the financial report for the amounts recognised by the Group as at 30 June 2020 and related disclosure.

How our audit addressed the key audit matter

We evaluated the Group's assessment of the recoverability of recognised deferred tax assets. Our audit procedures included the following:

- ▶ Examined the Group's deferred tax asset recoverability assessment and evaluated the reasonableness of key assumptions including forecast taxable profits of Group entities.
- ▶ Assessed sensitivity analyses prepared by management to ascertain the impact of possible changes to key assumptions on the timing of recoverability.
- ▶ Assessed the adequacy of the financial statement disclosures regarding the Group's deferred tax assets.

Accounting for the acquisition of Omni Bridgeway

Why significant

On 8 November 2019, Omni Bridgeway Limited completed the acquisition of Omni Bridgeway Holdings BV ("OBE Group") for a purchase consideration with a fair value of \$153.666 million. The acquisition has been accounted for as a business combination (refer to Note 31 of the financial report). The acquisition date accounting for the business combination is still provisional at 30 June 2020.

The deferred consideration component of the purchase consideration is required to be carried at fair value.

We focused on this area because it required a high level of judgment to determine the fair value of identifiable assets and liabilities acquired and the resultant goodwill recognised. There was also a high level of judgment required to determine the value of the deferred and variable deferred consideration.

Refer to Note 31 of the financial report for the amounts recognised by the Group as at 30 June 2020 and related disclosure.

How our audit addressed the key audit matter

We evaluated the Group's assessment of the accounting for the acquisition of the OBE Group. Our audit procedures included the following:

- ▶ Read the purchase agreement to gain an understanding of the key terms.
- ▶ Assessed the appropriateness of the acquisition accounting applied.
- ▶ With the assistance of our valuation specialists, we evaluated the Group's determination of the purchase consideration with reference to the share purchase agreement and cash consideration paid.
- ▶ Assessed the provisional fair value of assets and liabilities acquired, including considering whether the valuation methodologies and assumptions applied, with the assistance of our valuation specialists, were in accordance with the requirements of Australian Accounting Standards.
- ▶ With the assistance of our valuation specialists, we assessed the valuation of and accounting for the deferred consideration as at 30 June 2020.
- ▶ Evaluated the adequacy of the Group's disclosures in the financial report relating to the acquisition of OBE Group.

Independent Auditor's Report

continued



Information other than the Financial Report and Auditor's Report thereon

The directors are responsible for the other information. The other information comprises the information included in the Company's 2020 Annual Report, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the Financial Report

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

In preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- ▶ Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



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- ▶ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- ▶ Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- ▶ Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated to the directors, we determine those matters that were of most significance in the audit of the financial report of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Independent Auditor's Report

continued



Report on the audit of the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 37 to 47 of the directors' report for the year ended 30 June 2020.

In our opinion, the Remuneration Report of Omni Bridgeway Limited for the year ended 30 June 2020, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

A handwritten signature in black ink, appearing to read 'Ernst & Young', written over a horizontal line.

Ernst & Young

A handwritten signature in black ink, appearing to read 'Robert A Kirkby', written over a horizontal line.

Robert A Kirkby
Partner
Perth
24 August 2020

Shareholder Information

The information set out below is current as at 31 July 2020.

(a) Distribution of Shareholders

Ordinary Share Capital

249,865,242 fully paid ordinary shares are held by 3,836 individual shareholders. All issued ordinary shares carry one vote per share and carry the right to dividends.

Omni Bridgeway Bonds

There are 760,000 bonds issued held by 1,041 individual bond holders. The Omni Bridgeway Bonds do not carry the right to vote at any shareholders meeting.

Options

There are no options issued over ordinary shares.

Performance Rights

17,302,007 performance rights were issued to 97 rights holders.

Fixed Rate Notes

There are 72,000 Fixed Rate Notes.

Distribution of Securities

The number of shareholders by size of holding, in each class are as at 31 July 2020:

	Number	Fully paid ordinary shares	% of issued capital	Number	Bonds
1 – 1,000	1,023	418,306	0.17	975	160,411
1,001 – 5,000	1,352	3,773,847	1.51	59	112,618
5,001 – 10,000	622	4,610,211	1.85	2	15,170
10,001 – 100,000	768	20,618,182	8.25	4	130,950
100,001 and over	71	220,444,696	88.22	1	340,851
	3,836	249,865,242	100.00	1,041	760,000

Non-marketable Parcels

There were 275 holders of less than a marketable parcel of ordinary shares.

(b) Substantial Shareholders

The names of the substantial shareholders listed in the Company's register as at 31 July 2020 are:

Shareholder	Number of ordinary Shares	% of issued capital
Kabouter Management, LLC	20,576,033	8.23
Perpetual Investment Management	19,110,072	7.66
Eley Griffiths Group	13,129,626	5.25
Vanguard Group	12,657,019	5.07
	65,472,750	26.21

Shareholder Information

continued

(c) 20 Largest Holders of Quoted Equity Securities as at 31 July 2020

Ordinary Shares	Number of ordinary Shares '000	% of issued capital
1. HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	52,213	20.90
2. J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	41,033	16.42
3. CITICORP NOMINEES PTY LIMITED	30,227	12.10
4. NATIONAL NOMINEES LIMITED	22,996	9.20
5. HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED-GSCO ECA	18,080	7.24
6. UBS NOMINEES PTY LTD	12,035	4.82
7. BNP PARIBAS NOMINEES PTY LTD	7,044	2.82
8. MCLERNON GROUP SUPERANNUATION PTY LTD	4,156	1.66
9. HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	3,941	1.58
10. PACIFIC CUSTODIANS PTY LIMITED	3,532	1.41
11. BNP PARIBAS NOMS PTY LTD	2,669	1.07
12. HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	2,487	1.00
13. CITICORP NOMINEES PTY LIMITED	1,623	0.65
14. MR DENNIS JOHN BANKS	1,287	0.52
15. MR PETER FREDERICK PHILLIPS & MRS ALICE SAU HAN PHILLIPS	1,054	0.42
16. MR HUGH MCLERNON	1,002	0.40
17. BNP PARIBAS NOMINEES PTY LTD	971	0.39
18. PACIFIC CUSTODIANS PTY LIMITED	888	0.36
19. BOUCHI PTY LTD	722	0.29
20. B F A PTY LTD	687	0.27
	208,647	83.50

(d) Options as at 31 July 2020 – unquoted

There are no options issued.

(e) Securities subject to escrow

There are no securities subject to escrow.

(f) 20 Largest Holders of Quoted Omni Bridgeway Bonds as at 31 July 2020

Bond Holders	Number of Bonds	% of units
1. HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	340,851	44.85
2. J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	60,667	7.98
3. HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	24,744	3.26
4. CITICORP NOMINEES PTY LIMITED	23,608	3.11
5. NATIONAL NOMINEES LIMITED	21,931	2.89
6. MUTUAL TRUST PTY LTD	7,670	1.01
7. MCLERNON GROUP SUPERANNUATION PTY LTD	7,500	0.99
8. CARRIER INTERNATIONAL PTY LIMITED	4,580	0.60
9. PSTAR PTY LTD	4,269	0.56
10. SANCTUARY GATE PTY LTD	4,000	0.53
11. MR CHIA-HO CHEN	3,185	0.42
12. CITER INVESTMENTS PTY LTD	3,002	0.40
13. ROBROZ PTY LTD	3,000	0.39
13. VOSBURG PTY LTD	3,000	0.39
13. MS CAROLYN MARGARET EARL & MR JOHN WILLIAM NISSEN	3,000	0.39
14. DYSP0 PTY LIMITED	2,500	0.33
14. BJM INCOME INVESTMENTS PTY LTD	2,500	0.33
14. SINGAPORE INVESTMENTS PTY LTD	2,500	0.33
15. THE GOLF NUT PTY LTD ¹	2,446	0.32
16. BRIGHTON GRAMMAR SCHOOL FOUNDATION LTD	2,250	0.30
17. JOWENE PTY LIMITED	2,124	0.28
18. JENONDA INVESTMENTS PTY LTD	2,000	0.26
18. AGED CARE GROUP PTY LTD	2,000	0.26
18. D & M COE PTY LIMITED	2,000	0.26
18. LEVIEN FOUNDATION PTY LTD	2,000	0.26
18. MELPEAT PTY LTD	2,000	0.26
18. MORBEN NOMINEES PTY LTD	2,000	0.26
18. SPACE DOOR PTY LTD	2,000	0.26
18. TUDOR FARM PTY LTD	2,000	0.26
18. MR COLLIN MERVYN TURNER & MRS VICKI JUNE TURNER	2,000	0.26
18. MALACHI THREE TEN PTY LTD	2,000	0.26
18. COLIN WISE CONSULTING PTY LTD	2,000	0.26
19. MRS ROSEMARIE HANICH	1,981	0.26
20. THE GOLF NUT PTY LTD ¹	1,969	0.26
	555,277	73.06

¹ Held in different accounts

Corporate Information

This annual report covers both Omni Bridgeway Limited as an individual entity and the consolidated entity comprising Omni Bridgeway Limited and its subsidiaries. The Group's functional and presentation currency is AUD (\$).

A description of the Group's operations and of its principal activities is included in the review of operations and activities in the Directors' Report. The Directors' Report is not part of the financial report.

Directors

Michael Kay	Non-Executive Chairman
Andrew Saker	Managing Director
Hugh McLernon	Executive Director
Raymond van Hulst	Executive Director
Michael Bowen	Non-Executive Director
Karen Phin	Non-Executive Director
Christine Feldmanis	Non-Executive Director

Company Secretary

Jeremy Sambrook

Registered office and principal place of business in Australia

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Share registry

LINK MARKET SERVICES

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Sydney South NSW 1235

Phone: 1300 554 474

Auditors

EY

The EY Building
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Perth WA 6000

Bankers

WESTPAC BANKING CORPORATION

Level 18, 275 Kent Street
Sydney NSW 2000

Internet address

www.omnibridgeway.com

The Company is listed on the Australian Securities Exchange with Sydney, Australia as its home exchange.

Its ASX code is "OBL" 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
CGU	Cash Generating Unit
DCF	Discounted Cash Flow
EMEA	Europe, Middle East and Africa
EPS	Earnings Per Share
Estimated Portfolio Value (EPV)	<p>EPV for an investment where the funding entity earns:</p> <ol style="list-style-type: none"> a percentage of the resolution proceeds as a funding commission, is the current estimate of the investment's recoverable amount after considering the perceived capacity of the defendant to meet the claim and any other pertinent factors. Such amount is not necessarily the amount being claimed by the claimants, nor is it an estimate of the return to the group if the investment is successful; a funding commission calculated as a multiple of capital invested is arrived at by taking the estimated potential income return from the investment and grossing this up to an EPV using the Long-Term Conversion Rate; and a funding commission calculated on a combination of the above bases or on an alternative basis, may utilise one of the above methodologies, or a hybrid construct, or an alternative methodology depending upon the components of the funding commission. <p>OBE Group's EPV has been estimated on a conceptually consistent basis; enforcement case investments may have a multi-layered approach from a timing and value perspective. Where OBE Group have not yet been able to ascertain an EPV consistent with the disclosed methodology an EPV of zero has been used.</p> <p>However calculated, an EPV is an estimate and 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 or the defendant(s) perceived capacity to meet the claim, partial recovery and, where applicable, fluctuations in exchange rates between the applicable local currency and the Australian dollar. Possible EPV's are reviewed and updated where necessary.</p> <p>The portfolio's value is the aggregation of individual investments' EPVs as determined above.</p>
EU	European Union
FUM	Funds Under Management
IC	Investment Committee
IFC	International Finance Corporation
IFRS	International Financial Reporting Standards
IRR	Internal Rate of Return
LTIP	Long Term Incentive Program
MENA DARP	Middle East and North Africa Distressed Asset Recovery Program. A joint venture with the IFC (part of the World Bank Group) designed to assist banks in the MENA regions with funding and cross border legal enforcement of high value non-performing loans.
MOIC	Multiple on Invested Capital
NCI	Non-Controlling Interest
OBE	Omni Bridgeway Holding B.V. (ie 'Omni Bridgeway Europe')
OBE Group	OBE Group included Omni Bridgeway Holding B.V., Omni Bridgeway AG (formerly ROLAND ProzessFinanz), and a joint venture with IFC (part of the World Bank Group)
OBL	Omni Bridgeway Limited, also referred to in this Report as "Omni Bridgeway", "the Company" or "the Parent"
OCA	On-line Client Administration Proprietary Database
ROIC	Return on Invested Capital
STIP	Short Term Incentive Program
TFR	Total Fixed Remuneration
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.

Disclaimer

None of the content in the Omni Bridgeway Limited ("OBL") Annual Report is an offer to sell, or a solicitation of an offer to buy, any securities of OBL or any other company affiliated with OBL. In addition, nothing herein should be construed as an offer to buy or sell, nor a solicitation of an offer to buy or sell, any security or other financial instrument, or to invest assets in any account managed or advised by OBL or its affiliates. This Annual Report is for the use of OBL's public shareholders and is not an offering of any OBL private fund.

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