OMNI BRIDGEWAY

Appendix 4D

Omni Bridgeway Limited ("OBL" or "the Company")

ABN 45 067 298 088

Half-Year ended 31 December 2020

Results for announcement to the market

Current reporting period: Half-year ended 31 December 2020
Previous reporting period: Half-year ended 31 December 2019 re-stated

	Up/Down	Percentage Change	$'000s
Revenue from ordinary activities	Down	(51%)	5,352
Loss from ordinary activities after tax attributable to members	Down	(100%)	(69,893)
Net loss for the period attributable to members	Down	(100%)	(69,893)

Dividends

The Directors have determined not to pay a dividend for the period ended 31 December 2020 to equity holders of the parent company.

On 24 August 2020 the Directors declared a final fully franked dividend of 4.00 cents per share for the 2020 financial year, totalling $9,955,000. The record date for this dividend was 2 September 2020 and the payment date was 25 September 2020. Shareholders were able to elect to participate in the dividend reinvestment plan in relation to this dividend.

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

Net tangible assets per ordinary share

	31-Dec-20 $	30-Jun-20 $
Basic net tangible assets per ordinary share[1]	0.18	0.17
Basic net assets per ordinary share	2.48	3.07

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

Entities over which control was gained or lost during the period

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

The Company has established following entity during the period:

	Country of Establishment	Percentage Owned At 31-Dec-20
JPV I LP.	USA	20%

Joint ventures and associates

The Company has the following joint ventures and associates during the period:

	Country of Incorporation	Percentage Owned At 31-Dec-20
OB Capital Coop U.A.	Netherlands	5%

During the period, TCF a joint venture of the Group was wound down and deregistered. Also during the period, Flight Refund Company Gmbh an associate to the Group was disposed-off. Both entities had immaterial balances to the Group at the time of disposal.

Foreign operations

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

Explanation of results

The attached Financial Report for the half-year ended 31 December 2020 forms part of this document. This interim financial report is to be read in conjunction with the most recent annual financial report. A copy of the 2020 annual financial report and other documents are available on the website at www.omnibridgeway.com or on the ASX website at www.asx.com.au.

Audit opinion

The audit opinion of the Company's auditors, Ernst & Young, is attached to the financial statements.

Stuart Mitchell
Chief Financial Officer

Date: 25 February 2021

Half-Year Report 2020

Half-Year ended 31 December 2020

Interim Financial Report
for the half-year ended 31 December 2020

Contents

Directors' Report

Your Directors submit their report for the half-year ended 31 December 2020.

Directors

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

Michael Kay	Chairman and Non-Executive Director
Andrew Saker	Managing Director and Chief Executive Officer
Hugh McLernon	Executive Director
Raymond van Hulst	Executive Director
Michael Bowen	Non-Executive Director
Karen Phin	Non-Executive Director
Christine Feldmanis	Non-Executive Director

Review and results of operations

Total income for Omni Bridgeway Limited ("OBL", "the Company" or "the Parent") and its subsidiaries ("the Group") decreased from $54.566 million for the half-year ended 31 December 2019, to $16.118 million for the half-year ended 31 December 2020. Gross proceeds from litigation contracts was $43.869 million compared to $142.769 million in the corresponding period last year. The consolidated net loss from continuing operations after tax for the half-year was $110.788 million (31 December 2019 restated: $10.783 million).

In any given period, the Group's profitability is significantly dependent upon the outcome of investments that complete during the period. The successful completion of an investment and the timing of that completion is not ultimately within the Group's control.

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

$'000	Number of completions		EPV [1] (crystallised)	Proceeds	Intangible derecognition		Net gain/(loss)		Attributed to	
	Full	Partial			incl. capitalised overhead	excl. capitalised overhead	incl. capitalised overhead	excl. capitalised overhead	OBL	NCI
INTANGIBLES										
Direct balance sheet investments	2	1	39,000	15,608	(7,989)	(5,722)	7,619	9,886	7,619	-
Fund 1 investments	2	3	37,405	5,242	(9,375)	(8,752)	(4,133)	(3,510)	(4,133)	-
Funds 2 & 3 investments	3	-	180,988	17,408	(13,382)	(11,477)	4,026	5,931	(1,905)	5,931
Fund 4 investments	1	1	430,621	2,483	(1,403)	(1,355)	1,080	1,128	177	903
Fund 5 investments	-	-	N/A	2	(2)	(2)	-	-	-	-
Fund 6 investments	13	4	N/A	3,126	(2,029)	(2,436)	1,097	690	407	690
TOTAL INTANGIBLES	**21**	**9**	**688,014**	**43,869**	**(34,180)**	**(29,744)**	**9,689**	**14,125**	**2,165**	**7,524**

$'000	Collection of proceeds	Amortisation of purchased claims		Net gain/(loss)		Attributed to	
		incl. capitalised overhead	excl. capitalised overhead	incl. capitalised overhead	excl. capitalised overhead	OBL	NCI
PURCHASED CLAIMS							
Fund 6 investments	16	23	23	39	39	-	39
TOTAL PURCHASED CLAIMS	**16**	**23**	**23**	**39**	**39**	**-**	**39**

$'000	Revenue	Amortisation of claims portfolio		Net gain/(loss)		Attributed to	
		incl. capitalised overhead	excl. capitalised overhead	incl. capitalised overhead	excl. capitalised overhead	OBL	NCI
CLAIMS PORTFOLIO							
Fund 6 investments	-	(598)	(589)	(598)	(589)	(9)	(589)
TOTAL CLAIMS PORTFOLIO	**-**	**(598)**	**(589)**	**(598)**	**(589)**	**(9)**	**(589)**

$'000		Expense		Net gain/(loss)		Attributed to	
		incl. capitalised overhead	excl. capitalised overhead	incl. capitalised overhead	excl. capitalised overhead	OBL	NCI
IMPAIRMENT EXPENSE							
Direct balance sheet investments		(57,295)	(35,304)	(57,295)	(35,304)	(57,295)	-
Fund 1 investments		4,659	4,053	4,659	4,053	606	4,053
Funds 2 & 3 investments		285	238	285	238	46	239
Fund 4 investments		(53,561)	(52,540)	(53,561)	(52,540)	(11,529)	(42,032)
Fund 5 investments		-	-	-	-	-	-
Fund 6 investments		(1,136)	(1,135)	(1,136)	(1,135)	(1)	(1,135)
TOTAL IMPAIRMENT EXPENSE		**(107,048)**	**(84,688)**	**(107,048)**	**(84,688)**	**(68,173)**	**(38,875)**
TOTAL	**43,885**	**(141,804)**	**(114,998)**	**(97,919)**	**(71,113)**	**(66,017)**	**(31,901)**

[1] EPV is categorised as non-IFRS information prepared in accordance with ASIC Regulatory Guidance 230 - Disclosing non-IFRS financial information, issued in December 2011. This information has not been audited or reviewed. Refer to the Glossary for additional information. The EPV above relates only to full completions during the interim period.

The Group's cash position was $167.930 million as at 31 December 2020 (30 June 2020: $194.384 million). Of this, $3.186 million is restricted cash (30 June 2020: $1.089 million).

The carrying value of the Group's consolidated investments comprise (i) $399,927 million in intangible assets, (ii) $94.574 million in claims portfolio contract assets and (iii) $31.333 million in purchased claims assets at 31 December 2020.

At 31 December 2020, there were 286 investments in the Group's portfolio (30 June 2020: 277), with an Estimated Portfolio Value of $15.007 billion (30 June 2020: $13.516 billion). During the half-year 30 new investments commenced, (half-year ended 31 December 2019: 14).

At 31 December 2020, Net Assets (@ 100%) of the Group Funds was $601.207 million (30 June 2020: $606.043 million) and there was $1.446 billion of undrawn Fund capital (30 June 2020: $1.660 billion).

The COVID-19 pandemic has interrupted dispute resolution systems to different degrees in jurisdictions where the Group has investments. Whilst this has led to some delays in completions, or the expected completion date, this has not led to significant impairments. 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 other assets (including goodwill, receivables/loans, other financial 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.

Outlook

Of the 31 December 2020 Estimated Portfolio Value, approximately 8% has a possible completion period (as such term is defined in the Company's ASX announcement dated 29 January 2021) in the remainder of FY21 with 33% in FY22. There have been successful completions since period end.

37% of the amount of FY21 possible completions relates to two investments held directly by the parent entity rather than within the Group's Funds, namely, the Wivenhoe & AET/SEAS Sapfor Forestry Scheme Litigation investments.

Wivenhoe Investment

A positive NSW Supreme Court judgment for the Group's funded clients was received on 29 November 2019. One of the defendants (with the court at first instance determination of a 20% portion of liability) has not lodged an appeal against the judgement; whilst the remaining two defendants have appealed. The hearing of the appeal is scheduled in May 2021.

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.
The Group considers its entitlement to income as probable.
To date the Group has not recognised any receivable, income, or value change to reflect developments.
The Group estimates that the potential income from this investment to be in the range of $130.000 to $170.000 million, and is likely to be at the higher end of this range. This estimate is based on conservative assumptions, including as to possible resolution outcomes which may ultimately be exceeded. It is not possible at this stage to provide a precise estimate of possible future income due to a number of uncertainties including the need for a damages assessment to be conducted for each group member. Whilst we consider the assumptions to be reasonable, this remains an estimate of possible income and the final income amount received may fall outside this range.

The Group continues to hold the related intangible asset at capitalised cost.
The investment currently has a possible completion period during FY21.

AET/SEAS Sapfor Forestry Scheme Litigation Investment

In September 2019 a NSW Supreme Court judgement was received in favour of the group's funded client. The defendant accepted liability to our client for part and appealed other aspects of the judgement. In April 2020 the appeal hearing concluded.

The investment involves funding to a trustee on behalf of covenant holders, in the Southern Australian Perpetual Forest Scheme, who suffered loss arising from inappropriate release of security over the scheme's assets.
The Group estimates income will ultimately be generated from this investment totalling $34.000 million, of which $11.934 million was recognised in FY20 in respect to the investment's partial entitlement following receipt by the client of a successful judgement that had some elements that were appealable and some that were not. The balance of $22.066 million has not yet been recognised in the Group's financial statements.
The Group considers its entitlement to income as probable.
OBL derecognised 100% of its intangible asset at the time it recognised the $11.934 million in income during FY20. At 31 December 2020 there is a carrying value of $0.499 million.
The Group anticipates completion before 30 June 2021.
In February 2021 the Court of Appeal dismissed the appeal and affirmed the Supreme Court's original judgement in favour of our funded client. There are no further rights to appeal open to the defendant. However, whilst it is not a right, the defendant can seek leave to appeal to the High Court of Australia. OBL considers the likelihood of leave being granted or if leave were granted, any appeal being successful, to be remote.

Other
The remaining 63% of the possible FY21 completions are a diversified portfolio of fund investments, several of which had positive developments and are heading towards successful completion.

The "Other W"
The Westgem investment concerns a property developer alleging improper conduct in relation to loans for a property development by a bank. The first instance judge found in favour of the defendant. Following legal advice on the grounds and prospects of overturning the first instance judgement the funded client has lodged an appeal. The decision to appeal was supported by senior counsel's preliminary advice that there are good prospects of success. The appeal is supported and will be funded by OBL.
In accordance with our IFRS compliant accounting policy the first instance judgement is considered to be an impairment trigger. Accordingly, notwithstanding management's continued support of the appeal process, the Group has fully impaired this investment.
The investment has not been derecognised and the Group intends to pursue the investment to achieve a positive outcome.
The level of impairment will be continually assessed and may be reversed as appropriate depending upon developments in the future.
If the investment is ultimately successful it may generate proceeds to the Group in excess of its carrying value. The investment has a possible completion period of FY23.

Fund 4 investment
As announced on 7 January 2021 summary judgement has been granted against a Fund 4 funded client. The investment is for USD 40.000 million regarding an anti-trust claim in the US.
Following legal advice on the grounds and prospects of overturning the summary judgement the funded client has lodged an appeal. This appeal is supported by the Group. The client does not require funding from the Group to pursue the appeal.
In accordance with our IFRS compliant accounting policy the summary judgement is considered to be an impairment trigger. Accordingly, notwithstanding management's continued support of the appeal process, the Group has fully impaired this investment.
The investment has not been derecognised and the Group intends to pursue the investment to achieve a positive outcome.
The level of impairment will be continually assessed and may be reversed as appropriate pending developments in the future.
If the investment is ultimately successful it may generate proceeds to the Group in excess of its carrying value. Completion is anticipated to occur in FY23.

First generation funds
At 31 December 2020, subject to the distribution waterfalls, the calculated value of the accumulated, unaccrued and unpaid distributions related to the Parent entities' interest in Fund 1 and Funds 2 & 3 total $8.600 million.

Dividends

The Directors have determined not to pay a dividend for the period ended 31 December 2020 to equity holders of the parent company.

On 24 August 2020 the Directors declared a final fully franked dividend of 4.00 cents per share for the 2020 financial year, totalling $9,955,000. The record date for this dividend was 2 September 2020 and the payment date was 25 September 2020. Shareholders were able to elect to participate in the dividend reinvestment plan in relation to this dividend.

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

Rounding

The amounts contained 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/Director's Reports) Instrument 2016/191.

Auditor's independence declaration

We have obtained the following independence declaration from our auditors, Ernst & Young, which is contained on page 6 of this report.

Signed in accordance with a resolution of the Directors.

Michael Kay
Chairman

Date: 25 February 2021

Building a better
working world

Ernst & Young
11 Mounts Bay Road
Perth WA 6000 Australia
GPO Box M939 Perth WA 6843

Tel: +61 8 9429 2222
Fax: +61 8 9429 2436
ey.com/au

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

As lead auditor for the audit of Omni Bridgeway Limited for the half-year ended 31 December 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 half-year.

Ernst & Young

Ernst & Young

Fiona Drummond
Partner

25 February 2021

FD:LC:OMNI:008

Omni Bridgeway Limited
ABN 45 067 298 088

Interim Consolidated Statement of Comprehensive Income
for the half-year ended 31 December 2020

	Notes	Consolidated Half-year ended 31-Dec-20 $'000	Half-year ended 31-Dec-19 re-stated $'000
Continuing operations			
Revenue from contracts with customers	4	1,404	9,240
Interest revenue	5	3,948	1,664
Net gain/(loss) on derecognition of intangible assets	6	9,689	42,878
Net gain on disposal of financial assets	13	39	-
Other income	7	1,038	784
Total income		16,118	54,566
Finance costs	8(a)	249	1,033
Amortisation of claims portfolio	8(b)	598	6,189
Depreciation expense	8(c)	1,698	1,348
Employee benefits expense	8(d)	28,499	17,716
Corporate and office expense	8(e)	8,063	11,697
Other expenses	8(f)	24,160	7,821
Impairment	8(i)	107,048	1,353
Share of loss/(profit) in associates and joint ventures		182	(16)
Profit/(loss) before tax and fair value adjustments		(154,379)	7,425
Gain/(loss) on fair value of financial liabilities[1]		10,043	(15,666)
Loss before tax[1]		(144,336)	(8,241)
Income tax (benefit)/expense[1]	9	(33,548)	2,542
Loss for the period[1]		(110,788)	(10,783)
Attributable to:			
Equity holders of the parent [1]	10	(69,893)	(34,910)
Non-controlling interests		(40,895)	24,127
		(110,788)	(10,783)
Other comprehensive income			
Items that may be subsequently reclassified to profit and loss:			
Movement in foreign currency translation reserve		(15,818)	2,660
Items that will not be subsequently reclassified to profit and loss:			
Movement in foreign currency translation reserve attributed to non-controlling interests		(26,666)	6,009
Other comprehensive income/(loss) for the period, net of tax		(42,484)	8,669
Total comprehensive loss for the period[1]		(153,272)	(2,114)
Attributable to:			
Equity holders of the parent[1]		(85,711)	(32,250)
Non-controlling interests		(67,561)	30,136
Earnings per share attributed to the ordinary equity holders of the Company (cents per share)			
Basic loss per share (cents per share)[1]	10	(27.53)	(15.80)
Diluted loss per share (cents per share)[1]	10	(27.53)	(15.80)

[1] Half-Year ended 31 December 2019 results were re-stated, please refer to Note 26 section(d) for details.

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

Omni Bridgeway Limited

ABN 45 067 298 088

Interim Consolidated Statement of Financial Position
as of 31 December 2020

	Notes	Consolidated 31-Dec-20 $'000	Consolidated 30-Jun-20 $'000
ASSETS			
Current Assets			
Cash and cash equivalents	16	167,930	194,384
Receivables from litigation contracts and other	19	79,214	128,987
Contract costs		939	939
Other assets	20	4,251	5,024
Income tax receivable		8	-
Total Current Assets		252,342	329,334
Non-Current Assets			
Receivables from litigation contracts and other	19	2,505	5,743
Plant and equipment		7,038	6,922
Claims portfolio	12	94,574	93,680
Purchased claims	13	31,333	17,019
Intangible assets - litigation contracts in progress	14	399,927	517,230
Goodwill		100,682	103,072
Investment in associates and Joint Ventures		4,890	4,596
Contract costs		3,991	4,461
Other assets	20	10,793	12,409
Deferred tax assets	9	73,103	26,004
Total Non-Current Assets		728,836	791,136
TOTAL ASSETS		981,178	1,120,470
LIABILITIES			
Current Liabilities			
Trade and other payables		27,530	24,044
Income tax payable		5,262	9,557
Provisions	22	21,411	14,923
Lease liabilities		2,155	2,870
Other financial liabilities	21	18,564	38,336
Total Current Liabilities		74,922	89,730
Non-Current Liabilities			
Provisions		766	677
Lease liabilities		4,548	2,814
Debt securities	17	144,659	143,784
Deferred income tax liabilities		43,364	30,747
Other financial liabilities	21	61,570	85,364
Other liabilities		151	153
Total Non-Current Liabilities		255,058	263,539
TOTAL LIABILITIES		329,980	353,269
NET ASSETS		651,198	767,201
EQUITY			
Contributed equity	18	389,501	347,630
Reserves		(60,580)	(5,032)
Retained earnings		(86,629)	(6,597)
Equity attributable to equity holders of the parent		242,292	336,001
Non-controlling interests		408,906	431,200
TOTAL EQUITY		651,198	767,201

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

Omni Bridgeway Limited
ABN 45 067 298 088

Interim Consolidated Statement of Cash Flows
for the half-year ended 31 December 2020

	Notes	Consolidated Half-year ended 31-Dec-20 $'000	Consolidated Half-year ended 31-Dec-19 $'000
Cash flows from operating activities			
Proceeds from deferred recognition of performance fees		**374**	817
Proceeds from claims portfolio investments		**8,158**	8,732
Payments for claims portfolio investments - external costs[1]		**(10,677)**	(1,269)
Payments to suppliers and employees		**(33,161)**	(27,834)
Payments for transaction costs of acquiring a business		**-**	(4,838)
Interest income		**447**	1,614
Interest paid		**(4,254)**	(5,541)
Income tax paid		**(7,488)**	-
Net cash flows used in operating activities		**(46,601)**	(28,319)
Cash flows from investing activities			
Proceeds from litigation funding		**97,279**	91,037
Payments for litigation funding - external costs		**(67,007)**	(136,100)
Payments for litigation funding - capitalised overhead and employee costs		**(3,906)**	(3,096)
Payments for plant and equipment		**(416)**	(305)
Loans to related parties		**(1,877)**	(938)
Loans to third parties		**-**	(933)
Payments for investment in an associate		**-**	(1,743)
Payments for acquisition of business		**-**	(50,212)
Net cash acquired in a business combination		**-**	10,345
Net cash flows used in investing activities		**24,073**	(91,945)
Cash flows from financing activities			
Dividends paid		**(7,872)**	-
Proceeds from raising capital		**-**	138,471
Payments for costs of raising capital		**-**	(6,276)
Payments for costs of issuing debt		**-**	(2,183)
Payments of lease liabilities		**(1,306)**	(771)
Contributions from non-controlling interests		**46,357**	68,176
Distributions to non-controlling interests		**(36,583)**	(41,067)
Payments for fund establishment costs		**-**	(652)
Receipts for reimbursement of fund establishment costs		**-**	736
Net cash flows from financing activities		**596**	156,434
Net (decrease)/increase in cash and cash equivalents held		**(21,932)**	36,170
Net foreign exchange difference		**(4,522)**	106
Cash and cash equivalents at beginning of period		**194,384**	226,460
Cash and cash equivalents at end of period	**16**	**167,930**	262,736

[1] In the Consolidated Statement of Cash Flows, the Payments for claims portfolio investments - external costs have been reclassified from net cash flows from investing activities to net cash flows from operating activities to better reflect the nature of the expenditure.

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

Omni Bridgeway Limited

ABN 45 067 298 088

Interim Consolidated Statement of Changes in Equity
for the half-year ended 31 December 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 interest $'000	Total equity $'000
As at 1 July 2020	**347,630**	**23,918**	**(11,408)**	**3,404**	**3,832**	**(24,778)**	**(6,597)**	**336,001**	**431,200**	**767,201**
Loss for the period	-	-	-	-	-	-	(69,893)	**(69,893)**	(40,895)	**(110,788)**
Other comprehensive loss	-	-	(15,818)	-	-	-	-	**(15,818)**	(26,666)	**(42,484)**
Total comprehensive loss for the period	**-**	**-**	**(15,818)**	**-**	**-**	**-**	**(69,893)**	**(85,711)**	**(67,561)**	**(153,272)**
Equity transactions:										
Dividend paid / declared	-	-	-	-	-	-	(10,139)	**(10,139)**	-	**(10,139)**
Shares issued	6,067	(5,956)	-	-	-	-		**111**	-	**111**
Share based payments, net of tax	-	4,687	-	-	-	-	-	**4,687**	-	**4,687**
Shares issued to settle deferred and variable deferred consideration	33,537	-	-	-	-	-	-	**33,537**	-	**33,537**
Shares issued under the dividend reinvestment plan	2,267	-	-	-	-	-	-	**2,267**	-	**2,267**
Contributions from non-controlling interests	-	-	-	-	-	-	-	**-**	46,357	**46,357**
Distributions to non-controlling interests	-	-	-	-	-	-	-	**-**	(39,515)	**(39,515)**
Changes in the proportion of equity held by non-controlling interests	-	-	-	-	-	(38,461)	-	**(38,461)**	38,425	**(36)**
As at 31 December 2020	**389,501**	**22,649**	**(27,226)**	**3,404**	**3,832**	**(63,239)**	**(86,629)**	**242,292**	**408,906**	**651,198**

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 interest $'000	Total equity $'000
As at 1 July 2019	**205,558**	**17,749**	**(427)**	**3,404**	**3,832**	**(23,665)**	**12,427**	**218,878**	**296,552**	**515,430**
Profit for the period - as previously reported[1]	-	-	-	-	-	-	(19,244)	**(19,244)**	24,127	**4,883**
Effect of restatement on deferred and variable consideration[1]	-	-	134	-	-	-	(15,666)	**(15,532)**	-	**(15,532)**
Profit for the period - restated	**-**	**-**	**134**	**-**	**-**	**-**	**(34,910)**	**(34,776)**	**24,127**	**(10,649)**
Other comprehensive income	-	-	2,660	-	-	-	-	**2,660**	6,009	**8,669**
Total comprehensive income for the period - restated[1]	**-**	**-**	**2,794**	**-**	**-**	**-**	**(34,910)**	**(32,116)**	**30,136**	**(1,980)**
Equity transactions:										
Proceeds from shares issued	138,471	-	-	-	-	-	-	**138,471**	-	**138,471**
Transaction costs associated with share issue, net of tax	(4,214)	-	-	-	-	-	-	**(4,214)**	-	**(4,214)**
Share based payments, net of tax	6,007	(3,704)	-	-	-	-	-	**2,303**	-	**2,303**
Shares issued under the dividend reinvestment plan	-	-	-	-	-	-	-	**-**	-	**-**
Contributions from non-controlling interests	-	-	-	-	-	-	-	**-**	38,468	**38,468**
Distributions to non-controlling interests	-	-	-	-	-	-	-	**-**	(41,067)	**(41,067)**
Changes in the proportion of equity held by non-controlling interests	-	-	-	-	-	(3,909)	-	**(3,909)**	(1,706)	**(5,615)**
Transaction costs, net of tax	-	-	-	-	-	-	-	**-**	-	**-**
Non-controlling interests arising on a business combination	-	-	-	-	-	-	-	**-**	101,040	**101,040**
As at 31 December 2019 - restated	**345,822**	**14,045**	**2,367**	**3,404**	**3,832**	**(27,574)**	**(22,483)**	**319,413**	**423,423**	**742,836**

[1] Half-Year ended 31 December 2019 results were re-stated, please refer to Note 26 section(d) for details.

Notes to the Interim Consolidated Financial Statements for the half-year ended 31 December 2020

Note 1: Corporate Information

The interim consolidated financial statements of Omni Bridgeway Limited (“OBL”, “the Company” or “the Parent”) and its subsidiaries (“the Group” or “consolidated entity”) for the half-year ended 31 December 2020 was authorised for issue in accordance with a resolution of the Directors on 25 February 2021. 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).

Note 2: Summary of Significant Accounting Policies

a. Basis of preparation
This interim consolidated financial report for the half-year ended 31 December 2020 is a condensed general purpose financial report prepared in accordance with AASB 134 and IAS 34 Interim Financial Reporting.

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.

This interim consolidated financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the Group as the annual financial report.

It is recommended that the interim consolidated financial report for the half year be read in conjunction with the annual report for the year ended 30 June 2020 and considered together with any public announcements made by the Company during the half-year ended 31 December 2020 in accordance with the continuous disclosure obligations of the Corporations Act 2001 and the ASX Listing Rules.

b. Basis of consolidation
The interim consolidated financial statements comprise the financial statements of Omni Bridgeway Limited and its subsidiaries, as listed in Note 26, at 31 December 2020.

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

d. Significant accounting policies
The accounting policies adopted in the preparation of the interim consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 30 June 2020. All new and amended accounting standards and interpretations effective from 1 July 2021 were adopted by the Group with no material impact.

e. Significant accounting judgements, estimates and assumptions
The significant accounting judgements, estimates and assumptions that have been applied in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 30 June 2020.

A. RESULTS FOR THE HALF-YEAR

Note 3: Segment Information

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

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

- Australia
- United States
- Canada
- Asia
- EMEA

The Group’s Fund structures include:

- Fund 1 – This comprises Omni Bridgeway (Fund 1) LLC, Security Finance (Fund 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 and Omni Bridgeway (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; Omni Bridgeway (Fund 4) Invt 2 LP; Omni Bridgeway (Fund 4) Invt 3 LP; Omni Bridgeway (Fund 4) Invt 4 LP; Omni Bridgeway (Fund 4) Invt 5 LP; Omni Bridgeway (Fund 4) Invt 6 LP; Omni Bridgeway (Fund 4) Invt 7 LP; Omni Bridgeway (Fund 4) Invt 8 LP; Omni Bridgeway (Fund 4) Invt 9 LP; Security Finance (Fund 4) LLC; JPV I LP 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, Omni Bridgeway (Fund 5) Cayman Invt. Limited, Omni Bridgeway (Fund 5) Australian Invt Pty Ltd, Omni Bridgeway (Fund 5) Canada Investments Ltd, 2238319 Alberta Ltd as well as parallel joint investor, Omni Bridgeway (Fund 5) GPA 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.
- 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 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.

Notes to the Interim Consolidated Financial Statements for the half-year ended 31 December 2020 (continued)

Note 3: 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 half-year ended 31 Dec 2020								
Interest revenue	343	39	5	-	-	563	(138)	**812**
Purchased claims interest revenue	-	-	881	2,255	-	-	-	**3,136**
Inter-segment	8,617	-	-	-	-	-	(8,617)	**-**
Revenue from contracts with customers	1,145	-	-	-	216	43	-	**1,404**
Segment revenue	**10,105**	**39**	**886**	**2,255**	**216**	**606**	**(8,755)**	**5,352**
Net gain/(loss) on derecognition of intangible assets	7,619	(3,511)	4,957	1,262	-	1,083	(1,721)	**9,689**
Net gain/(loss) on disposal of financial assets	-	-	-	-	-	73	(34)	**39**
Other income	187	-	-	-	-	851	-	**1,038**
Total Income	**17,911**	**(3,472)**	**5,843**	**3,517**	**216**	**2,613**	**(10,510)**	**16,118**
Impairment expenses	57,295	(4,053)	(204)	52,540	-	1,136	334	**107,048**
Amortisation of claims portfolio	-	-	-	-	-	598	-	**598**
Expenses	62,753	(59)	7,341	181	1,731	8,599	(17,877)	**62,669**
Share of loss in associates	-	-	-	-	-	182	-	**182**
(Loss)/profit before tax and fair value adjustments on financial liabilities	**(102,137)**	**640**	**(1,294)**	**(49,204)**	**(1,515)**	**(7,902)**	**7,033**	**(154,379)**
Fair value adjustments on financial liabilities	10,043	-	-	-	-	-	-	**10,043**
(Loss)/profit before tax	**(92,094)**	**640**	**(1,294)**	**(49,204)**	**(1,515)**	**(7,902)**	**7,033**	**(144,336)**
Income tax	32,131	(44)	856	-	505	868	(768)	**33,548**
Segment result	**(59,963)**	**596**	**(438)**	**(49,204)**	**(1,010)**	**(7,034)**	**6,265**	**(110,788)**
Attributable to:								
Equity holders of the parent	(59,963)	-	(438)	(9,823)	(1,010)	(4,924)	6,265	**(69,893)**
Non-controlling interests	-	596	-	(39,381)	-	(2,110)	-	**(40,895)**

	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 labilities at 31 Dec 2020								
Cash[1]	100,492	12,718	11,628	21,795	211	21,086	-	**167,930**
Other current assets	61,085	-	23,208	24	1,555	14,180	(15,640)	**84,412**
Claims portfolio	-	-	-	-	-	97,878	(3,304)	**94,574**
Purchased claims	-	-	6,325	13,889	3,012	4,055	4,052	**31,333**
Intangible assets	125,308	165,576	56,379	96,803	3,713	55,969	29,362	**533,110**
Provision for impairment	(64,968)	(7,870)	(1,609)	(52,540)	-	(1,943)	(4,253)	**(133,183)**
Goodwill	100,682	-	-	-	-	-	-	**100,682**
Other non-current assets	238,575	-	9,987	-	(10,133)	167,741	(303,850)	**102,320**
Total segment assets	**561,174**	**170,424**	**105,918**	**79,971**	**(1,642)**	**358,966**	**(293,633)**	**981,178**
Current liabilities	41,500	1,358	15,693	2,794	-	27,358	(13,781)	**74,922**
Non-current liabilities	183,249	-	5,134	-	-	60,093	6,582	**255,058**
Total segment liabilities	**224,749**	**1,358**	**20,827**	**2,794**	**-**	**87,451**	**(7,199)**	**329,980**
Net assets	**336,425**	**169,066**	**85,091**	**77,177**	**(1,642)**	**271,515**	**(286,434)**	**651,198**
Equity attributable to:								
Equity holders of the parent	336,425	3,628	23,014	4,057	(1,642)	163,244	(286,434)	**242,292**
Contributed equity - NCI	-	116,614	59,907	114,206	-	108,540	-	**399,267**
Earnings - NCI	-	48,824	2,170	(41,086)	-	(269)	-	**9,639**
Total equity	**336,425**	**169,066**	**85,091**	**77,177**	**(1,642)**	**271,515**	**(286,434)**	**651,198**

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

Omni Bridgeway Limited
ABN 45 067 298 088

Notes to the Interim Consolidated Financial Statements for the half-year ended 31 December 2020 (continued)

Note 3: 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 half-year ended 31 Dec 2019 - restated[1]								
Interest revenue	1,191	115	327	-	-	-	-	**1,633**
Purchased claims interest revenue	-	-	31	-	-	-	-	**31**
Inter-segment	-	-	-	-	-	-	-	**-**
Revenue from contracts with customers	497	-	-	-	12	8,731	-	**9,240**
Segment revenue	**1,688**	**115**	**358**	**-**	**12**	**8,731**	**-**	**10,904**
								-
Net gain/(loss) on derecognition of intangible assets	16,573	13,765	9,826	4,078	(3)	-	(1,361)	**42,878**
Net gain/(loss) on disposal of financial assets	-	-	-	-	-	-	-	**-**
Other income	647	-	-	-	-	45	92	**784**
Total Income	**18,908**	**13,880**	**10,184**	**4,078**	**9**	**8,776**	**(1,269)**	**54,566**
Impairment expenses	-	(13)	258	82	-	-	1,026	**1,353**
Amortisation of claims portfolio	-	-	-	-	-	6,189	-	**6,189**
Expenses	34,447	38	3	125	411	4,591	-	**39,615**
Share of profit in associates	-	-	-	-	-	(16)	-	**(16)**
(Loss)/profit before tax and fair value adjustments on financial liabilities	**(15,539)**	**13,855**	**9,923**	**3,871**	**(402)**	**(1,988)**	**(2,295)**	**7,425**
Fair value adjustments on financial liabilities[1]	(15,666)	-	-	-	-	-	-	**(15,666)**
(Loss)/profit before tax[1]	**(31,205)**	**13,855**	**9,923**	**3,871**	**(402)**	**(1,988)**	**(2,295)**	**(8,241)**
Income tax[1]	(1,158)	-	3,028	-	(109)	639	142	**2,542**
Segment result[1]	**(30,047)**	**13,855**	**6,895**	**3,871**	**(293)**	**(2,627)**	**(2,437)**	**(10,783)**
Attributable to:								
Equity holders of the parent[1]	(30,047)	-	-	967	(293)	(3,100)	(2,437)	**(34,910)**
Non-controlling interests	-	13,855	6,895	2,904	-	473	-	**24,127**

	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 [2]	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	375,855	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] Half-Year ended 31 December 2019 results were re-stated, please refer to Note 26 section(d) for details.
[2] Cash in Funds can only be used for litigation matters and expenses in the Funds.

Note 4: Revenue from contracts with customers

	Corporate $'000	Fund 5 $'000	Fund 6 $'000	Total $'000
Half-year ended 31-Dec-20				
Type of service				
Enforcement and recovery services	-	-	19	**19**
Management fees	1,145	216	24	**1,385**
	1,145	**216**	**43**	**1,404**
Half-year ended 31-Dec-19				
Type of service				
Enforcement and recovery services	-	-	8,731	8,731
Management fees	497	12	-	509
	497	12	8,731	9,240
Half-year ended 31-Dec-20				
Geographical markets				
Europe	-	-	43	**43**
Australia	186	-	-	**186**
United States	959	-	-	**959**
Cayman Islands	-	216	-	**216**
	1,145	**216**	**43**	**1,404**
Half-year ended 31-Dec-19				
Geographical markets				
Europe	-	-	8,731	8,731
Australia	75	-	-	75
United States	422	-	-	422
Cayman Islands	-	12	-	12
	497	12	8,731	9,240
Half-year ended 31-Dec-20				
Timing of revenue recognition				
Services transferred at a point in time	-	-	19	**19**
Services transferred over time	1,145	216	24	**1,385**
	1,145	**216**	**43**	**1,404**
Half-year ended 31-Dec-19				
Timing of revenue recognition				
Services transferred at a point in time	-	-	8,731	8,731
Services transferred over time	497	12	-	509
	497	12	8,731	9,240

Not included in revenue is $1.120 million (2020: $0.812) of performance fees that relate to the completion of investments 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.

Note 5: Interest revenue

Interest revenue is recognised using the effective interest rate method.

	Consolidated	
	Half-year ended 31-Dec-20 $'000	Half-year ended 31-Dec-19 $'000
Interest revenue		
Interest revenue calculated using effective interest rate method	**812**	1,633
Purchased claims interest revenue calculated using the effective interest rate method	**3,136**	31
	3,948	1,664

Note 6: 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.

	Consolidated	
	Half-year ended 31-Dec-20 $'000	Half-year ended 31-Dec-19 $'000
Net gain on derecognition of intangible assets		
Litigation funding contracts - proceeds	**43,869**	142,769
Litigation funding contracts - derecognition of intangibles (successful investments)[1]	**(19,546)**	(95,607)
Litigation funding contracts - derecognition of intangibles (unsuccessful investments)[2]	**(14,634)**	(4,284)
	9,689	42,878

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

[2] This consists of costs related to the Group's derecognition of litigation contracts intangibles on (i) cases lost by the Group, and (ii) cases not pursued by the Group due to the cases not meeting the Group's required rate of return.

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

	Consolidated	
	Half-year ended 31-Dec-20 $'000	Half-year ended 31-Dec-19 $'000
Australia	**636**	29,808
United States	**(3,043)**	17,075
Canada	**11,023**	(3,989)
EMEA	**1,071**	-
Asia	**2**	(16)
Total net loss on derecognition of intangible assets	**9,689**	42,878

Omni Bridgeway Limited
ABN 45 067 298 088

Notes to the Interim Consolidated Financial Statements for the half-year ended 31 December 2020 (continued)

Note 7: Other income

	Consolidated Half-year ended 31-Dec-20 $'000	Consolidated Half-year ended 31-Dec-19 $'000
Other income		
Other income	**1,038**	784
	1,038	784

Note 8: Expenses

		Consolidated Half-year ended 31-Dec-20 $'000	Consolidated Half-year ended 31-Dec-19 $'000
(a)	**Finance costs**		
	Interest on lease liabilities	43	-
	Other finance charges	206	1,033
		249	1,033
(b)	**Amortisation of claims portfolio**		
	Amortisation of claims portfolio	**598**	6,189
(c)	**Depreciation expense**		
	Depreciation	**1,698**	1,348
(d)	**Employee benefits expense**		
	Wages and salaries	**18,683**	13,988
	Superannuation expense	**859**	753
	Directors' fees	**253**	247
	Payroll tax	**1,045**	648
	Share based payments	**7,514**	2,184
	Long service leave	**145**	(104)
		28,499	17,716
(e)	**Corporate and office expense**		
	Insurance expense	**1,659**	909
	Network expense	**660**	702
	Marketing expense	**637**	1,021
	Occupancy expense	**360**	146
	Professional fee expense	**4,502**	7,661
	Recruitment expense	**165**	124
	Travel expense	**80**	1,134
		8,063	11,697
(f)	**Other expenses**		
	ASX listing fees	**146**	237
	General expenses	**758**	925
	Amortisation of contract costs	**470**	470
	Postage, printing and stationary	**583**	299
	Repairs and maintenance	**5**	13
	Share registry costs	**-**	111
	Staff training, development and conferences	**(3)**	235
	Adverse costs[2]	**13,898**	4,271
	Net foreign exchange loss	**8,242**	1,260
	Loss on disposal of fixed assets	**61**	-
		24,160	7,821
(i)	**Impairment expense**		
	Impairment[1]	**107,048**	1,353

[1] Impairment expense includes $110.890 million in respect to Westgem & a Fund 4 investment. Whilst an impairment provision has been raised for accounting purposes, management continues to support the appeal process for these investments. (refer to note 14 (b))

[2] Adverse cost expenses from previous period of $4.271 million are presented in other expenses instead of being part of the gain/loss on derecognition of intangible assets. The change in presentation has been made to better reflect the nature of the expenditure.

Note 9: Income tax

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 Half-year ended 31-Dec-20 $'000	Consolidated Half-year ended 31-Dec-19 re-stated $'000
Accounting profit/(loss) before income tax	**(144,336)**	(8,241)
At the Group's statutory income tax rate of 30% (2019: 30%)	**(43,301)**	(2,472)
Foreign tax rate adjustments	**45**	(390)
Adjustment in respect of income and deferred tax of previous years	**(250)**	1,439
Non-assessable income	**(3,087)**	(4,890)
Non-deductible expenditures	**12,406**	4,700
Write off of non-recoverable Deferred Tax Assets	**641**	3,444
Other	**(2)**	711
Income tax expense/(benefit) reported in the Statement of Comprehensive Income	**(33,548)**	2,542

Unrecognised temporary differences and tax losses

At 31 December 2020, the Group had $3.413 million (30 June 2020: $3.019 million) of unrecognised deferred tax assets relating to temporary differences and tax losses in its Canadian subsidiaries.

Deferred tax assets relating to Australian operations

The net deferred tax assets balance of Omni Bridgeway Limited was $24.804 million as at 31 December 2020 (30 June 2020: deferred tax liability $1.916 million). Significant profits are expected to be generated from the existing balance sheet investments to utilise this deferred tax assets balance in future years. In addition, Omni Bridgeway Limited, as the parent company of the Group is also expected to receive varies types taxable income from Group entities in the future. Please refer to Note 14 section(c) for details.

Note 9: Income tax (Continued)

Deferred tax assets relating to USA operations

The deferred tax assets balances includes $18.859 million (30 June 2020: $17.362 million) of assets relating to carried forward tax losses of Omni Bridgeway Holdings (USA) Inc. Under existing tax regulations, the losses incurred prior to financial year ended 30 June 2019 can be carried forward for 20 years and losses incurred thereafter can be carried forward indefinitely. 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. Omni 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, Omni considers there to be convincing other evidence to support the recoverability of these tax losses including:

(i) The US business has been in an expansion and infrastructure growth phase. Additional costs have been incurred in the business related to the expansion of activity and changes in operations to a Fund management structure. Investments in people, systems and infrastructure have been made ahead of the expected investment activity of the Funds. Fund 1 commenced in 2017 and Fund 4 in 2019. Whilst Fund 1 is fully invested; Fund 4 (with an approved portfolio size of US$500 million of which the US business has a 20% interest) is commencing its investment commitment activity. With an average investment life of circa 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. 700 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. Omni has access to more investment capital that at any time in its history;

(iii) There are 42 US investments funded. The carrying value of intangibles assets (investments) was $225.275 million at 31 December 2020. The US business historically has an 76% 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.

(iv) The coronavirus pandemic and other political events in the US have temporarily delayed US investment completions, as the court process has been significantly disrupted during 2020. Once the normalcy in the US court system resumes, completion rates are expected to return to normal.

Deferred tax assets relating to ROW funds

Omni Bridgeway (Fund 2) Pty Limited and Omni Bridgeway (Fund 3) Pty Limited carried combined total deferred tax assets balances of $4.101 million as at 31 December 2020 (30 June 2020: $0.059 million), the deferred tax assets balances were predominantly related to the loss of one Australian investment during this reporting period. The Funds are 96.8% committed with litigation investments that are expected to generate significant taxable income in the future.

Note 10: Loss per share

(a) Earnings used in calculating earnings per share

	Consolidated	
	Half-year ended 31-Dec-20 $'000	Half-year ended 31-Dec-19 $'000
For basic and diluted earnings per share		
Total net loss attributable to ordinary equity holders of the Parent[1]	**(69,893)**	(34,910)

[1] Half-Year ended 31 December 2019 results were re-stated, please refer to Note 26 for details.

(b) Weighted average number of shares

	Consolidated	
	Half-year ended 31-Dec-20 Number	Half-year ended 31-Dec-19 Number
Weighted average number of ordinary shares outstanding	**253,875,500**	220,845,776
Effect of dilution:		
Performance rights	-	-
Weighted average number of ordinary shares	**253,875,500**	220,845,776

Variable Deferred Consideration and Deferred Consideration are payable by the issue of fully paid ordinary shares in Omni Bridgeway Limited (OBL). Please refer to Note 15 for details.

These shares have not been included for the following reasons.
Variable Deferred Consideration shares have not been included as their performance milestones for future tranches have yet to be met. Deferred Consideration shares have not been included as shareholder approval will be required for tranche 2. In addition to the above, the inclusion of any of these shares would be considered antidilutive.

The weighted average number of ordinary shares outstanding includes:

Performance rights granted under the Long Term Incentive Plan are only included in dilutive earnings per ordinary share where the performance hurdles are met as at period end and they do not have an anti-dilutive effect. As at 31 December 2020, there were 6,003,095 performance rights calculated as meeting the performance criteria for inclusion in diluted earnings per share, however these were not included due to their anti-dilutive effect.

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 11: Dividends paid and proposed by Omni Bridgeway (the parent entity)

Cash dividends on ordinary shares declared and paid

The Directors have determined not to pay a dividend for the period ended 31 December 2020 to equity holders of the parent company.

On 24 August 2020 the Directors declared a final fully franked dividend of 4.00 cents per share for the 2020 financial year, totalling $9,955,000. The record date for this dividend was 2 September 2020 and the payment date was 25 September 2020. Shareholders were able to elect to participate in the dividend reinvestment plan in relation to this dividend.

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

B. INVESTMENTS AND INTANGIBLE ASSETS

Note 12: Claims portfolio

	Consolidated	
	Period ended 31-Dec-20 $'000	Period ended 30-Jun-20 $'000
Balance as at 1 July	**93,680**	-
Acquisition through business combination[1]	**-**	98,330
Additions to claims portfolio investments	**3,663**	8,123
Amortisation of claims portfolio	**(598)**	(14,520)
Foreign currency adjustment	**(2,171)**	1,747
	94,574	93,680

Included in the closing balance of $94.574 million is $65.220 million of fair value adjusts in relation the business combination of OBE Group.

[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.

Note 13: Purchased claims

	Consolidated Period ended 31-Dec-20 $'000	Consolidated Period ended 30-Jun-20 $'000
Balance as at 1 July	**17,019**	-
Acquisition through business combination[1]	**-**	12,028
Additions to Purchased claims	**11,800**	9,830
Interest revenue	**3,137**	757
Purchased claims expense[2]	**23**	(5,815)
Foreign currency adjustment	**(646)**	219
	31,333	17,019

At 31 December 2020 the fair value of the purchased claims amounted to $31.333 million and a gross contractual amount of $182.633 million (30 June 2020: $173.343 million). Included in the closing balance of $31.333 million is $2.966 million of fair value adjusts in relation the business combination of OBE Group.

[1] Purchased claims were acquired through the business combination.
[2] Included in the purchased claims disposed of during the year ended 30 June 2020 was $5.595 million of fair value adjustments that originally arose from business combination.

	Consolidated At 31-Dec-20 $'000	Consolidated At 31-Dec-19 $'000
Net Gain on disposal of Purchased claims		
Proceeds from purchased claims disposed	**16**	-
Carrying value of purchased claims disposed	**23**	-
	39	-

Note 14: Intangible assets - litigation contracts in progress

Litigation contracts in progress are carried at cost less accumulated impairment.
Capitalised costs include client costs, such as solicitors' fees, counsels' fees and experts' fees; certain directly attributable costs of managing the investment, such as certain insurance costs, wages, occupancy costs, other out of pocket expenses; and borrowing costs.

In accordance with the Group's accounting policy, the net carrying amount of a litigation contract in progress is derecognised when a decision is made not to pursue the case or on finalisation of the case with any gain on disposal recognised in profit or loss

The Group has determined that Litigation Funding Contracts In Progress meet the definition of qualifying assets and that all borrowing costs are eligible for capitalisation. The weighted average cost of borrowing was 6.7% (30 June 2020: 7.9%).

(a) Reconciliation of carrying amounts

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

	Consolidated At 31-Dec-20 $'000	Consolidated At 30-Jun-20 $'000
External costs funded by the Group	**456,517**	473,170
Capitalised internal costs	**40,096**	39,000
Capitalised borrowing costs	**36,496**	33,060
Gross carrying amount at cost	**533,109**	545,230
Accumulated impairment	**(133,182)**	(28,000)
Net carrying amount	**399,927**	517,230

Included in the closing balance of $399.927 million is $22.701 million of fair value adjusts in relation the business combination of OBE Group.

(b) Impairment testing of intangible assets

Except for specific Litigation Contracts in Progress subject to an unfavourable judgement, 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. Litigation Contracts in Progress that are subject to an unfavourable judgement are impaired down to their recoverable amount based on their estimated fair value less costs of disposal.

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 6.2% and 6.8% for this reporting period (30 June 2020: between 8.5% and 10%).

At 31 December 2020, a provision for impairment has been recognised for $133.182 million (30 June 2020: $28.000 million). The impairment comprised -

– $57.329 million relating to the Westgem investment. The provision raised is for the full carrying value of the investment, including internal overheads. During the period, the Supreme Court of Western Australia delivered judgement in the Westgem litigation and dismissed in full all of the claims of Omni Bridgeway's funded clients. An appeal was lodged with the Supreme Court of Western Australia on 17 September 2020. The provision for impairment is in accordance with the Group's accounting policy which reflects IFRS accounting standard requirements and reflects the first instance Supreme Court judgement in favour of the defendant being a trigger for impairment. The investment has not been derecognised and the Group intends to pursue the investment to achieve a positive outcome. The level of impairment will be continually assessed and may be reversed as appropriate pending developments in the future.

– $53.560 million relating to a Fund 4 investment. The provision raised is for the full carrying value of the investment, including internal overheads. During the period, Summary Judgement against a funded claimant within Fund 4 was granted. The funded claimant has lodged a notice to appeal the decision. The provision for impairment is in accordance with the Group's accounting policy which reflects IFRS accounting standard requirements and reflects the first instance summary judgement in favour of the defendant being a trigger for impairment. The investment has not been derecognised and the Group intends to pursue the investments to achieve a positive outcome. The level of impairment will be continually assessed and may be reversed as appropriate depending on developments in the future.

– The remainder of the impairment, $22.930 million at 31 December 2020 ($28.000 million at 30 June 2020) relates to thirty-four investments (30 June 2020: twenty-six) across the remainder of the portfolio. The majority of which are not individually material. The $5.070 net million movement in the period reflects (i) $2.137 million of new impairments; (ii) the net impact of investment completions and the asset derecognised and (iii) foreign exchange variance. For new or increased impairments, during the impairment review, management have determined that either a successful outcome for the investment was no longer likely to occur or that the likely outcome would not recover the current carrying value of the investment. The discount rate used in the impairment assessment of these assets was 6.2%. After taking into account the impairment, at 31 December 2020, the thirty-four investments have a combined carrying value of $12.434 million. This amount reflects the net recoverable amount expected to be received from the investments.

(c) Additional information

The Group has two Litigation Contracts in Progress assets that are significantly complete.

Wivenhoe Investment

A positive NSW Supreme Court judgment for OBL's funded client was received on 29 November 2019. One of the defendants (with a court determined 20% portion of liability) has accepted that judgement; whilst the remaining two have appealed. The Group estimates income will ultimately be generated from this investment in excess of the carrying value of the investment at the balance sheet date. The Group considers its entitlement to income as probable. The Group continues to carry the investment as a Litigation contract in Progress at cost until completion.
The investment currently has a possible completion period during FY21.

AET/SEAS Sapfor Forestry Scheme Litigation Investment

In September 2019 a NSW Supreme Court judgement was received in favour of our funded client. The defendant accepted liability to our client for part and appealed other aspects. In April 2020 the appeal hearing concluded. The investment involves funding to a trustee on behalf of covenant holders in Southern Australian Perpetual Forest Scheme who suffered loss arising from inappropriate release of security over the scheme's assets. The Group estimates proceeds on settlement of the case will ultimately be generated from this investment in excess of the proceeds of $11.934 million which was recognised in the FY20 financial year. The excess proceeds, relating to the appealed component of the litigation, has not yet been recognised in the Group's financial statements.
The Group considers its entitlement to the balance of the income as probable.

Notes to the Interim Consolidated Financial Statements for the half-year ended 31 December 2020 (continued)

C. CAPITAL STRUCTURE

Note 15: Financial assets and liabilities

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

Fair Values
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 31 Dec 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 3. Level 3 inputs were used for all other assets and liabilities below to determine fair value.

	Carrying Amount		Fair Value	
	At 31-Dec-20 $'000	At 30-Jun-20 $'000	At 31-Dec-20 $'000	At 30-Jun-20 $'000
Financial assets				
Receivables from litigation contracts and other	**81,719**	134,730	**81,719**	134,730
Purchased claims	**31,333**	17,019	**31,333**	17,019
Other assets/security deposits	**15,044**	17,396	**15,044**	17,396
	128,096	169,145	**128,096**	169,145
Financial liabilities				
Trade and other payables	**27,530**	24,044	**27,530**	24,044
Debt securities	**144,659**	143,784	**149,131**	144,947
Deferred consideration	**20,121**	42,786	**20,121**	42,786
Variable deferred consideration	**53,206**	76,030	**53,206**	76,030
Variable consideration - Purchased claims	**4,607**	4,884	**4,607**	4,884
	250,123	291,528	**254,595**	292,691

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 31 December 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	45% at 31 December 2020	An absolute 5% increase in the volatility would result in a $1,027,000 increase in the value of the liability. An absolute 5% decrease in the volatility would result in a $1,026,000 decrease in the value of the liability.
		Underlying share price	$4.30 at 31 December 2020	A relative 5% increase in the share price would result in a $1,735,000 increase in the value of the liability. A relative 5% decrease in the share price would result in a $1,661,000 decrease in the value of the liability.
		Dividend yield	2.5%	
		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.
		Risk free rate	As at 31 December 2020: 0.03% for 8-Nov-21 payment 0.07% for 8-Nov-22 payment 0.17% for 8-Nov-23 payment 0.28% for 8-Nov-24 payment	
		FX forward rate (AUD/EUR)	At 31 December 2020: 8-Nov-21: 1.596 8-Nov-22: 1.609 8-Nov-23: 1.625 8-Nov-24: 1.645	relative 5% increase in the forward exchange rates would result in a $2,630,000 increase the value of the liability. A relative 5% decrease in the forward exchange rate would result in a $2,635,000 decrease in the value of the liability

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	45% at 31 December 2020	An absolute 5% increase in the volatility would result in a $394,000 increase in the value of the liability. An absolute 5% decrease in the volatility would result in a $394,000 decrease in the value of the liability.
		Underlying share price	$4.30 at 31 December 2020	A relative 5% increase in the share price would result in a $655,000 increase in the value of the liability. A relative 5% decrease in the share price would result in a $629,000 decrease in the value of the liability.
		Dividend yield	2.5%	
		Risk free rate	As at 31 December 2020: 0.03% for 8-Nov-21 payment 0.07% for 8-Nov-22 payment 0.17% for 8-Nov-23 payment 0.28% for 8-Nov-24 payment	
		FX forward rate (AUD/EUR)	At 31 December 2020: 8-Nov-21: 1.596 8-Nov-22: 1.609 8-Nov-23: 1.625 8-Nov-24: 1.645	A relative 5% increase in the forward exchange rates would result in a $1,006,000 increase the value of the liability. A relative 5% decrease in the forward exchange rate would result in a $1,006,000 decrease in the value of the liability.

Note 16: Cash and cash equivalents

Cash and cash equivalents comprise the following at 31 December 2020:

	Consolidated At 31-Dec-20 $'000	At 30-Jun-20 $'000
Cash at bank	**89,170**	101,037
Short-term deposits	**78,760**	93,347
	167,930	194,384

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, $3,186,000 (30 June 2020: $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 31 December 2020, all short-term deposits maturity dates are 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 31 December 2020, guarantees of $1,246,000 were outstanding (2020: $1,204,000). The Group has a total guarantee facility limit of $1,423,000 (30 June 2020: $1,474,000) that is secured by an offset arrangement with deposits of $1,423,000 (30 June 2020: $1,674,000).

Note 17: Debt securities

	Consolidated At 31-Dec-20 $'000	At 30-Jun-20 $'000
Non-Current		
Omni Bridgeway Bonds	**74,621**	73,942
Fixed Rate Notes	**70,038**	69,842
	144,659	143,784

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

	Consolidated At 31-Dec-20	At 30-Jun-20
Gearing ratio[1]	**51%**	46%
Working capital ratio[2]	**3.37**	3.67
Interest cover ratio[3]	**N/A**	N/A

[1] 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.

[2] 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.

[3] 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 At 31-Dec-20 $'000	At 30-Jun-20 $'000
Contributed equity		
Issued and fully paid ordinary shares	**389,501**	347,630

(a) Ordinary shares
Fully paid ordinary shares carry one vote per share and carry the right to dividends.

	Consolidated			
	Period ended 31-Dec-20 Number '000	$'000	Period ended 30-Jun-20 Number '000	$'000
Movement in ordinary shares				
Balance at 1 July	**249,865**	**347,630**	204,609	205,558
Shares issued during the year (Placement and Share Purchase Plan)	**-**	**-**	40,571	134,212
Shares issued during the year (Deferred and Variable Deferred Consideration)	**8,120**	**33,537**	-	-
Shares issued upon exercise of performance rights	**3,604**	**6,067**	4,231	6,021
Shares issued under the Dividend Reinvestment Plan	**591**	**2,267**	454	1,839
Balance at period end	**262,180**	**389,501**	249,865	347,630

On 25 September 2020, the Company issued 590,734 shares at $3.84 per share under its Dividend Reinvestment Plan.

(b) Performance Rights
As at 31 December 2020, there were 18,960,490 exercisable performance rights in respect to the Long Term Incentive Plan for the Group (30 June 2020: 17,302,007).

(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.

D. WORKING CAPITAL, OTHER ASSETS AND OTHER LIABILITIES

Note 19: Receivables from litigation contracts and other

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).

	Consolidated	
	At 31-Dec-20 $'000	At 30-Jun-20 $'000
Current		
Receivables from litigation contracts[1]	**59,994**	118,701
Other receivables[2]	**19,220**	10,286
	79,214	128,987
Non-Current		
Receivables from litigation contracts[1]	**2,505**	5,743
	2,505	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 and non-current receivables approximates 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.

Note 20: Other assets

	Consolidated	
	At 31-Dec-20 $'000	At 30-Jun-20 $'000
Current		
Prepayments	**1,595**	2,274
Deposits	**2,656**	2,750
	4,251	5,024
Non-Current		
Prepayments	**9,617**	11,522
Other	**1,176**	887
	10,793	12,409

Note 21: Other financial 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	
	At 31-Dec-20 $'000	At 30-Jun-20 $'000
Current		
Deferred consideration	**-**	20,681
Variable deferred consideration	**16,364**	17,655
Other	**2,200**	-
	18,564	38,336
Non-Current		
Deferred consideration	**20,121**	22,105
Variable deferred consideration	**36,842**	58,375
Variable consideration – Purchased claims	**4,607**	4,884
	61,570	85,364

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.

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 2020	**20,681**	**17,655**	**38,336**
Fair value remeasurement recognised through profit and loss	**(2,793)**	**(1,858)**	**(4,651)**
Issue of shares to satisfy the liability	**(17,808)**	**(15,729)**	**(33,537)**
Reclassification from Non-Current	**-**	**16,364**	**16,364**
Effect of movement in foreign currency	**(80)**	**(68)**	**(148)**
At 31 December 2020	**-**	**16,364**	**16,364**
Non-Current			
At 30 June 2020	**22,105**	**58,375**	**80,480**
Fair value remeasurement recognised through profit and loss	**(1,500)**	**(3,891)**	**(5,391)**
Reclassification to Current	**-**	**(16,364)**	**(16,364)**
Effect of movement in foreign currency	**(484)**	**(1,278)**	**(1,762)**
At 31 December 2020	**20,121**	**36,842**	**56,963**

Note 21: Other financial liabilities (Continued)

	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
Effect 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
Effect of movement in foreign currency	332	877	1,209
At 30 June 2020	22,105	58,375	80,480

Note 22: Provisions

	Consolidated	
	At 31-Dec-20 $'000	At 30-Jun-20 $'000
Current		
Annual leave and vested long service leave	**4,162**	3,498
Adverse costs	**16,000**	672
Bonus	**1,249**	10,753
	21,411	14,923

Annual leave and vested long service leave
Provision is made for employee benefits accumulated as a result of employees rendering services up to the end of the reporting period.

Adverse costs
As at 31 December 2020, adverse costs provision of $16 million has been recognised for two on-balance sheet investments that received an unfavourable judgement. Of that amount, $8.3million will be recovered from insurance proceeds ($7.5million) and as part of a co-funding agreement ($0.8million) and this amount has been recognised as a receivable. As a result $6.7million has been expensed and is included in other expenses.

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

Note 23: Commitments and contingencies

In certain jurisdictions the Group undertakes 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.

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 $7.5 million which has been exceeded. The entire Fund 5 portfolio has an ATE insurance policy that will respond to claims for adverse costs in aggregate in excess of USD20 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 31 December 2020, the total amount spent by the Group (excluding the OBE Group) on investments in litigation where undertakings to pay adverse costs have been provided was $105.881 million (30 June 2020: $129.856 million). The potential adverse costs orders using the above methodology would amount to $59.667 million (30 June 2020: $75.735 million). The Group does not currently expect that any of the matters will be unsuccessful. The Group maintains a large cash holding in case one or more matters are unsuccessful and an adverse costs order is made which is not covered by its insurance arrangements.

E. THE GROUP, MANAGEMENT AND RELATED PARTIES

Note 24: Share-based payments

Long Term Incentive Plan (LTIP)
Under the LTIP, awards are made to executives and other senior personnel who have an impact on the Group's performance. LTIP awards are delivered in the form of performance rights over shares which vest after a period of three years subject to meeting performance measures. 50% of the LTIP is based on relative TSR and 50% CAGR of Funds Deployed as the performance measures.

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

4,528,546 share performance rights were issued in the half-year ending 31 December 2020. Specific assessment for performance rights issued in the period in below;

Grant Date	1 July 2020	27 November 2020
Share price at grant date	$4.670	$4.250
Expected Volatility (%)	40%	40%
Dividend yield (%)	2%	2%
Risk-free rate (%)	0.27%	0.11%
Performance period	3 years ending 30 June 2023	3 years ending 30 June 2023
Models used	Monte Carlo & Black Scholes	Monte Carlo & Black Scholes
Tranche 1 - relative TSR (value per right $)	$2.530	$1.812
Tranche 2 - CAGR (value per right $)	$4.466	$4.089

Note 25: Related party disclosures

Transactions with director related entities
The following table provides the total amount of transactions that were entered into with related parties for the relevant periods.

	Consolidated	
	Half-year ended 31-Dec-20 $'000	Half-year ended 31-Dec-19 $'000
Transactions with DLA Piper[1]	**294**	1,727
Transactions with FIIG Securities[2]	**-**	1,745
	294	3,472

[1] During the period, the Group obtained legal advice from DLA Piper, a legal firm associated with director Michael Bowen. The legal advice was obtained at arm's length 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 previous period, the Group obtained services from FIIG 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 FIIG Securities and review of its service provision.

Note 26: Business combination

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. Goodwill of $101,342 million was recognised and $103.065 million of fair value adjustment was required to individually identifiable assets.

(a) Assets acquired and liabilities assumed
The fair values of the identifiable assets and liabilities of Omni Bridgeway as at the date of acquisition have been determined, as follows:

	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**
Other liabilities	**1,993**
	67,784
Total identifiable net assets at fair value	**154,433**
Non-controlling interests[2]	**(102,109)**
Goodwill arising on acquisition[1, 2]	**101,342**
Purchase consideration[2]	**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.

[2] Half-Year ended 31 December 2019 results were re-stated, please refer to Note 26 section(d) for details.

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 million 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.

For the current period the OBE Group was fully consolidated in the revenue and profit/(loss), refer to segment note. From the date of acquisition to 31 December 2019, the OB Group contributed revenue of $12.458 million and $2.004 million loss before tax. If the combination had taken place on 1 July 2019, revenue from continuing operations would have been $16.716 million and loss before tax from continuing operations for the Group would have been $10.375 million for the comparative period.

	$'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) Net	**(4,838)**
cash acquired with the subsidiary (included in cash flows from investing activities) Net	**10,345**
cash flow on acquisition	**(44,705)**

Transaction costs of $4.838 million were expensed in the Half year ended 31 December 2019 and are included in professional fees within corporate and office expenses on the Statement of Comprehensive Income.

Note 26: Business combination (Continued)

(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.

The fair value of the deferred consideration at acquisition 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. The issue of shares in relation to tranche 1 of the deferred consideration payment was approved on at the OBL general meeting held on the 27 November 2020. The remaining tranche 2 deferred consideration payment will be satisfied by the issue of shares in Omni Bridgeway subject to shareholder approval 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 EUR9.066 million or the value of the OBL shares which would have been issued had shareholder approval been obtained.

	$'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**
Fair value remeasurement recognised through profit and loss	(4,293)
Issue of shares to satisfy the liability	(17,462)
Effect of movement in foreign currency	(910)
At 31 December 2020	**20,121**

(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 focussed on cumulative annual new business generation.

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
As at 30 June 2020	**76,030**
Fair value remeasurement recognised through profit and loss	(5,749)
Issue of shares to satisfy the liability	(15,424)
Effect of movement in foreign currency	(1,651)
At 31 December 2020	**53,206**

(d) Re-statement of HY2019 half-year results
Subsequent to the issue of the 31 December 2019 interim consolidated financial statements, the valuation of the deferred and variable deferred consideration (collectively “Consideration”) relating to the acquisition of the OBE Group was finalised. The acquisition of OBE group occurred on the 8 November 2019.

As detailed above, the consideration is payable to the vendors of legacy Omni Bridgeway, contingent on time, as it relates to the deferred amount, and time and performance, as it relates to the variable deferred amount. The liability is payable in equity and the number of shares to be issued in the first instance is based on a conversion price of $3.41. The number of shares to be issued is impacted by foreign exchange movements and a drop in share price below the conversion price. The number of shares issued can decrease if the performance conditions are not met. However, as the share price increased since the transaction, the value of the liability increased.
The Consideration has been valued at fair value at the acquisition date as part of the business combination and subsequently remeasured at fair value. The measurement period adjustments to the provisional accounting were recognised in the Financial Statements for the year ended 30 June 2020. The comparative information in these interim consolidated financial statements for the half year ended 31 December 2019 has therefore also been restated as follows:

	Impact of measurement period adjustments			
	Previously reported 31/12/2019	Adjustment for revaluation at acquisition	Adjustment for revaluation at Dec 19	Restated 31/12/2019
	$'000	$'000	$'000	$'000
Loss on fair value of financial liabilities	-	-	(15,666)	(15,666)
Total Comprehensive Income for the period attributable to equity holders of the parent	(19,244)	-	(15,666)	(34,910)
Basic loss per share (cents per share)	(8.71)	-	(7.09)	(15.80)
Diluted loss per share (cents per share)	(8.71)	-	(7.09)	(15.80)
Non-Current Assets				
Goodwill	69,443	31,899	-	101,342
LIABILITIES				
Current Liabilities				
Deferred consideration	14,670	2,895	2,715	20,280
Variable deferred consideration	13,495	1,502	2,318	17,315
	28,165	4,397	5,033	37,595
Non-Current Liabilities				
Deferred consideration	12,158	7,294	2,742	22,194
Variable deferred consideration	32,202	19,238	7,171	58,611
	44,360	26,532	9,913	80,805
TOTAL LIABILITIES	72,525	30,929	14,946	118,400
Reserves - FX adjustment	(4,060)	969	720	(2,371)
Retained earnings	(6,817)	-	(15,666)	(22,483)
TOTAL EQUITY	(10,877)	969	(14,946)	(24,854)

Note 27: Changes in composition of the Group

The Group's subsidiaries can be summarised as follows:

Name	Country of Incorporation	Percentage Owned At 31-Dec-20 %	Percentage Owned At 30-Jun-20 %
Fund 1			
Omni Bridgeway (Fund 1) LLC	USA	**40**	37
HC 1 LLC	USA	**7**	7
Security Finance (Fund 1) LLC	USA	**40**	37
Funds 2 & 3			
Omni Bridgeway (Fund 2) Pty Ltd	Australia	**20**	20
Omni Bridgeway (Fund 3) Pty Ltd	Australia	**20**	20
IMF Bentham ROW SPV 1 Limited[1]	United Kingdom	**20**	20
Fund 4			
Omni Bridgeway (Fund 4) Invt 1 LP	USA	**20**	20
Omni Bridgeway (Fund 4) Invt 2 LP	USA	**20**	20
Omni Bridgeway (Fund 4) Invt 3 LP	USA	**20**	20
Omni Bridgeway (Fund 4) Invt 4 LP	USA	**20**	20
Omni Bridgeway (Fund 4) Invt 5 LP	USA	**20**	20
Omni Bridgeway (Fund 4) Invt 6 LP	USA	**20**	20
Omni Bridgeway (Fund 4) Invt 7 LP	USA	**20**	20
Omni Bridgeway (Fund 4) Invt 8 LP	USA	**20**	20
Omni Bridgeway (Fund 4) Invt 9 LP	USA	**20**	20
JPV I LP[8]	USA	**20**	-
Security Finance (Fund 4) LLC	USA	**20**	20
Fund 5			
Omni Bridgeway (Fund 5) GPA Pty Ltd	Australia	**100**	100
Fund 6			
Omni Bridgeway BV[2]	Netherlands	**81**	81
Omni Bridgeway LegalTech BV[2]	Netherlands	**41**	41
Omni Bridgeway Emerging Markets BV[2]	Netherlands	**81**	81
Omni Bridgeway Collective Redress BV[2]	Netherlands	**81**	81
Omni Bridgeway Asia Pte Ltd[2]	Singapore	**81**	81
Omni Bridgeway Holding (Switzerland) SA[2]	Switzerland	**81**	81
Omni Bridgeway SA[2]	Switzerland	**81**	81
Omni Bridgeway AG[2]	Germany	**81**	81
Minories Capital Ltd[2]	Guernsey	**81**	81
Omni Bridgeway Finance BV[2]	Netherlands	**81**	81
Stichting Client Accounts Omni Bridgeway[2 3]	Netherlands	**N/A**	N/A
Stichting Cartel Compensation[2 3]	Netherlands	**N/A**	N/A
Stichting Trucks Cartel Compensation[2 3]	Netherlands	**N/A**	N/A
Fund 7			
Omni Bridgeway Advisory Ltd[2]	United Arab Emirates	**65**	65
Group Subsidiaries			
Omni Bridgeway Holdings (Fund 1) LLC	USA	**100**	100
Omni Bridgeway Capital GP (Fund 4) LLC	USA	**100**	100
Omni Bridgeway (USA) LLC	USA	**100**	100
Omni Bridgeway Management (USA) LLC	USA	**100**	100
Omni Bridgeway Holdings (USA) Inc	USA	**100**	100
Security Finance LLC	USA	**100**	100
Omni Bridgeway Capital (Canada) Limited	Canada	**100**	100
Lien Finance Canada Limited	Canada	**100**	100
Omni Bridgeway (Singapore) Pte Limited	Singapore	**100**	100
Omni Bridgeway (UK) Limited	United Kingdom	**100**	100
Omni Bridgeway (Cayman) Limited	Cayman Islands	**100**	100
Omni Bridgeway (Storm) Holdings Pty Ltd[4]	Australia	**100**	100
Omni Bridgeway (Storm) Holdings BV[5]	Netherlands	**100**	100
Omni Bridgeway Investment Management Ltd[6]	Australia	**100**	100
Omni Bridgeway Holding B.V.[2]	Netherlands	**100**	100
Omni Bridgeway Investment BV2 [7]	Netherlands	**100**	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.
8 This entity was incorporated on 7 July 2020.

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 28: Events after the reporting date

AET/SEAS Sapfor Forestry Scheme Litigation
In February 2021 the Court of Appeal handed its decision about the April 2020 hearing. The Court dismissed the appeal and affirmed the Supreme Court's original judgement in favour of our funded client. There are no further rights to appeal; however, the defendant still has an ability to seek leave to appeal to the High Court of Australia. Omni considers the likelihood of success on any such request to be remote.

There is $22.066 million of income to be recognised on this investment upon completion and $0.499 million of intangible carrying value.

Apart from that disclosed in this report, no other circumstances have arisen since 31 December 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, I state that:

In the opinion of the Directors:

(a) the financial statements and notes of the consolidated entity are in accordance with the *Corporations Act 2001 (Cth)* , including:

- (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2020 and of its performance for the half-year ended on that date; and
- (ii) complying with *Australian Accounting Standard 134 Interim Financial Reporting* and the *Corporations Regulations 2001 (Cth).*

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the Board

Michael Kay
Chairman

25 February 2021

Building a better
working world

Ernst & Young
11 Mounts Bay Road
Perth WA 6000 Australia
GPO Box M939 Perth WA 6843

Tel: +61 8 9429 2222
Fax: +61 8 9429 2436
ey.com/au

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

Opinion

We have audited the half-year financial report of Omni Bridgeway Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 31 December 2020, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date , notes comprising a summary of accounting policies and other explanatory information, and the directors' declaration.

In our opinion, the accompanying half-year 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 31 December 2020 and of its consolidated financial performance for the half-year ended on that date; and

b. Complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* 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 half-year 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 half-year 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 half-year financial report of the current period. These matters were addressed in the context of our audit of the half-year 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 half-year 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 half-year financial report.

Impairment of litigation related assets

Why significant	How our audit addressed the key audit matter
The Group has recognised different types of litigation assets which include: ► Claims portfolio; and ► Litigation contracts in progress. Whilst these classes of litigation assets are accounted for using different accounting standards, they are considered for impairment by the Group on a similar basis, using cash flow forecasts. The recoverability of these assets are dependent upon future cash flows arising from the underlying litigation matters. This was a key audit matter due to the significant judgments involved in the assumptions used to assess the litigation asset recoverability in the Group's value in use impairment testing model and changes in these assumptions might lead to a significant change in the recoverable amounts of the related assets. Litigation assets subject to an unfavourable judgement are assessed using fair value less cost of disposal. Refer to Note 12 Claims portfolio and Note 14 Intangible assets – litigation contracts in progress of the half-year financial report for the amounts recognised by the Group as at 31 December 2020 and related disclosures.	Our audit procedures included the following: ► Assessed, on a sample basis, 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 responsible Case Investment Managers, Chief Investment Officers and, where appropriate, Executive Management and Directors, 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, intention to continue the litigation funding and the outcome of court decisions. ► 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.

Recoverability of deferred tax assets attributable to tax losses

Why significant	How our audit addressed the key audit matter
At 31 December 2020, the Group had recorded deferred tax assets including carried forward tax losses of $73.10 million in the statement of financial position. The recoverability of the deferred tax assets is dependant upon future taxable profits being earnt by Group entities. Given the magnitude of the tax losses and the judgment involved in forecasting future taxable profits to determine their recoverability, this was considered as a key audit matter. Refer to the Interim Consolidated Statement of Financial Position for the amounts recognised by the Group as at 31 December 2020 and Note 9 Income tax for the related disclosures.	Our audit procedures included the following: ► Considered the appropriateness of the deferred tax assets recognised by the Group at 31 December 2020 having regard to the requirements of the applicable accounting standards, with the involvement of our tax specialists. ► Examined the Group's deferred tax asset recoverability assessment and evaluated the reasonableness of key assumptions including forecast taxable profits of Group entities. ► Assessed the 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 report disclosures regarding the Group's deferred tax assets.

Responsibilities of the directors for the half-year financial report

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

In preparing the half-year 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 half-year financial report

Our objectives are to obtain reasonable assurance about whether the half-year 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 half-year 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 half-year 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.

- 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 half-year 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 half-year financial report, including the disclosures, and whether the half-year 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 half-year 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, actions taken to eliminate threats or safeguards applied.

From the matters communicated to the directors, we determine those matters that were of most significance in the audit of the half-year financial report of the current period 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.

Ernst & Young

Ernst & Young

Fiona Drummond
Partner
Perth

25 February 2021

Omni Bridgeway Limited
ABN 45 067 298 088

Corporate Information

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

Directors

Michael Kay	Chairman and Non-Executive Director
Andrew Saker	Managing Director and CEO
Hugh McLernon	Executive Director
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 principle place of business in Australia
Level 18, 68 Pitt St
Sydney NSW 2000
Phone: (02) 8223 3567
Fax: (02) 8223 3555

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

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

Auditors
EY
The EY Building
11 Mounts Bay Road
Perth WA 6000

Bankers
NATIONAL AUSTRALIA BANK LIMITED
255 George Street
Sydney NSW 2000

Internet Address
www.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.

US ownership restriction
The ordinary shares (Shares) of Omni Bridgeway Limited (OBL) are subject to ownership restrictions applying to residents of the United States.

The Shares have not been registered under the US Securities Act of 1933 or the securities laws of any state or other jurisdiction of the United States. In addition, OBL has not been registered under the US Investment Company Act of 1940 in reliance on an exemption from registration.

Accordingly, the Shares may not be offered or sold in the United States or to, or for the account or benefit of US Persons except in accordance with an available exemption from, or a transaction not subject to, the registration requirements of the US Securities Act, the US Investment Company Act and applicable US state securities laws.

In order to qualify for an exemption under the US Investment Company Act, the constitution of OBL provides that where a holder is an Excluded US Person:

- OBL may refuse to register a transfer of Shares to that Excluded US Person; and
- the Excluded US Person may be requested to sell such person's Shares and, if the Excluded US Person fails to do so within 30 business days, to be divested of such Shares and to receive the proceeds of sale (net of transaction costs, including any applicable brokerage) as soon as practicable after the sale.

In addition, OBL's constitution provides that a holder may be required to complete a statutory declaration in relation to whether they (or any person on whose account or benefit it holds Shares) are an Excluded US Person. Any holder who does not comply with such a request will be deemed to be an Excluded US Person.

The Shares are issued on terms under which each holder who is or becomes an Excluded US Person agrees to the above terms and irrevocably appoints OBL as that holder's agent and attorney to do all acts and things and execute all documents which OBL considers necessary, desirable or reasonably incidental to effect the above actions.

Definitions

An "**Excluded US Person**" means a holder of Shares (or a person who seeks to be registered as a holder of Shares) whom the directors of OBL have determined (i) is a US Person who is not a Qualified Purchaser or a Knowledgeable Employee or (ii) holds or will hold Shares for the account or benefit of any US Person who is not a Qualified Purchaser or a Knowledgeable Employee.

The term "**Knowledgeable Employee**" has the meaning given in Rule 3c-5 under the US Investment Company Act of 1940.

The term "**Qualified Purchaser**" has the meaning given in Section 2(a)(51) of the US Investment Company Act of 1940 and the rules and regulations of the US Securities and Exchange Commission.

The term "**US Person**" has the meaning given in Rule 902(k) of Regulation S under the US Securities Act of 1933.

Glossary of Terms

AASB	Australian Accounting Standards Board
CAGR	Compound Annual Growth Rate
EMEA	Europe, Middle East and Africa
EPS	Earnings Per Share
Estimated Portfolio Value (EPV)	EPV for an investment where the funding entity earns: i. 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; ii. 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 iii. 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. 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. How ever 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. The portfolio's value is the aggregation of individual investments' EPVs as determined above.
IFRS	International Financial Reporting Standards
IRR	Internal Rate of Return
LTIP	Long Term Incentive Program
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"
ROIC	Return on Invested Capital
STIP	Short Term Incentive Program
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") Interim Financial 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 Interim Financial Report is for the use of OBL's public shareholders and is not an offering of any OBL private fund.