Appendix 4E - Final Report

IMF Bentham Limited
ABN 45 067 298 088

Financial year ended
30 June 2015

Results for announcement to the market

Current reporting period:	30 June 2015
Previous reporting period:	30 June 2014

Revenue and Net Profit

	Up/Down	Percentage Change	$'000s
Revenue from ordinary activities (interest)	Up	378%	12,460
Total income	Down	(3%)	27,050
Profit from ordinary activities after tax attributable to members	Down	(36%)	6,304
Net profit for the period attributable to members	Down	(36%)	6,304

	Cents per share
Today the Directors have declared a final fully franked dividend which will be paid on 9 October 2015. The record date is 25 September 2015 and the shares will trade ex dividend from 23 September 2015.	5.0
A fully franked interim dividend was paid on 10 April 2015. The record date for that dividend was 16 March 2015.	5.0
Total dividends per share for the current reporting period	10.0
In the previous reporting period the Directors declared a final fully franked dividend on 21 August 2014. The record date was 19 September 2014. This dividend was paid on 3 October 2014. There was an interim dividend declared on 10 February 2014 which was paid on 4 April 2104.	10.0

The final dividend declared today is an Eligible Dividend under the Company's Dividend Reinvestment Plan. The 2015 interim dividend was also an Eligible dividend under the Dividend Reinvestment Plan.

Net Tangible Asset Backing

	Consolidated	
	2015	2014
	$	$
Net tangible assets per ordinary share	$0.52	$0.56
Net assets per ordinary share	$1.11	$1.16

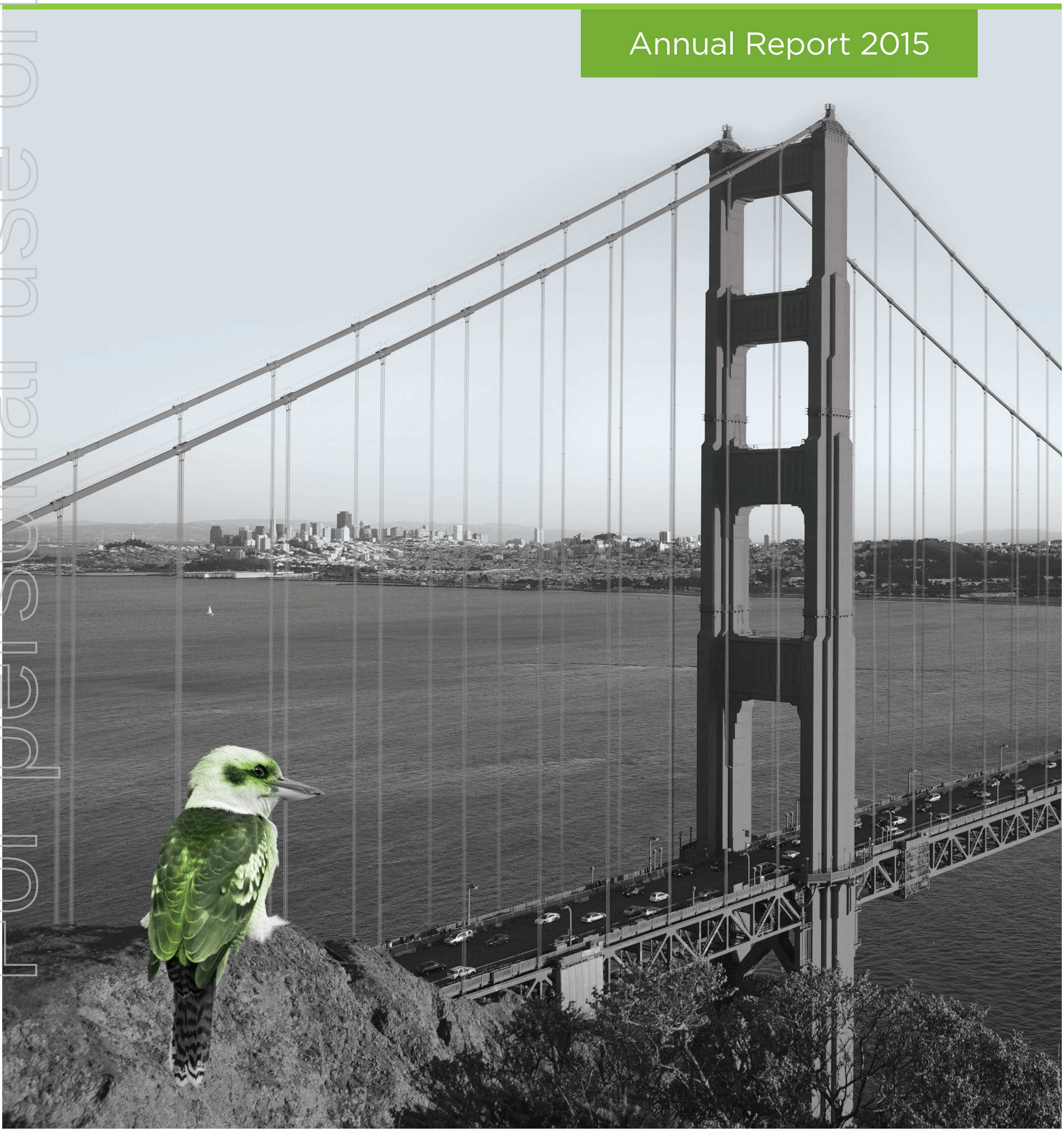
Additional Appendix 4E dislosure requirements can be found in the Directors' Report, Financial Statements and the Notes to the Financial Statements contained in the IMF Bentham Annual Report for the year ended 30 June 2015.

Audit Report

This Appendix 4E (Final Report) is based on the audited financial statements for the year ended 30 June 2015, which are contained within the IMF Bentham Annual Report, attached.

IMF BENTHAM
INTERNATIONAL LITIGATION FUNDING

Annual Report 2015



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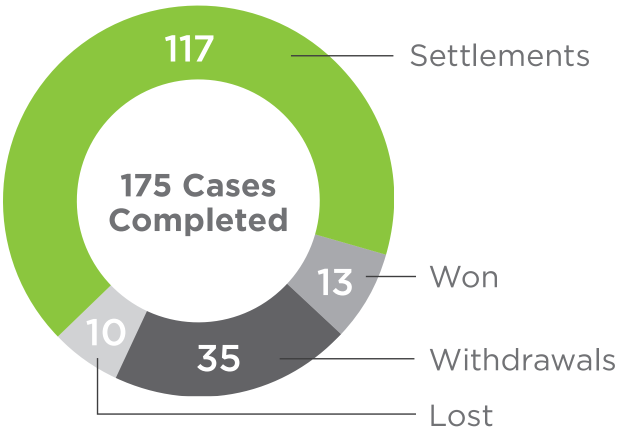
HIGHLIGHTS

IMF BENTHAM LIMITED IS THE WORLD'S MOST EXPERIENCED AND SUCCESSFUL LITIGATION FUNDER. WE ARE THE LEADING LITIGATION FUNDER IN AUSTRALIA AND THE FIRST TO LIST ON THE AUSTRALIAN SECURITIES EXCHANGE. WE HAVE NOW SUCCESSFULLY EXPANDED INTO THE USA AND EUROPE.

WE HAVE AN EXPERIENCED TEAM TO ENSURE THE STRONGEST CASES RECEIVE FUNDING AND ARE MANAGED TO FACILITATE THEIR SUCCESSFUL RESOLUTION.

IMF'S TRACK RECORD



$6.3 Million

NET PROFIT

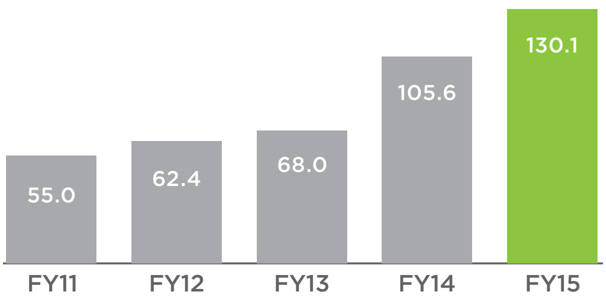
IMF is in a strong financial position moving forward and is capable of capitalising on opportunities to fund cases with larger potential returns.

$43.2 Million

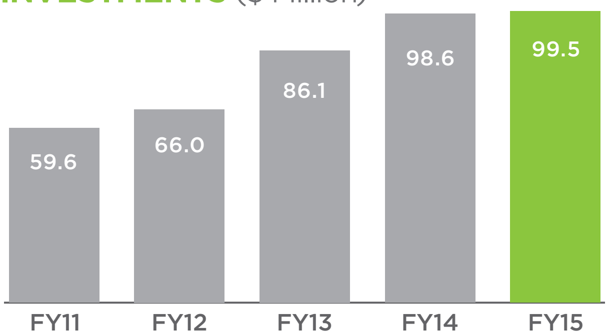
NET INCOME FROM LITIGATION FUNDING

(before lost cases)

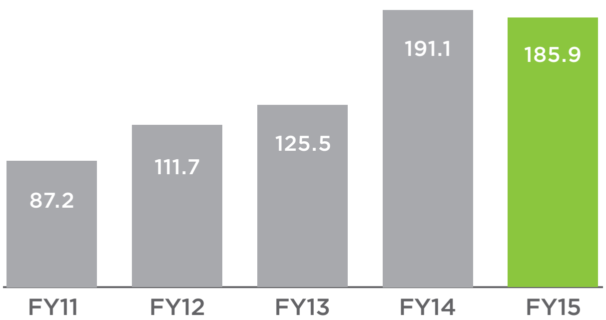
CASH ($ Million)



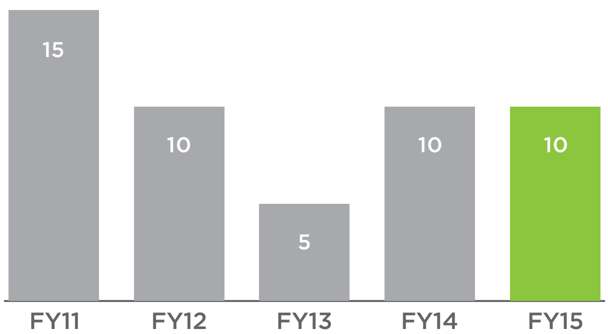
INVESTMENTS ($ Million)



NET ASSETS ($ Million)



TOTAL DIVIDEND (cents/share)



BOARD OF DIRECTORS


Michael Kay


Andrew Saker


Hugh McLernon


Alden Halse


Michael Bowen


Wendy McCarthy


Diane Jones

Board of Directors

Michael Kay
Non-Executive Director and Chairman

Andrew Saker
Managing Director and CEO

Hugh McLernon
Executive Director

Alden Halse
Non-Executive Director

Michael Bowen
Non-Executive Director

Wendy McCarthy
Non-Executive Director

Company Secretary

Diane Jones
Company Secretary, Chief Operating Officer and Chief Financial Officer

CHAIRMAN AND MANAGING DIRECTOR'S REPORT

The 2015 financial year has seen a number of changes, both organisationally and operationally, that have been necessary to set a strong foundation for the Company's future.

Some of the changes that have been implemented include Board, organisational and operational restructuring.

During the past financial year the Company has seen a change in Chairman and Managing Director. Further, to improve corporate governance, two executive directors have resigned from the Board. These changes reflect the evolution of the Company from the structure established by its initial founders to a model for the future.

The change in Managing Director has been seamless, with Hugh McLernon remaining as an Executive Director. Given Hugh's role in establishing the Company, and the industry, his continued direct involvement has been positive, and of great assistance in relation to the changes that have been, and are yet to be implemented.

The Company has now secured the services of a new Chairman. Prior to that, Michael Bowen assumed the role of interim chairman from 5 January 2015 to 1 July 2015. The Company thanks Mr Bowen for his service in this capacity.

This financial year was a tale of two very different halves. The first six months of the financial year saw a strong financial result and growth in all key metrics including the share price. The second six months saw most of the first-half gains lost on the back of cases associated with the appeals in National Potato Company (NPC), Bank of Queensland, and bank fees, and two smaller losses in the courts at first instance in the US.

Notwithstanding these losses, we remain confident in the risk management processes the Company pioneered in the industry. The losses in NPC and bank fees evolved from appeals from successes in the courts at first instance. The bank fees case was always expected to proceed to the High Court. One of the losses in the US will be repleaded and recommenced this financial year.

Whilst we remain confident in our risk management processes, the cases lost in the past three financial years have negatively impacted on profit. To address this issue the Company has undertaken a strategic review of its operations and proposes to embark on an approach to further diversify risk and reduce the impact of one-off material losses.

In Australia, we propose increasing the number and types of cases funded each year. We have rolled out a new financial product focussed on smaller-sized, insolvency related claims. We are reviewing several other new financial products to roll out in the next 12 to 24 months. These investments will be in conjunction with continued funding of large, complex, multi-party actions where the Company established its reputation.

In the US, the Company has increased its geographic footprint, opening an office in San Francisco in May 2015, its third office in the US, and increasing headcount in other offices. The US operations have now reached critical mass, and have made, and are expected to continue to make, a significant contribution to the group's investment portfolio and profitability.

In Europe, the Joint Venture (JV) Agreement was finalised in March 2014. IMF transferred a senior Investment Manager to the European operations in March 2014 to establish the office, recruit appropriate staff and commence sourcing investments. After a period of time in temporary accommodation, the London office was officially opened in October 2014 and a Chief Investment Officer was employed on 20 October 2014. The JV has conditionally funded the Tesco multi-party claim this financial year, and is reviewing several other major investments. Numerous requests for funding have been declined since May 2014 as the JV adopts a cautious entry into this new market. We continue to work with our JV partner to develop this business.

The Company will continue to explore opportunities in other jurisdictions, including Asia. To this end, we have seen the Singaporean and Hong Kong courts embrace litigation funding in certain circumstances. The Company has now funded its third case in Hong Kong, and is searching for opportunities to fund appropriate matters in Singapore.

Subject to the approval of shareholders, the Company proposes to implement a new reward structure that comprises short-term cash and long-term equity incentives for employees. This structure was developed in response to shareholders' concerns with the Company's previous reward structure. This structure aligns the interests of employees with those of shareholders whilst providing an adequate incentive to employees to achieve extraordinary results for the benefit of the shareholders. We commend this structure to shareholders.

The competitive environment has remained largely constant over the past 12 months. There have been some attempts by other funders to establish or expand their presence in the jurisdictions in which we operate. We remain vigilant in protecting our market share, and developing our point of differentiation, but generally welcome competition as both an endorsement of the industry, and of our business model.

Whilst we have experienced some challenges over the past 12 months, we remain confident of our execution skills in delivering more consistent growth in the future.

To this end, the Company has finalised a strategy for implementation that looks to diversification of risk through, amongst other things, geography, case size and case type. This strategy is aimed at enhancing our business offering, and delivering a stable earning pattern. This is a three to five year strategy to implement given the average term of our investments.

Andrew Saker
Managing Director and CEO

Michael Kay
Non-Executive Chairman

2015 DIRECTORS' REPORT

THE DIRECTORS OF IMF BENTHAM LIMITED (FORMERLY BENTHAM IMF LIMITED AND IMF (AUSTRALIA) LTD) ("IMF" OR "THE COMPANY" OR "THE PARENT") SUBMIT THEIR REPORT FOR THE YEAR ENDED 30 JUNE 2015.

Directors

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

NAMES, QUALIFICATIONS, EXPERIENCE AND SPECIAL RESPONSIBILITIES

Michael Kay

(NON-EXECUTIVE CHAIRMAN – APPOINTED 1 JULY 2015)

Michael Kay was appointed the Company's Non-Executive Chairman on 1 July 2015. Mr Kay holds a Bachelor of Laws degree from the University of Sydney. Mr Kay brings a wealth of commercial experience to IMF. Most recently he was Chief Executive Officer and Managing Director of listed salary packaging company McMillan Shakespeare Ltd, a position he held for six years. Previously Mr Kay had been CEO of national insurer AAMI after serving in a variety of senior roles with that company. Prior to joining AAMI he had spent 12 years in private legal practice. He is a former member of the Commonwealth Consumer Affairs Advisory Council, the Administrative Law Committee of the Law Council of Australia, the Victorian Government Finance Industry Council and the Committee for Melbourne. Mr Kay is currently a director of:

a. RAC Insurance Pty Limited; and
b. TFS Corporation Limited.

During the past three years he has not served as a director of any listed company other than those noted above.

Michael Bowen

(NON-EXECUTIVE DIRECTOR) (NON-EXECUTIVE CHAIRMAN – 5 JANUARY 2015 TO 1 JULY 2015)

Michael Bowen graduated from the University of Western Australia with Bachelors of Law, Jurisprudence and Commerce degrees. He has been admitted as a barrister and solicitor of the Supreme Court of Western Australia and is an Associate and Certified Practicing Accountant of the Australian Society of Accountants. Mr Bowen:

a. is a partner of the law firm DLA Piper and formerly of Hardy Bowen which merged with DLA Piper on 1 July 2015, practicing primarily corporate, commercial and securities law with an emphasis on mergers, acquisitions, capital raisings and resources; and
b. supports the Managing Director on matters concerning the corporations law.

Mr Bowen is Chairman of the remuneration committee and corporate governance committee and a member of the audit and risk committee and nomination committee.

During the past three years he has not served as a director of any other listed company.

Andrew Saker

(MANAGING DIRECTOR AND CEO – APPOINTED 5 JANUARY 2015)

Andrew Saker holds a Bachelor of Commerce degree in Accounting and Finance. He is a Member of the Institute of Chartered Accountants and was an Official Liquidator of the Supreme and Federal Courts until his appointment at IMF. Andrew was a partner at a leading provider of corporate recovery, insolvency management and restructuring services throughout Australia and Asia for 16 years. During this period he managed the Indonesian and Perth operations and assisted with billion dollar cross-border restructuring assignments throughout the world including in Indonesia, the Philippines, Singapore, China, Argentina, Kazakhstan, Europe, the US and Canada.

Mr Saker has managed hundreds of large claims across a range of industries including mining, telecommunications, energy, aquaculture, property, manufacturing, infrastructure, banking and finance.

During the past three years he has not served as a director of any other listed company.

Wendy McCarthy AO

(NON-EXECUTIVE DIRECTOR)

Wendy McCarthy AO started her career as a secondary school teacher, graduating from the University of New England with a Bachelor of Arts degree and Diploma of Education. She moved out of the classroom into public life in 1968 and since then has worked for change across the business, government and not-for-profit sectors, in education, family planning, human rights, public health, overseas aid and development, conservation, heritage, and media.

She has held many significant leadership roles in key national and international bodies including eight years as Deputy Chair of the Australian Broadcasting Corporation, ten years as Chancellor of the University of Canberra, and 12 years of service to Plan Australia as Chair, with three years as Global Deputy Chair for Plan International. She has just retired after 15 years as Chair of McGrath Estate Agents and seven years as Chair of the Pacific Friends of the Global Fund to fight AIDS, Tuberculosis and Malaria.

Ms McCarthy currently chairs headspace – the National Youth Mental Health Foundation and Circus Oz, and is a non-executive director of Goodstart Early Learning. She is a Patron of the Sydney Women's Fund and Ambassador for 1 Million Women.

Ms McCarthy was appointed an Officer of the Order of Australia for outstanding contributions to community affairs, women's affairs and the Bicentennial celebrations, and received a Centenary of Federation Medal for business leadership. She was also awarded an Honorary Doctorate from the University of South Australia.

Ms McCarthy is a member of the audit and risk committee, remuneration committee, nomination committee and the corporate governance committee.

During the past three years she has not served as a director of any other listed company.

Alden Halse

(NON-EXECUTIVE DIRECTOR)

Alden Halse is a Chartered Accountant and was a long-term principal of national chartered accountancy firm, Ferrier Hodgson.

Over the last 30 years he has lectured and written extensively in relation to directors' duties, corporate governance issues and corporate and personal insolvency issues. Mr Halse:

a. is an associate member of the Institute of Chartered Accountants and the Australian Institute of Company Directors;
b. is a past president and current councillor of the Royal Automobile Club of WA (Inc);
c. is non-executive chairman of RACWA Holdings Pty Ltd; and
d. is non-executive chairman of RAC Insurance Pty Limited, Western Australia's largest home and motor insurer.

Mr Halse is the Chairman of the audit and risk committee and nomination committee and a member of the remuneration committee and corporate governance committee.

During the past three years he has not served as a director of any listed company other than those noted above.

Hugh McLernon

(EXECUTIVE DIRECTOR)

Hugh McLernon is a lawyer by training. He holds a Bachelor of Laws degree from the University of Western Australia. After graduation he worked as a Crown Prosecutor for eight years and then as a barrister at the independent bar for a further nine years, before joining Clayton Utz for three years as a litigation partner.

In 1988, Mr McLernon retired from legal practice and introduced the secondary life insurance market into Australia through the Capital Life Exchange. He also pioneered the funding of large-scale litigation into Australia through McLernon Group Limited. From 1996 to 2001, Mr McLernon was the managing director of the Hill Group of companies which operates in the finance, mining, property, insurance and investment arenas of Australia.

Mr McLernon has been an Executive Director of IMF since December 2001 and was the inaugural Managing Director through to December 2004. He became the Managing Director again on 18 March 2009 and retired from that role on 5 January 2015.

During the past three years he has not served as a director of any other listed company.

Robert Ferguson

(NON-EXECUTIVE CHAIRMAN – RESIGNED 5 JANUARY 2015)

Robert Ferguson was appointed Non-Executive Director on 26 November 2004 and was Executive Chairman and Chief Executive Officer between 18 June 2007 and 18 March 2009. On 19 March 2009 he resumed his role as Non-Executive Chairman. Mr Ferguson resigned from his role with the Company on 5 January 2015.

Mr Ferguson graduated from Sydney University with a Bachelor of Economics (Honours) degree. He commenced employment in 1971 with Bankers Trust Australia Ltd and was its CEO between 1985 and 1999 and chairman from 1999 to 2001. Mr Ferguson:

a. was a director of Westfield Holdings Ltd from 1994 to 2004;
b. was chairman and non-executive director of Vodafone Australia until November 2002;
c. was chairman of MoneySwitch Limited from 14 November 2005 to 18 February 2010. He continued as a non-executive director since 18 February 2010;
d. was deputy chair of the Sydney Institute, from April 1998 to February 2013;
e. is a director of the Lowy Institute, from April 2003;
f. has been chairman of GPT Group since 10 May 2010 and prior to this was a director and deputy chair from 25 May 2009;
g. has been chairman of Primary Health Care since 1 July 2009; and
h. is a non-executive director of Watermark Market Neutral Fund Limited, since 25 May 2013.

During the past three years he has not served as a director of any listed company other than those noted above.

Prior to his resignation, Mr Ferguson was a member of the audit and risk committee, nomination committee and remuneration committee.

2015 DIRECTORS' REPORT
(continued)

John Walker
(EXECUTIVE DIRECTOR – RESIGNED 17 JUNE 2015)

John Walker obtained a Bachelor of Commerce degree from Melbourne University in 1981, with qualifications as an accountant and economist.

He then practiced accountancy with Deloitte Haskins and Sells (as it then was) prior to completing a Bachelor of Laws degree at Sydney University in 1986. Between 1987 and 1998, Mr Walker practiced as a commercial litigator in Sydney.

In 1998, Mr Walker incorporated Insolvency Management Fund Pty Ltd and was the inaugural Managing Director until the entity was purchased by IMF in 2001. Since then, Mr Walker has been an Executive Director of IMF and was its Managing Director between December 2004 and June 2007. Mr Walker gave the Company notice of his resignation as an employee on 5 January 2015 and resigned as a Director of the Company on 17 June 2015.

During the past three years he has not served as a director of any other listed company.

Clive Bowman
(EXECUTIVE DIRECTOR – RESIGNED 5 JANUARY 2015)

Clive Bowman has a degree in Economics and an honours degree in Law from the Australian National University. He also holds a graduate diploma in Applied Finance and Investment from the Securities Institute of Australia and has completed the Insolvency Practitioners Association of Australia ("IPAA") Advanced Insolvency course.

Mr Bowman began his career at law firm Minter Ellison and then moved to Denton Hall (now Dentons) in London, where he continued to practice as a litigation lawyer. In 1997 Mr Bowman became involved in litigation funding and has been with IMF since its listing.

Mr Bowman became an Executive Director of IMF on 23 February 2011 and resigned from this role on 5 January 2015. Mr Bowman remains as an employee of the Company and is its Chief Executive – Australia and Asia. He also chairs IMF's investment committee.

During the past three years he has not served as a director of any other listed company.

COMPANY SECRETARY, CHIEF OPERATING OFFICER AND CHIEF FINANCIAL OFFICER

Diane Jones

Diane Jones has been the Company Secretary since 14 June 2006. She has been a member of the Institute of Chartered Accountants for over 20 years and holds a Masters of Business Administration degree and a Bachelor of Economics degree from the University of Sydney.

After graduating Ms Jones spent ten years with a big four accounting firm before moving to a consulting and private equity firm as a consultant and their chief financial officer. Ms Jones is IMF's Chief Operating Officer, Chief Financial Officer and Company Secretary.

INTERESTS IN SHARES AND OPTIONS OF THE COMPANY

As at the date of this report, the interests of the Directors in shares, Bonds and options of the Company were:

	Number of ordinary shares	Number of IMF bonds	Number of options over ordinary shares
Michael Kay	–	–	–
Andrew Saker	–	–	–
Michael Bowen	887,127	1,500	–
Alden Halse	879,780	750	–
Wendy McCarthy	–	–	–
Hugh McLernon	7,755,991	7,500	–
Total	9,522,898	9,750	–

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

Dividends

The Directors have today declared a final fully franked dividend of 5.0 cents per share for the 2015 financial year totalling $8,388,049. The record date for this dividend is 25 September 2015 and the payment date will be 9 October 2015. Shareholders are able to elect to participate in the dividend reinvestment plan in relation to this dividend.

On 10 February 2015 the Directors declared a fully franked interim dividend of 5.0 cents per share totalling $8,329,048. The record date for this dividend was 16 March 2015 and the payment date was 10 April 2015.

The Directors declared a final fully franked dividend of 5.0 cents per share for the 2014 financial year totalling $8,268,513. The record date for this dividend was 19 September 2014 and the payment date was 3 October 2014. Shareholders were able to elect to participate in the dividend reinvestment plan in relation to this dividend.

On 10 February 2014 the Directors declared a fully franked interim dividend of 5.0 cents per share totalling $8,219,005. The record date for this dividend was 21 March 2014 and the payment date was 4 April 2014.

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 twelve 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.

Corporate information

Corporate structure

IMF Bentham Limited is a company limited by shares which is incorporated and domiciled in Australia. IMF has prepared a consolidated financial report incorporating the entities that it controlled during the financial year, being Financial Redress Pty Ltd (formerly Insolvency Litigation Fund Pty Ltd), Bentham Holdings Inc., Bentham Capital LLC and Security Finance LLC (the Group or consolidated entity).

Operating and financial review

Nature of operations and principal activities

The principal activities of the Group during the financial year were the investigation, management and funding of litigation. The Group enters into a contract, a litigation funding agreement, with claimants to provide these services. The Group does not provide legal advice. The key business driver is to manage and fund the litigation to a successful conclusion. If the litigation is successful, the Group earns a fee and, depending on the jurisdiction, may also be reimbursed the costs it has paid during the course of the funded litigation, payable from the recovery. The fee is generally a percentage of the settlement or judgment proceeds and will be lower the earlier the litigation is resolved. If the litigation is unsuccessful the Group does not generate any income and will write off its investment in the litigation. In certain jurisdictions the litigation funding agreement contains an undertaking to the client that the Group will pay any adverse costs ordered in respect of the costs incurred by the defendant(s) during the period of funding.

The Group undertakes these activities through offices around Australia and has done so since 2001. In 2011 the Group expanded into the USA by opening an office in New York and opened another office in Los Angeles in 2014. During the current financial year a further office was opened in San Francisco. Also during 2014 the Group entered into a joint venture to investigate, manage and fund cases in Europe. Consequently the Group now also has a presence in London and Amsterdam. The Group has funded three cases in Hong Kong.

The Group has funded this expansion by retaining earnings and issuing shares and bonds.

In any given year the Group's profitability is dependent upon the outcome of funded cases resolved in that year, however the successful completion of a case and the timing of that completion is not ultimately within the Group's control. Legislative, regulatory, judicial and policy changes may have an impact on future profitability.

The Group endeavours to have a mix of cases it is funding at any one time. These can broadly be categorised as commercial claims, insolvency claims and group actions. The expansion overseas creates diversification across jurisdictions.

The Group discloses the cases it manages and funds to the ASX as those cases are funded. The Group also provides, on a quarterly basis, an estimated claim value of those cases in the portfolio.

2015 DIRECTORS' REPORT
(continued)

Operating and financial review (continued)

Investment portfolio report at 30 June 2015

	Number of claims	Estimated claim value	Percentage of total estimated claim value
Claims <$10M	6	$25,500,000	1%
Claims $10M - $50M	23	$676,000,000	34%
Claims >$50M	10	$1,301,000,000	65%
Total portfolio	39	$2,002,500,000	100%

The estimated claim value of IMF's cases decreased 3% in the year to 30 June 2015 from $2,067,000,000 to $2,002,500,000. IMF commenced 21 new cases during the year, which have a maximum claim value at 30 June 2015 of $690,500,000 (2014: eight new cases which had a maximum claim value of $765,000,000).

An update on IMF's principal funded cases is as follows:

The **Bank Fees** matter continues to work its way through the court system to a final decision by the High Court. The original action claimed repayment of late payment fees as well as honour and dishonour fees. After a number of hearings and appeals, the Federal Court gave judgment in favour of the class action members in the ANZ case in relation only to late payment fees.

That judgment was then overturned by the Full Court of the Federal Court. An application for special leave to appeal to the High Court is currently pending and is likely to be heard within 3 months or so. The High Court appeal will be the final step in the ANZ litigation.

The litigation against the other banks has been stayed awaiting the outcome of the claims against the ANZ bank.

The pleadings in the **Westgem** matter are all but finalised and major discovery has been provided by each party to the other. The Court has ordered a mediation between the parties for December 2015. Numerous interlocutory hearings have now been completed and the parties are preparing for the mediation.

The **Rivercity** claim against Aecom and two Rivercity companies, alleging misleading and deceptive conduct and omissions in relation to the traffic forecast included in the product disclosure statement, also continues through the Court (the case did not settle at the Court ordered mediation in May 2015). The case has a trial date commencing on 29 August 2016.

A further amended statement of claim was filed on 29 July 2015 in the proceedings concerning the **Wivenhoe Dam class action**, which is by persons who suffered loss due to increased flooding in the Brisbane floods in 2011, alleged to have been caused by the negligence of the Dam operators. IMF has entered into a participation agreement with interests associated with its European joint venturer to share equally the costs (including any adverse costs) of, and any return from, this claim. There is expected to be a challenge to the admissibility of the expert evidence of a key witness for the Representative, to be heard beginning 14 September 2015. The case has a date for trial commencing on 18 July 2016.

Proceedings were commenced in December 2013 in the Netherlands by a Foundation incorporated under Dutch law, de Stichting Ratings Redress ("SRR"), to pursue claims (assigned to SRR) for losses suffered by investors in CPDOs arranged by **ABN Amro Bank NV** (now Royal Bank of Scotland NV ("RBS")) and rated by **Standard & Poor's** ("S&P"). SRR entered into a funding agreement with IMF pursuant to which IMF provides funding to SRR for the prosecution of the claims.

S&P commenced proceedings in the English courts, prior to and without notice to SRR, seeking declarations that it is not liable to SRR and two of the investors, and seeking contribution from RBS. On 1 May 2015, the Amsterdam District Court ruled that it did not have jurisdiction to hear SRR's claims against S&P and it stayed the claims against RBS. The claims are accordingly continuing in the English courts, where S&P now has commenced proceedings against each of the investors who assigned their claims to SRR, as well as SRR. IMF has entered into a funding agreement with each of the investors to provide funding for the prosecution of their defence to S&P and to enable them to counter-claim against S&P and claim against RBS. A Case Management Conference in the English proceedings will be held in November 2015 to decide a timetable for these proceedings. IMF has also entered into a participation agreement with interests associated with its European joint venturer to share equally the costs (including adverse costs) and any returns from the claims.

Operating and financial review (continued)

IMF is funding a claim by investors against McGraw Hill Financial Inc. ("S&P") for losses allegedly suffered due to the rating of 8 SCDO products by S&P which investors purchased from Lehman Brothers Australia Limited (in liquidation) ("LBA") (the **S&P Lehman** case). The claim was filed in April 2013 and is proceeding through interlocutory processes. A trial date commencing on 12 October 2015 has been set. This claim is linked to the one IMF is funding by investors against LBA (the Wingecarribee proceedings, in which judgment was given in favour of the Applicants) for losses on SCDO products, including the 8 mentioned above.

Bentham Capital LLC ("Bentham"), IMF's wholly owned US subsidiary, funded 17 matters in the **US** during the reporting period, making a total of 25 cases funded by Bentham since being established in August 2011. This last year was a turning point, justifying IMF's decision to establish this US business, as can be seen by this increased deal flow and Bentham's profitability in 2015. In line with the increase in matters funded, Bentham's contribution to the claim value of IMF's investment portfolio has increased to $619M over the year. This now represents 31% of IMF's investment portfolio.

In addition to a significantly increased number of cases funded, five cases were resolved or partially resolved during the year, including one loss. Two of these matters involve aspects where further returns could be derived from them in the future. Gross income generated from these cases was $38.9M.

During this period of growth over the last year, Bentham has also grown its staff numbers and recently opened a third office in San Francisco, to add to offices in New York and Los Angeles. The US business now has 10 staff including 6 investment managers and 2 legal counsel. The investment managers are all former senior litigation attorneys, each of between 15 – 25 years' legal experience. This enables significant case analysis to be performed in-house, whilst providing great networks to attract new business.

Although uncertainty in US law concerning whether funders' communications are protected from disclosure inhibit IMF's usual transparency about the cases it funds, we can say that Bentham's US business now contains a diverse group of litigation and arbitration matters. These involve commercial, patent and multi-party cases across a variety of different jurisdictions. Bentham has also now provided funding to seven law firms secured across a portfolio of cases being conducted by the law firms on a contingency basis, adding to the growth and diversity of our product offerings in the US. It is worth noting that there are clear signs of growing competition in the US market, but market knowledge of litigation funding remains at a relatively early stage and so we consider there remain good prospects for the future growth of our US business.

IMF did not withdraw from any investments during 2015 (2014: nil cases withdrawn). IMF continues to provide the ASX with a summary of the cases funded by IMF in which IMF's potential fee is greater than $500,000 per case (IMF's Investment Portfolio Report). This Report is updated every three months. IMF also provides case updates on its website: www.imfbenthamltd.com.

Employees

At 30 June 2015, IMF employed 42 permanent staff (full time equivalents), including the two Executive Directors, providing investigative, computer, accounting and management expertise (2014: 32 permanent staff).

Operating results for the financial year

The following summary of operating results reflects the Group's performance for the year ended 30 June 2015:

Shareholder Returns	2015	2014
Basic earnings per share (cents per share)	3.78	6.56
Diluted earnings per share (cents per share)	3.78	6.56
Return on assets % (NPAT/Total Assets)	2.24%	3.51%
Return on equity % (NPAT/Total Equity)	3.39%	5.16%
Net debt/equity ratio % *	nil	nil

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

Operating and financial review (continued)

Thirteen matters generated income greater than $500,000 during 2015, underpinning the Group's profitability and shareholder returns. The following summarises the cases finalised during 2015:

Date commenced	Litigation contract's matter name	Claim value included in investment portfolio report at 30 June 2015	Total litigation contract's income	Total litigation contract's expenses (including capitalised overheads)	Net gain/ (loss) on disposal of intangible asset
		$	$	$	$
Nov-12	USA Case 003	65,000,000	17,324,000	(6,030,634)	11,293,366
Sep-09	Premium Income Fund	75,000,000	18,282,579	(10,597,409)	7,685,170
May-14	USA Case 008	100,000,000	16,059,800	(8,465,736)	7,594,064
Oct-09	ABC Learning Centres (2 cases)	150,000,000	16,682,019	(11,572,822)	5,109,197
Jun-10	Confidential Australian Matter	25,000,000	2,386,442	(687,892)	1,698,550
Oct-12	Peninsula Colour Graphics	5,000,000	1,204,578	(171,088)	1,033,490
Aug-14	USA Case 011[1]	–	986,971	(577,591)	409,380
Jul-14	USA Case 009[2]	–	1,062,248	(1,112,326)	(50,078)
Jun-13	USA Case 006	20,000,000	3,431,900	(1,404,672)	2,027,228
May-05	ION	5,000,000	1,492,210	(390,856)	1,101,354
Nov-09	Firepower	3,000,000	2,284,779	(2,666,273)	(381,494)
May-13	Retail Adventures	30,000,000	1,427,844	(1,582,557)	(154,713)
May-13	Confidential Australian Matter	50,000,000	6,461,281	(1,112,052)	5,349,229
	Other matters[3]	12,000,000	3,258,555	(31,383,945)	(28,125,390)
		540,000,000	92,345,206	(77,755,853)	14,589,353

1. USA Case 011 was included in the investment portfolio report for $50,000,000 in the quarter ended 30 September 2014. It was removed in the quarter ended 31 December 2014.
2. USA Case 009 was included in the investment portfolio report for $20,000,000 in the quarter ended 30 September 2014. It was removed in the quarter ended 31 December 2014.
3. Other matters include due diligence expenses for cases not funded, cases lost during the year and provisions for adverse costs. The provisions for adverse costs have been calculated based upon management's best estimate.

The Group has finalised 175 (2014: 159) investments since listing, with an average investment period of 2.4 years (2014: 2.4 years). The Group has generated a return on every dollar invested of 1.58 times (excluding overheads) (2014: 1.73 times). IMF has a target to complete cases within 2.5 years and to generate a return on every dollar invested of 2 times (excluding overheads).

The investment portfolio as at 30 June 2015 has a mixture of both mature and new investments, with 29% of the investment portfolio expected to finalise over the next 12 months (2014: 34%). IMF is focused on replacing and growing the investment portfolio within its conservative investment protocols. During the course of the year IMF again received numerous requests for litigation funding from inside and outside of Australia.

Operating and financial review (continued)

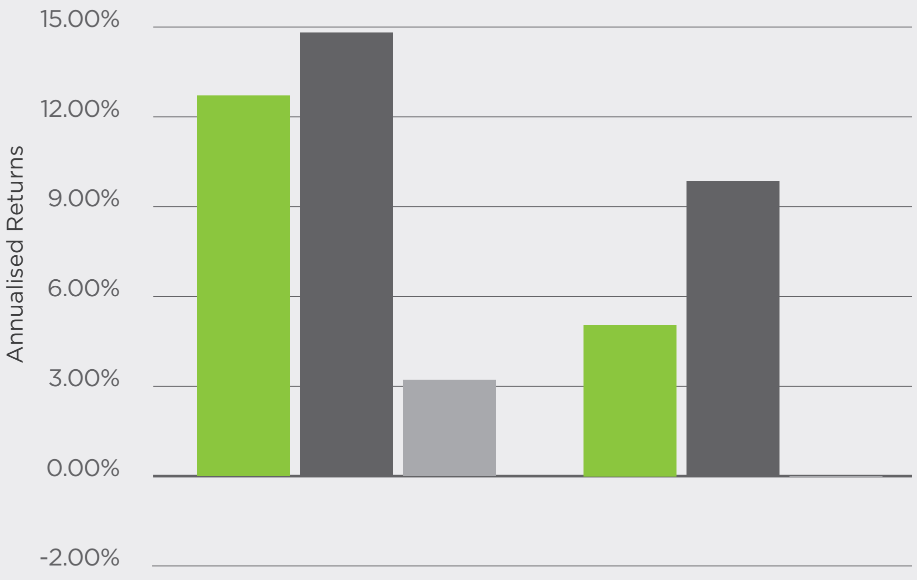
IMF's share price closed at $1.72 per share on 30 June 2015 (2014: $1.84). IMF entered the ASX top 300 companies on 20 March 2009, when its share price was $1.15. During the financial year IMF has underperformed the ASX300 on an annualised basis from 1 August 2012 to 1 August 2015. However, it has outperformed the ASX Small Ordinaries during that period as detailed below:

	IMF Share Price	ASX300 AXKO	Small Ords AXSO
Annualised return with dividends reinvested	12.71%	14.81%	3.22%
Annualised return without dividends reinvested	5.04%	9.86%	-0.03%

This share price analysis is shown graphically below:

IMF, ASX300 AND SMALL ORDINARIES

Annualised Return 1 August 2012 – 1 August 2015



	Annualised Return with Dividend Reinvestment	Annualised Return without Dividend Reinvestment
IMF	12.71%	5.04%
ASX300	14.81%	9.86%
Small Ordinaries	3.22%	-0.03%

Liquidity and capital resources

The consolidated Statement of Cash Flows illustrates that there was an increase in cash and cash equivalents for the year ended 30 June 2015 of $19,380,770 (2014: increase of $37,644,737). Operating activities used $22,929,221 of net cash outflows (2014: net cash outflow of $8,779,105), whilst investing activities generated $54,036,073 of net cash inflows (2014: net cash outflow of $18,195,957), and financing activities used $11,726,082 of net cash outflows (2014: net cash inflow of $64,619,799) principally as a result of the dividends paid during the year.

2015 DIRECTORS' REPORT
(continued)

Operating and financial review (continued)

Asset and capital structure

	2015 $	2014 $	Change %
Cash and short term deposits	130,107,653	105,576,733	23%
Total debt[1]	(48,206,421)	(47,758,026)	1%
Net debt[2]	81,901,232	57,818,707	42%
Total equity	185,899,905	191,131,272	-3%
Gearing Ratio[2]	nil	nil	n/a
Interest Cover[3]	n/a	n/a	n/a
Working Capital Ratio	5.6:1	8.5:1	-34%

1. Total debt is $50,000,000 relating to the Bentham IMF Bonds. Transaction costs of $2,326,739 are being written-back to the carrying value of the bonds over their life. (See Note 19)
2. Net debt is positive as cash and short term deposits are greater than debt.
3. The application of AASB 123 Borrowing Costs has resulted in the capitalisation of interest associated with the Bentham IMF Bonds as the Company's intangible assets are qualifying assets.

During April 2014, the Company issued 500,000 Bentham IMF Bonds at $100 each. The interest is paid to bondholders quarterly at a variable rate based on the Bank Bill Rate plus a fixed margin of 4.20% per annum. The Bonds will mature on 30 June 2019.

Profile of debts

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

	2015 $	2014 $	Change $
Non-current			
Bonds[1]	(48,206,421)	(47,758,026)	1%
Total debt	(48,206,421)	(47,758,026)	1%

1. Total debt is $50,000,000 relating to the Bentham IMF Bonds. Transaction costs of $2,326,739 are being written-back to the carrying value of the bonds over their life. (See Note 19)

Shares issued during the year

On 3 October 2014 the Company issued 1,210,688 shares under its Dividend Reinvestment Plan at $1.96 per share. On 10 April 2015 the Company issued 1,180,014 shares under its Dividend Reinvestment Plan at $2.12 per share.

Capital expenditure

There has been an increase in capital expenditure during the year ended 30 June 2015 to $406,022 from $170,941 in the year ended 30 June 2014. The capital expenditure in 2015 mainly related to the fit-out of the New York and Los Angeles offices.

Risk management

The major risk for the Company continues to be the choice of cases to be funded. The extent of the mitigation of that risk can best be identified, from time to time, by reference to the fact that in the first 13 years of operation IMF has lost only ten cases out of 175 matters funded and completed. The Company has an Investment Protocol in relation to case selection and a rigorous due diligence process which ensures that only cases with very good chances of success are accepted for funding. The Group also insures a portion of its adverse costs order exposure.

Another risk which needs constant management is liquidity. This principally involves holding a cash balance buffer and taking on new investments only in accordance with IMF's Investment Protocol. The Board of Directors has authorised management to identify options for raising capital to fund further expansion of IMF's business, if required.

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

Operating and financial review (continued)

In Australia, the Productivity Commission has released its report on Access to Justice. It recommended that Australian lawyers should be permitted to charge contingency fees, with an associated liability for adverse costs, and that litigation funders be subject to financial services regulation. The Company has long supported regulation of litigation funders in Australia and will seek to engage constructively with regulators in the design of any regulatory regime.

The Group is not aware of any other material regulatory developments in the other markets in which it operates.

Pro bono

As IMF has become an integral part of the litigation landscape in Australia it is important that it participates in the honourable tradition of those involved in litigation giving free support for worthy public causes. IMF has a pro bono program under which it makes time and funds available for such causes. Support provided by IMF includes donations to Austlii (Australian Legal Information Institute) and financial assistance to PIAC (Public Interest Advocacy Centre) and some of PIAC's clients.

Significant changes in the state of affairs

Total equity decreased 3% to $185,899,905 from $191,131,272 during 2015. This was mainly as a result of the payment of dividends being greater than profit generated (last year's unrecognised final dividend and the interim dividend for 2015). There have been no significant changes in the Company's state of affairs during this reporting period other than as is disclosed in this report.

Significant events after reporting date

Intangible Assets

There were no significant financial events after the reporting date.

Likely developments and expected results

Approximately 29% of the investment portfolio as at 30 June 2015 is expected to mature over the next 12 months. Accordingly, the Directors consider that the Company is likely to generate a profit in this period.

IMF expects demand for its funding to continue in Australia, particularly as we are the leading funder in this market. The establishment of our subsidiary in the United States of America has resulted in increased funding opportunities, and the joint venture in Europe should also result in increased funding opportunities in this jurisdiction.

Competition, however, is increasing and is expected to increase further in the coming years with new entrants coming into the Australian market and new entrants in overseas markets. Litigation funding is considered non-cyclical or uncorrelated to underlying economic conditions.

Environmental regulation and performance

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

Share options

Unissued shares

As at the date of this report there were no options on issue.

Indemnification and insurance of directors and officers

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

a. wilful breach of duty; or

b. contravention of sections 182 or 183 of the Corporations Act 2001, as may be permitted by section 199B of the Corporations Act 2001.

The total amount of premiums paid under the insurance contract referred to above was $158,153 during the current financial year (2014: $142,061).

Indemnification of auditors

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

Remuneration report (Audited)

Dear Shareholder,

On behalf of the Board and as Chairman of the Remuneration Committee, I am pleased to present IMF's 2015 Remuneration Report.

No bonuses were awarded to employees in 2015 other than in accordance with contractual obligations to US employees. The profitable US operations resulted in a total US bonus pool of US$1,024,360.

Prior to and at our 2014 Annual General Meeting, some remuneration-related concerns were expressed by shareholders and proxy advisors. These concerns centred on IMF's variable remuneration structure, including the discretionary bonus payments made for the 2014 financial year, and the lack of any long-term incentive arrangements.

We heard this message and after a review and consultation implemented a remuneration structure that is more transparent for our shareholders and employees.

This report includes the new variable remuneration framework for the 2016 financial year onwards.

During the year the Committee engaged PricewaterhouseCoopers as an external remuneration consultant to assist with a review of our variable remuneration framework. We recognised the importance of developing a new structure that was better aligned with market practice and shareholder expectations, as well as IMF's key business drivers.

The review was principally focussed on two aspects. Firstly, modifying the short term incentive plan ("STIP") to limit the use of discretion going forward, moving to a more specific and metrics based structure, thus delivering a more transparent system. Secondly, consideration of a long term incentive plan ("LTIP") component for our new Managing Director and other management executives as a reward mechanism to drive shareholder value and to incentivise achievement of IMF's business strategy over the longer term.

The review considered a number of business challenges faced by IMF, including:

- IMF's unpredictable earnings given its investment in large, complex litigation; and
- The different maturity levels of IMF's business operations across various regions.

We also engaged with a number of proxy advisors to obtain feedback on proposals recommended by the Board for a revised variable remuneration framework for the 2016 financial year. This consultative approach aimed to ensure that best practice in corporate governance was a key consideration in the review and redesign of the variable pay structure.

The Board is pleased to announce that IMF will be introducing a new executive variable remuneration structure for the 2016 financial year. The variable remuneration framework for executives will comprise two components:

1. A revised STIP that provides for an annual cash payment, subject to the achievement of 4 key financial and non-financial performance objectives, measured at the Group, regional and individual levels.
2. A new equity-based LTIP that provides for the annual grant of performance rights to executives. Vesting of awards is contingent on performance against two metrics, Relative Total Shareholder Return (TSR) and Compound Annual Growth Rate in Funds Deployed (CAGR), both measured over a three-year period.

The above variable remuneration framework will apply to the whole IMF Group and will replace the contractual arrangements currently in place with US employees.

Under these remuneration arrangements, a substantial portion of remuneration is 'at-risk' and linked to both short-term and long-term performance. This will ensure that executives are only rewarded for delivering sustained Group performance, notwithstanding the nature of IMF's business.

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

Remuneration report (Audited) (continued)

Future variable remuneration arrangements – 2016 financial year

The key terms of the STIP and LTIP have been recommended by the Company's remuneration consultants PricewaterhouseCoopers as detailed below and are to be implemented from 1 July 2015.

STIP

The purpose of STIP is to provide an annual 'at-risk' incentive to participants linked to the achievement of specific financial and non-financial performance objectives.

Key features of the STIP include:

- All employees will be eligible to participate in the STIP, which will be delivered as an annual cash payment.
- Each participant will have a STIP opportunity expressed as a percentage of his/her total fixed remuneration (TFR).
- At the beginning of the financial year financial and non-financial performance objectives will be set.
- As financial objectives underpin IMF's profitability as a driver of shareholder value, three set financial objectives have been determined which will be assessed at the Group and regional levels. These objectives will be set out in the annual report.
- Stretch targets may be set for one or more of the financial targets where the Board believes these additional targets will provide additional shareholder returns.
- The non-financial objectives will be specific to the individual.
- At the end of the financial year, actual performance will be assessed against the pre-set financial and non-financial performance objectives set at the beginning of the year.

The STIP metrics set for the 2016 financial year are as follows:

- The STIP has been set at 35% of TFR.
- Three financial targets have been set, as follows:
  - Target 1 – 30% of the STIP opportunity (or 10.5% of the employees' salary) will be awarded to employees if the Group achieves 5% growth in global net profit before tax (before bonus);
  - Target 2 – 30 % of the STIP opportunity (or 10.5% of the employees' salary) will be awarded if the employees' region achieves 5% growth in net profit before tax (before bonus);
  - Target 3 – 20% of the STIP opportunity (or 7% of the employees' salary) will be awarded if the Group achieves 5% growth in the total claim value of the investment portfolio.
- Employees will be awarded 20% (or 7% of the employees' salary) of the STIP opportunity if they achieve their non-financial objectives (which are set individually).
- Target 1 attracts an additional outperformance stretch payment if growth in global net profit before tax (before bonus) exceeds 5%. This additional award is up to 10% of the employees' salary if growth in global net profit before tax (before bonus) exceeds 15%. If growth in global net profit before tax (before bonus) lies between 5% and 15%, the outperformance stretch is calculated on a pro-rated straight line basis.

LTIP

The new LTIP for executives will complement the STIP as a form of 'at-risk' remuneration tied to long-term performance. The LTIP will encourage equity ownership and give participants the opportunity to be rewarded for shareholder value creation.

Key features of the LTIP include:

- Only management executives will be eligible to participate in the LTIP. This will generally be investment managers and above.
- Awards will be granted annually as performance rights over IMF ordinary shares. Initial grants for the 2016 financial year are expected to occur shortly after the IMF 2015 Annual General Meeting.
- The LTIP opportunity will be expressed as a percentage of TFR.
- Awards will vest subject to performance against two metrics over a three-year period, which are provided equal weighting:

  1. Relative TSR; and
  2. CAGR of Funds Deployed.

Remuneration report (Audited) (continued)

The LTIP metrics set for the 2016 financial year are as follows:

- The LTIP opportunity has been set at 65% of TFR.
- The two performance metrics have been set and the performance rights, or a portion thereof, will vest in three years if:
  - Target 1 – TSR measurements will comprise 50% of the LTIP opportunity:
    - TSR must be positive overall between the issuance of the performance rights and the vesting date.
    - The Company's TSR will then be compared to a peer group, which will include ASX-listed entities in the Diversified Financials Industry Group, which are between 50% and 200% of IMF's market capitalisation.
    - The TSR component will vest in accordance with the following vesting schedule:

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

  - Target 2 – The Group will measure the CAGR which will comprise 50% of the LTIP opportunity:
    - The CAGR component will vest in accordance with the following schedule:

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

The STIP and LTIP will be implemented with effect from 1 July 2015, will apply to all of the Group's employees and the contractual obligations to US employees will cease to apply.

The Board is confident that the new variable remuneration framework will support the execution of IMF's business strategies, drive creation of shareholder wealth, as well as attract, motivate and retain key talent. PricewaterhouseCoopers and the Remuneration Committee are satisfied that the advice received concerning the new arrangements was free from undue influence from the key management personnel to whom the new arrangements will apply.

Yours faithfully

Michael Bowen
Chairman of the Remuneration Committee

Remuneration report (Audited) (continued)

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

Key management personnel

Details of IMF's key management personnel ("KMP") are:

(i) Directors

Andrew Saker	Managing Director and Chief Executive Officer from 5 January 2015
Hugh McLernon	Managing Director to 5 January 2015, Executive Director from 6 January 2015
Michael Bowen	Non-Executive Director to 4 January 2015, Chairman from 5 January 2015 to 30 June 2015, Non- Executive Director from 1 July 2015
Alden Halse	Non-Executive Director
Wendy McCarthy	Non-Executive Director
Robert Ferguson	Non-Executive Chairman to 5 January 2015
John Walker	Executive Director to 17 June 2015 and no longer considered a KMP from that date
Clive Bowman	Executive Director – Director of Operations to 5 January 2015

(ii) Executives

Clive Bowman	Chief Executive – Australia and Asia from 5 January 2015
Diane Jones	Chief Operating Officer, Chief Financial Officer and Company Secretary
Charlie Gollow	Managing Director, Bentham Capital LLC

There were no other changes to IMF's key management personnel after the reporting date and before the financial report was authorised for issue.

Remuneration Committee

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

The Remuneration Committee assesses the appropriateness of the nature and amount of the emoluments of the directors and executive team on a periodic basis by reference to relevant employment market conditions, with the overall objective of ensuring the best stakeholder benefit from the Board and executive team.

Remuneration philosophy

The performance of the Company depends upon the quality of its directors and executives. Accordingly, the Company must attract, motivate and retain highly skilled directors and executives.

The Company embodies the following principles in its remuneration framework:

- determination of appropriate market rates for the fixed remuneration component; and
- establishment of appropriate performance hurdles for the variable remuneration component.

Remuneration structure

In accordance with best practice corporate governance, the structure of non-executive director and executive remuneration is separate and distinct.

During the year PricewaterhouseCoopers were engaged as consultants in relation to restructuring the Company's remuneration. A new STIP and LTIP has been recommended to be implemented from 1 July 2015. This new STIP and LTIP is detailed at pages 15–16 and will be recommended to shareholders at the next annual general meeting. PricewaterhouseCoopers and the Remuneration Committee are satisfied that the advice received concerning the new arrangements was free from undue influence from the KMP to whom the new arrangements will apply.

Details of the nature and amount of each element of the emoluments of each director and executive of the Company for the financial year are set out below.

Remuneration report (Audited) (continued)

Non-executive director remuneration

Fees and payments to non-executive directors reflect the demands which are made on, and the responsibilities of, the non-executive directors. Non-executive directors' fees and payments totalled $276,774 (including superannuation), as disclosed in the following tables. At the 2013 Annual General Meeting shareholders approved payments up to $500,000 to non-executive directors.

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

Executive remuneration

Objective

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

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

Structure

It is the Remuneration Committee's policy that employment contracts are entered into with all KMP. Details of these contracts are provided below.

Compensation consists of the following key elements:

- fixed remuneration; and
- variable remuneration.

Fixed remuneration

Objective

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

Structure

Executives are given the opportunity to receive their fixed remuneration in a variety of forms, including cash and fringe benefits such as motor vehicles and expense payment plans. It is intended that the manner of payment chosen will be optimal for the recipient without creating undue cost to the Group.

Variable remuneration

Objective

The objective of the variable compensation incentive is to reward executives in a manner that aligns this element of their compensation with the objectives and internal key performance indicators of the Company. The total potential incentive available is set at a level so as to provide sufficient incentive for the executive to achieve the Group's operational targets and such that the cost to the Group is reasonable in the circumstances.

Structure – 2015 and 2014

The short term executive incentive plan in place for 2015 and 2014 was designed and implemented with the assistance of external remuneration consultants, Mastertek Pty Limited, in 2007. It has been replaced by the new STIP and LTIP set out at pages 15–16.

No amount was awarded under this plan in 2015 as pre-determined hurdles were not met. In 2014 the pre-determined benchmarks were also not met. However, in 2014 the Remuneration Committee took the following factors into account in its deliberations in determining whether it should utilise an unallocated portion of prior years' incentive pools to create a 2014 pool totalling $3,000,500:

i. Between 2012 and 2014 the investment portfolio grew 68% from $1.2B to over $2.0B;
ii. The Group's operations in the USA were consolidated to enable growth opportunities from this market to be pursued;
iii. The Group established a presence in the European market;
iv. The Group implemented the approved capital strategy during the 2014 year to underpin future growth;
v. For the first time since the establishment of the STI in 2007 there was no bonus pool generated by the benchmarks for two years in a row, yet there was a sizable unallocated portion of prior years' incentive pools not distributed; and
vi. The employment environment in Australia and overseas.

The 2014 bonus was accrued in the 2014 financial year and was paid during the 2015 financial year. Details of allocations made under the STIP to Key Management Personnel are set out in Table 1 on page 20.

The Group had contractual benchmarks for US employees which were met in the 2015 financial year. These contractual benchmarks generated a US bonus pool of $1,332,385 (USD$1,024,360) (2014: nil). Details of allocations made under the STIP to Key Management Personnel are set out in Table 1 on page 20.

Remuneration report (Audited) (continued)

Group performance

The objectives and philosophy of the Remuneration Committee are based upon aligning the performance of the Group's employees with increasing shareholders' wealth. The graph on page 11 shows the performance of the Group as measured by its share price and compared to other shares listed on the ASX.

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

	2011	2012	2013	2014	2015
IMF share price at 30 June	1.54	1.46	1.76	1.84	1.72
Earnings per share (cents per share)	18.56	34.87	11.21	6.56	3.78
Diluted earnings per share (cents per share)	17.32	29.84	9.78	6.56	3.78

Executive Employment Contracts

a. Andrew Saker, Managing Director and CEO:
- 5 year contract commenced 5 January 2015;
- gross salary package of $1,200,000 pa plus super:
- salary may be reviewed by the Board from time to time; and
- notice period by the employee is 6 months and 12 months' notice by the Company.

b. Hugh McLernon, Managing Director:
- new rolling 12 month contract commenced 1 July 2007;
- gross salary package of $1,150,000 pa including super;
- salary to be reviewed annually. The 2015 review has yet to be completed (2014: 11% increase); and
- notice period is 12 months.

c. John Walker, resigned:
- new rolling 12 month contract commenced 1 July 2007;
- gross salary package of $925,000 pa including super; and
- notice period is 12 months.

d. Clive Bowman, Chief Executive – Australia and Asia:
- new rolling 12 month contract commenced 1 July 2012;
- gross salary package of $925,000 pa including super;
- salary to be reviewed annually. The 2015 review has yet to be completed (2014: 11% increase); and
- notice period is 12 months.

e. Diane Jones, Chief Operating Officer, Chief Financial Officer and Company Secretary:
- contract commenced 5 June 2006;
- gross salary package of $475,000 pa including super;
- contract to be reviewed annually with minimum CPI increases. The 2015 review has yet to be completed (2014: 11% increase); and
- notice period is 3 months.

f. Charlie Gollow, Managing Director of Bentham Capital LLC:
- contract commenced 22 April 2003;
- gross salary package of $575,000 pa including super;
- contract to be reviewed annually with minimum CPI increases. The 2015 review has yet to be completed (2014: 20% increase); and
- notice period by the employee is 3 months and 6 months' notice by the Company.

2015 DIRECTORS' REPORT

(continued)

Remuneration report (Audited) (continued)

(a) Remuneration of Key Management Personnel

Table 1: Remuneration for the year ended 30 June 2015

2015	Short-term Salary & Fees	Short-term 2015 Bonus Accrued[1]	Post Employment Super	2015 Long-term Benefits[4]	Total[1,2]	Performance Related	2014 Bonus Paid[2]	2015 Unpaid Bonus[1]
Directors								
Robert Ferguson	60,981	–	5,793	–	66,774	0%	–	–
Andrew Saker	800,000	–	12,522	–	812,522		–	–
Hugh McLernon	1,131,216	–	18,784	13,379	1,163,379	0%	390,000	–
John Walker	906,216	–	18,784	11,432	936,432	0%	390,000	–
Alden Halse	63,927	–	6,073	–	70,000	0%	–	–
Michael Bowen	70,000	–	–	–	70,000	0%	–	–
Wendy McCarthy	63,927	–	6,073	–	70,000	0%	–	–
Executives								
Clive Bowman	906,216	–	18,784	13,619	938,619	0%	390,000	–
Charlie Gollow	556,216	377,203	18,784	7,001	959,204	39%	177,000	377,203
Diane Jones	456,216	–	18,784	10,474	485,474	0%	177,000	–
Total	5,014,915	377,203	124,381	55,905	5,572,404	7%	1,524,000	377,203

Table 2: Remuneration for the year ended 30 June 2014

2014	Short-term Salary & Fees	Short-term 2014 Bonus Accrued[2]	Post Employment Super	2014 Long-term Benefits[4]	Total[2]	Performance Related	2013 Bonus Paid	2014 Unpaid Bonus[2]
Directors								
Robert Ferguson	109,840	–	10,160	–	120,000	0%	–	–
Hugh McLernon	1,022,225	390,000	17,775	45,130	1,475,130	26%	–	390,000
John Walker	814,225	390,000	17,775	34,320	1,256,320	31%	–	390,000
Alden Halse	64,073	–	5,927	–	70,000	0%	–	–
Michael Bowen	70,000	–	–	–	70,000	0%	–	–
Clive Bowman	814,225	390,000	17,775	37,219	1,259,219	31%	–	390,000
Wendy McCarthy	32,776	–	3,032	–	35,808	0%	–	–
Executives								
Charlie Gollow	460,625	177,000	17,775	28,375	683,775	26%	–	177,000
Diane Jones	408,625	177,000	17,775	17,662	621,062	28%	–	177,000
Total	3,796,614	1,524,000	107,994	162,706	5,591,314	27%	–	1,524,000

1. The 2015 Bonus has been accrued for the US business only and will be paid in the 2016 financial year.
2. The 2014 Bonus accrued was paid in the 2015 financial year.
3. Total Key Management Personnel remuneration recognised in the Statement of Comprehensive Income. The insurance premium for directors and officers was $158,153 in the current period (2014: $142,061). This insurance has not been allocated to specific individuals as the Directors do not believe there is a reasonable basis for allocation.
4. Long Service Leave accrued during the period.

Remuneration report (Audited) (continued)

(b) Compensation and remuneration options

No options were granted to Key Management Personnel in 2015 or 2014. No options expired in 2015 or 2014.

(c) Shareholdings of Key Management Personnel

	Balance 01-Jul-14	Received as remuneration	Options exercised	Net change other[1]	Balance 30-Jun-15
Directors					
Andrew Saker	–	–	–	–	–
Robert Ferguson	1,853,000	–	–	(1,853,000)	–
Hugh McLernon	7,755,991	–	–	–	7,755,991
John Walker[2]	4,958,292	–	–	(4,958,292)	–
Alden Halse	879,780	–	–	–	879,780
Michael Bowen	845,098	–	–	42,029	887,127
Wendy McCarthy	–	–	–	–	–
Executives					
Clive Bowman	1,013,941	–	–	–	1,013,941
Charlie Gollow	467,058	–	–	7,058	474,116
Diane Jones	38,764	–	–	1,927	40,691
Total	17,811,924	–	–	(6,760,278)	11,051,646

	Balance 01-Jul-13	Received as remuneration	Options exercised	Net change other[1]	Balance 30-Jun-14
Directors					
Robert Ferguson	1,853,000	–	–	–	1,853,000
Hugh McLernon	7,738,346	–	–	17,645	7,755,991
John Walker	4,958,292	–	–	–	4,958,292
Alden Halse	876,251	–	–	3,529	879,780
Michael Bowen	813,751	–	–	31,347	845,098
Clive Bowman	1,013,941	–	–	–	1,013,941
Wendy McCarthy	–	–	–	–	–
Executives					
Charlie Gollow	460,000	–	–	7,058	467,058
Diane Jones	20,000	–	–	18,764	38,764
Total	17,733,581	–	–	78,343	17,811,924

1. The net changes relate to shares obtained through either the conversion of the convertible notes, or the share purchase plan, or the dividend reinvestment plan, or sold on market.
2. John Walker resigned as a director on 17 June 2015 and is not considered a KMP from that date.

All equity transactions with Key Management Personnel other than those arising from the exercise of remuneration options have been entered into under terms and conditions no more favourable than those the Group would have adopted if dealing at arm's length.

(d) Loans to Key Management Personnel

There have been no loans provided to Key Management Personnel in 2015 (2014: nil).

(e) Transactions with Key Management Personnel

During the year the Group obtained legal advice from Hardy Bowen, a legal firm associated with Michael Bowen, totalling $117,404 (2014: $356,371). The legal advice was obtained at normal market prices. Refer to Note 23 for details. (Please note Hardy Bowen merged with DLA Piper on 1 July 2015).

– End of remuneration report –

Directors' meetings

Committee membership

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

Audit & Risk Committee	Remuneration Committee	Nomination Committee	Corporate Governance Committee
A Halse (Chair)	M Bowen (Chair)	A Halse (Chair)	M Bowen (Chair)
M Bowen	A Halse	M Bowen	A Halse
W McCarthy[5]	W McCarthy[5]	W McCarthy[6]	W McCarthy[7]
R Ferguson[2]	R Ferguson[2]	A Saker[1]	C Bowman[4]
		R Ferguson[2]	

On 13 August 2014 the Board determined that the Company should form a Corporate Governance Committee.

The number of meetings of Directors held during the period under review and the number of meetings attended by each Director were as follows:

	Board Meetings	Audit & Risk Committee	Remuneration Committee	Nomination Committee	Corporate Governance Committee
Total number of meetings held:	7	2	6	4	2
Meetings Attended:					
M Bowen	7	2	6	4	2
A J Halse	7	2	6	4	2
W McCarthy	6	1	5	4	–
H McLernon	7	–	–	–	–
A Saker[1]	5	–	–	4	–
R Ferguson[2]	4	1	1	–	–
C Bowman[3]	4	–	–	–	2
J F Walker[4]	5	–	–	–	–

1. A Saker was appointed as a director on 5 January 2015 and appointed to the Nomination Committee on the same date.
2. R Ferguson resigned as a director on 5 January 2015.
3. C Bowman resigned as a director on 5 January 2015.
4. J Walker resigned as a director on 17 June 2015.
5. W McCarthy was appointed to the Audit and Risk Committee and the Remuneration Committee on 14 November 2014.
6. W McCarthy was appointed to the Nomination Committee on 5 January 2015.
7. W McCarthy was appointed to the Corporate Governance Committee on 18 February 2015.

Rounding

The amounts contained in this report have been rounded to the nearest $1 (where rounding is applicable) under the option available to the Company under ASIC Class Order 98/100. The Company is an entity to which the Class Order applies.

Directors' meetings (continued)

Auditor's Independence Declaration

EY, the Company's auditors, have provided a written declaration to the Directors in relation to its audit of the Financial Report for the year ended 30 June 2015. This Independence Declaration can be found at page 24.

On 26 June 2013 the Board approved the extension of the Lead Audit Partner rotation period from five years to seven years in accordance with section 324DAB of the Corporations Act 2001 and the Corporations Legislation Amendment (Audit Enhancement) Act 2012.

The reasons why the Board approved the extension included:

- Mr Meyerowitz, the Lead Audit Partner, has a detailed understanding of the Group's business and strategies, its systems and controls. This knowledge is considered to be invaluable to the Board at this point in time.
- The existing independence and service metrics in place with EY and Mr Meyerowitz are sufficient to ensure that auditor independence would not be diminished in any way by such an extension.
- Mr Meyerowitz will continue to abide by the independence guidance provided in APES 110 'Code of Ethics for Professional Accountants' as issued by the Accounting Professional and Ethical Standards Board and EY's own independence requirements.
- The threats of self-interest and familiarity have been mitigated as EY appointed a new Engagement Quality Review Partner.
- The Board of Directors are of the view that Mr Meyerowitz's continued involvement with the Group as the Lead Audit Partner will not in any way diminish the audit quality provided to the Group.

Non-audit services

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

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

- Tax compliance services and other non-audit services $121,556 (2014: $129,448).

Corporate governance

The Company has an extensive Corporate Governance Manual which includes a compliance program, Conflicts Management Policy, and complaint handling procedures which will enable the Company to interact with its clients and the public in a consistent and transparent manner. The Company's corporate governance statement is noted from page 68 of this Annual Report.

Signed in accordance with a resolution of the Directors.

Michael Bowen
Chairman (At 30 June 2015)

Andrew Saker
Managing Director

Sydney 19 August 2015

AUDITOR'S INDEPENDENCE DECLARATION

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

In relation to our audit of the financial report of IMF Bentham Limited for the financial year ended 30 June 2015, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

Ernst & Young

G H Meyerowitz
Partner
19 August 2015

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2015

	Note	Consolidated 2015 $	Consolidated 2014 $
Revenue	6	12,460,365	2,605,949
Other income	7	14,589,353	25,296,909
Total Income		27,049,718	27,902,858
Finance costs	8(a)	(530,286)	(1,123,392)
Depreciation expense	8(b)	(228,016)	(222,654)
Employee benefits expense	8(c)	(10,157,815)	(6,623,530)
Corporate and office expense	8(d)	(3,549,940)	(2,731,735)
Other expenses	8(e)	(1,143,022)	(939,735)
Share of loss in joint venture	31	(2,275,726)	(653,721)
Profit Before Income Tax		9,164,913	15,608,091
Income tax expense	9	(2,860,701)	(5,739,741)
Net Profit for the Year		6,304,212	9,868,350
Other Comprehensive Income			
Items that may be subsequently reclassified to profit and loss:			
Movement in foreign currency translation reserve	21(b)	190,503	–
Other comprehensive income for the year, net of tax		190,503	–
Total Comprehensive Income for the Year		6,494,715	9,868,350
Earnings per share attributable to the ordinary equity holders of the Company (cents per share)			
Basic profit (cents per share)	11	3.78	6.56
Diluted profit (cents per share)	11	3.78	6.56

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

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2015

	Note	Consolidated 2015 $	Consolidated 2014 $
ASSETS			
Current Assets			
Cash and cash equivalents	12	130,107,653	105,576,733
Trade and other receivables	13	11,800,632	60,375,749
Other assets	14	321,434	251,581
Total Current Assets		142,229,719	166,204,063
Non-Current Assets			
Trade and other receivables	13	38,097,946	14,353,414
Plant and equipment	15	748,718	570,712
Intangible assets	16	99,483,702	98,636,050
Investment held in joint venture	31	652,308	1,153,499
Total Non-Current Assets		138,982,674	114,713,675
TOTAL ASSETS		281,212,393	280,917,738
LIABILITIES			
Current Liabilities			
Trade and other payables	17	10,000,669	7,928,101
Income tax (receivable)/payable		1,750,048	4,705,516
Provisions	18	13,800,165	6,905,435
Other liabilities		74,555	74,555
Total Current Liabilities		25,625,437	19,613,607
Non-Current Liabilities			
Provisions	18	672,145	539,882
Debt securities	19	48,206,421	47,758,026
Other liabilities		55,917	130,469
Deferred income tax liabilities	9	20,752,568	21,744,482
Total Non-Current Liabilities		69,687,051	70,172,859
TOTAL LIABILITIES		95,312,488	89,786,466
NET ASSETS		**185,899,905**	**191,131,272**
EQUITY			
Contributed equity	20	116,921,688	112,050,208
Reserves	21(b)	7,426,439	7,235,936
Retained earnings	21(a)	61,551,778	71,845,128
TOTAL EQUITY		**185,899,905**	**191,131,272**

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

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2015

	Note	Consolidated 2015 $	Consolidated 2014 $
Cash flows from operating activities			
Payments to suppliers and employees		(15,806,867)	(6,751,012)
Interest income		3,157,627	2,394,525
Interest paid		(3,243,000)	(2,920,477)
Income tax paid		(7,036,981)	(1,502,141)
Net cash flows (used in) operating activities	22	(22,929,221)	(8,779,105)
Cash flows from investing activities			
Proceeds from litigation funding - settlements, fees and reimbursements		103,359,091	42,191,361
Payments for litigation funding and capitalised suppliers and employee costs		(49,198,579)	(57,084,733)
Purchase of plant and equipment		(406,022)	(170,941)
Loans made to joint venture		1,289,532	(1,324,424)
Investment in joint venture		(1,007,949)	(1,807,220)
Net cash flows from/(used in) investing activities		54,036,073	(18,195,957)
Cash flows from financing activities			
Proceeds from issue of shares		–	42,031,791
Cost of issuing shares		–	(1,198,499)
Bonds proceeds		–	50,000,000
Cost of issuing bonds		–	(2,326,739)
Payments for redemption of convertible notes		–	(11,180,756)
Dividends paid		(11,726,082)	(12,705,998)
Net cash flows (used in)/from financing activities		(11,726,082)	64,619,799
Net increase in cash and cash equivalents held		19,380,770	37,644,737
Net foreign exchange difference		5,150,150	(52,288)
Cash and cash equivalents at beginning of year		105,576,733	67,984,284
Cash and cash equivalents at end of year	12	130,107,653	105,576,733

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

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2015

CONSOLIDATED	Issued capital $	Option premium reserve $	Foreign currency translation reserve $	Convertible notes reserve $	Retained earnings $	Total $
As at 1 July 2014	112,050,208	3,403,720	–	3,832,216	71,845,128	191,131,272
Profit for the year	–	–	–	–	6,304,212	6,304,212
Movement in foreign currency translation reserve	–	–	190,503	–	–	190,503
Other comprehensive income	–	–	–	–	–	–
Total Comprehensive Income for the Year	112,050,208	3,403,720	190,503	3,832,216	78,149,340	197,625,987
Equity Transactions:						
Dividend paid	–	–	–	–	(16,597,562)	(16,597,562)
Shares issued under the Dividend Reinvestment Plan	4,871,480	–	–	–	–	4,871,480
As at 30 June 2015	116,921,688	3,403,720	190,503	3,832,216	61,551,778	185,899,905
As at 1 July 2013	41,912,195	3,403,720	–	3,832,216	76,356,253	125,504,384
Profit for the year	–	–	–	–	9,868,350	9,868,350
Other comprehensive income	–	–	–	–	–	–
Total Comprehensive Income for the Year	41,912,195	3,403,720	–	3,832,216	86,224,603	135,372,734
Equity Transactions:						
Dividend paid	–	–	–	–	(14,379,475)	(14,379,475)
Proceeds from shares issued	42,031,791	–	–	–	–	42,031,791
Transaction costs associated with share issue	(1,198,499)	–	–	–	–	(1,198,499)
Shares issued under the Dividend Reinvestment Plan	1,673,477	–	–	–	–	1,673,477
Convertible notes converted	27,631,244	–	–	–	–	27,631,244
As at 30 June 2014	112,050,208	3,403,720	–	3,832,216	71,845,128	191,131,272

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

Note 1: Corporate information

The financial report of IMF Bentham Limited (IMF, the Company or the Parent) for the year ended 30 June 2015 and its subsidiaries (the Group or consolidated entity) was authorised for issue in accordance with a resolution of the Directors on 19 August 2015.

IMF Bentham 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: IMF).

The nature of the operations and principal activities of the Group are described in Note 5.

Note 2: summary of significant accounting policies

a. Basis of preparation

The financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001 and Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. The financial report has also been prepared on a historical cost basis.

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

The amounts contained within this report have been rounded to the nearest $1 (where rounding is applicable) under the option available to the Company under ASIC Class Order 98/100.

b. Compliance with IFRS

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

For the purposes of preparing the consolidated financial statements, the Parent is a for profit entity.

c. New accounting standards and interpretations

The accounting policies adopted are consistent with those of the previous financial year except as follows:

(i) Changes in accounting policy and disclosures.

The Group has adopted all new and amended Australian Accounting Standards and AASB Interpretations effective as of 1 July 2014, including:

Reference	Title
AASB 2012-3	Amendments to Australian Accounting Standards - *Offsetting Financial Assets and Financial Liabilities* AASB 2012-3 adds application guidance to AASB 132 *Financial Instruments:* Presentation to address inconsistencies identified in applying some of the offsetting criteria of AASB 132, including clarifying the meaning of "currently has a legally enforceable right of set-off" and that some gross settlement systems may be considered equivalent to net settlement.
Interpretation 21	*Levies* This Interpretation confirms that a liability to pay a levy is only recognised when the activity that triggers the payment occurs. Applying the going concern assumption does not create a constructive obligation.
AASB 2013-3	*Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets* AASB 2013-3 amends the disclosure requirements in AASB 136 *Impairment of Assets*. The amendments include the requirement to disclose additional information about the fair value measurement when the recoverable amount of impaired assets is based on fair value less costs of disposal.
AASB 1031	*Materiality* The revised AASB 1031 is an interim standard that cross-references to other Standards and the *Framework* (issued December 2013) that contain guidance on materiality. AASB 1031 will be withdrawn when references to AASB 1031 in all Standards and Interpretations have been removed. AASB 2014-1 Part C issued in June 2014 makes amendments to eight Australian Accounting Standards to delete their references to AASB 1031. The amendments are effective from 1 July 2014*.

Note 2: Summary of significant accounting policies (continued)

Reference	Title
AASB 2013-9	*Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments* The Standard contains three main parts and makes amendments to a number Standards and Interpretations. Part A of AASB 2013-9 makes consequential amendments arising from the issuance of AASB CF 2013-1. Part B makes amendments to particular Australian Accounting Standards to delete references to AASB 1031 and also makes minor editorial amendments to various other standards.
AASB 2014-1 Part A -Annual Improvements 2010–2012 Cycle	AASB 2014-1 Part A: This standard sets out amendments to Australian Accounting Standards arising from the issuance by the International Accounting Standards Board (IASB) of International Financial Reporting Standards (IFRSs) *Annual Improvements to IFRSs 2010–2012 Cycle and Annual Improvements to IFRSs 2011–2013 Cycle.* Annual Improvements to IFRSs 2010–2012 Cycle addresses the following items: – AASB 2 - Clarifies the definition of 'vesting conditions' and 'market condition' and introduces the definition of 'performance condition' and 'service condition'. – AASB 3 - Clarifies the classification requirements for contingent consideration in a business combination by removing all references to AASB 137. – AASB 8 - Requires entities to disclose factors used to identify the entity's reportable segments when operating segments have been aggregated. An entity is also required to provide a reconciliation of total reportable segments' asset to the entity's total assets. – AASB 116 & AASB 138 - Clarifies that the determination of accumulated depreciation does not depend on the selection of the valuation technique and that it is calculated as the difference between the gross and net carrying amounts. AASB 124 - Defines a management entity providing KMP services as a related party of the reporting entity. The amendments added an exemption from the detailed disclosure requirements in paragraph 17 of AASB 124 for KMP services provided by a management entity. Payments made to a management entity in respect of KMP services should be separately disclosed.
AASB 2014-1 Part A -Annual Improvements 2011–2013 Cycle	Annual Improvements to IFRSs 2011–2013 Cycle addresses the following items: – AASB13 - Clarifies that the portfolio exception in paragraph 52 of AASB 13 applies to all contracts within the scope of AASB 139 or AASB 9, regardless of whether they meet the definitions of financial assets or financial liabilities as defined in AASB 132. AASB 140 - Clarifies that judgment is needed to determine whether an acquisition of investment property is solely the acquisition of an investment property or whether it is the acquisition of a group of assets or a business combination in the scope of AASB 3 that includes an investment property. That judgment is based on guidance in AASB 3.

The adoption of the new and amended standards and interpretations effective as of 1 July 2014 resulted in changes to presentation and disclosures, but had no material impact on the financial position or financial performance of the Group.

Note 2: Summary of significant accounting policies (continued)

(ii) Accounting Standards and Interpretations issued but not yet effective.

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective and have not been adopted by the Group for the annual reporting period ended 30 June 2015 are outlined in the table below. The impact of the new standards and interpretations issued but not yet effective has not been assessed.

Reference	Summary	Application date of standard*	Application date for Group*
AASB 9 *Financial Instruments*	AASB 9 (December 2014) is a new Principal standard which replaces AASB 139. This new Principal version supersedes AASB 9 issued in December 2009 (as amended) and AASB 9 (issued in December 2010) and includes a model for classification and measurement, a single, forward-looking 'expected loss' impairment model and a substantially-reformed approach to hedge accounting. AASB 9 is effective for annual periods beginning on or after 1 January 2018. However, the Standard is available for early application. The own credit changes can be early applied in isolation without otherwise changing the accounting for financial instruments. The final version of AASB 9 introduces a new expected-loss impairment model that will require more timely recognition of expected credit losses. Specifically, the new Standard requires entities to account for expected credit losses from when financial instruments are first recognised and to recognise full lifetime expected losses on a more timely basis. Amendments to AASB 9 (December 2009 & 2010 editions and AASB 2013-9) issued in December 2013 included the new hedge accounting requirements, including changes to hedge effectiveness testing, treatment of hedging costs, risk components that can be hedged and disclosures. AASB 9 includes requirements for a simpler approach for classification and measurement of financial assets compared with the requirements of AASB 139. The main changes are described below. a. Financial assets that are debt instruments will be classified based on (1) the objective of the entity's business model for managing the financial assets; (2) the characteristics of the contractual cash flows. b. Allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument. c. Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases.	1 January 2018	1 July 2018

Note 2: Summary of significant accounting policies (continued)

Reference	Summary	Application date of standard*	Application date for Group*
	d. Where the fair value option is used for financial liabilities the change in fair value is to be accounted for as follows: – The change attributable to changes in credit risk are presented in other comprehensive income (OCI) – The remaining change is presented in profit or loss AASB 9 also removes the volatility in profit or loss that was caused by changes in the credit risk of liabilities elected to be measured at fair value. This change in accounting means that gains caused by the deterioration of an entity's own credit risk on such liabilities are no longer recognised in profit or loss. Consequential amendments were also made to other standards as a result of AASB 9, introduced by AASB 2009-11 and superseded by AASB 2010-7, AASB 2010-10 and AASB 2014-1 – Part E. AASB 2014-7 incorporates the consequential amendments arising from the issuance of AASB 9 in Dec 2014. AASB 2014-8 limits the application of the existing versions of AASB 9 (AASB 9 (December 2009) and AASB 9 (December 2010)) from 1 February 2015 and applies to annual reporting periods beginning on after 1 January 2015.		
AASB 2014-3 Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations [AASB 1 & AASB 11]	AASB 2014-3 amends AASB 11 to provide guidance on the accounting for acquisitions of interests in joint operations in which the activity constitutes a business. The amendments require: a. the acquirer of an interest in a joint operation in which the activity constitutes a business, as defined in AASB 3 *Business Combinations*, to apply all of the principles on business combinations accounting in AASB 3 and other Australian Accounting Standards except for those principles that conflict with the guidance in AASB 11; and b. the acquirer to disclose the information required by AASB 3 and other Australian Accounting Standards for business combinations. This Standard also makes an editorial correction to AASB 11	1 January 2016	1 July 2016
AASB 2014-4 Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to AASB 116 and AASB 138)	AASB 116 and AASB 138 both establish the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset. The IASB has clarified that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. The amendment also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. This presumption, however, can be rebutted in certain limited circumstances.	1 January 2016	1 July 2016

Note 2: Summary of significant accounting policies (continued)

Reference	Summary	Application date of standard*	Application date for Group*
AASB 15 Revenue from Contracts with Customers	In May 2014, the IASB issued IFRS 15 *Revenue from Contracts with Customers*, which replaces IAS 11 *Construction Contracts*, IAS 18 *Revenue* and related Interpretations (IFRIC 13 *Customer Loyalty Programmes*, IFRIC 15 *Agreements for the Construction of Real Estate*, IFRIC 18 *Transfers of Assets from Customers* and SIC-31 *Revenue—Barter Transactions Involving Advertising Services*). The core principle of IFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with that core principle by applying the following steps: a. Step 1: Identify the contract(s) with a customer b. Step 2: Identify the performance obligations in the contract c. Step 3: Determine the transaction price d. Step 4: Allocate the transaction price to the performance obligations in the contract e. Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation Early application of this standard is permitted. AASB 2014-5 incorporates the consequential amendments to a number Australian Accounting Standards (including Interpretations) arising from the issuance of AASB 15. Under the standard, these variable amounts are estimated and included in the transaction price using either the expected value approach or the most likely amount approach, whichever best predicts the consideration to which the entity is entitled.	1 January 2017	1 July 2017
AASB 2014-9 Amendments to Australian Accounting Standards – Equity Method in Separate Financial Statements	AASB 2014-9 amends AASB 127 *Separate Financial* Statements, and consequentially amends AASB 1 *First-time Adoption of Australian Accounting Standards* and AASB 128 *Investments in Associates and Joint Ventures*, to allow entities to use the equity method of accounting for investments in subsidiaries, joint ventures and associates in their separate financial statements. AASB 2014-9 also makes editorial corrections to AASB 127. AASB 2014-9 applies to annual reporting periods beginning on or after 1 January 2016. Early adoption permitted.	1 January 2016	1 July 2016
AASB 2014-10 Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	AASB 2014-10 amends AASB 10 *Consolidated Financial Statements* and AASB 128 to address an inconsistency between the requirements in AASB 10 and those in AASB 128 (August 2011), in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require: a. a full gain or loss to be recognised when a transaction involves a business (whether it is housed in a subsidiary or not); and b. a partial gain or loss to be recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. AASB 2014-10 also makes an editorial correction to AASB 10. AASB 2014-10 applies to annual reporting periods beginning on or after 1 January 2016. Early adoption permitted.	1 January 2016	1 July 2016

Note 2: Summary of significant accounting policies (continued)

Reference	Summary	Application date of standard*	Application date for Group*
AASB 2015-1 Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012–2014 Cycle	The subjects of the principal amendments to the Standards are set out below: AASB 5 *Non-current Assets Held for Sale and Discontinued Operations:* – Changes in methods of disposal – where an entity reclassifies an asset (or disposal group) directly from being held for distribution to being held for sale (or vice versa), an entity shall not follow the guidance in paragraphs 27–29 to account for this change. AASB 7 Financial Instruments: Disclosures: – Servicing contracts - clarifies how an entity should apply the guidance in paragraph 42C of AASB 7 to a servicing contract to decide whether a servicing contract is 'continuing involvement' for the purposes of applying the disclosure requirements in paragraphs 42E–42H of AASB 7. – Applicability of the amendments to AASB 7 to condensed interim financial statements - clarify that the additional disclosure required by the amendments to AASB 7 *Disclosure–Offsetting Financial Assets and Financial Liabilities* is not specifically required for all interim periods. However, the additional disclosure is required to be given in condensed interim financial statements that are prepared in accordance with AASB 134 *Interim Financial Reporting* when its inclusion would be required by the requirements of AASB 134. AASB 119 Employee Benefits: – Discount rate: regional market issue - clarifies that the high quality corporate bonds used to estimate the discount rate for post-employment benefit obligations should be denominated in the same currency as the liability. Further it clarifies that the depth of the market for high quality corporate bonds should be assessed at the currency level. AASB 134 Interim Financial Reporting: – Disclosure of information 'elsewhere in the interim financial report' -amends AASB 134 to clarify the meaning of disclosure of information 'elsewhere in the interim financial report' and to require the inclusion of a cross-reference from the interim financial statements to the location of this information.	1 January 2016	1 July 2016
AASB 2015-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101	The Standard makes amendments to AASB 101 *Presentation of Financial Statements* arising from the IASB's Disclosure Initiative project. The amendments are designed to further encourage companies to apply professional judgment in determining what information to disclose in the financial statements. For example, the amendments make clear that materiality applies to the whole of financial statements and that the inclusion of immaterial information can inhibit the usefulness of financial disclosures. The amendments also clarify that companies should use professional judgment in determining where and in what order information is presented in the financial disclosures.	1 January 2016	1 July 2016

Note 2: Summary of significant accounting policies (continued)

Reference	Summary	Application date of standard*	Application date for Group*
AASB 2015-3 Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality	The Standard completes the AASB's project to remove Australian guidance on materiality from Australian Accounting Standards.	1 July 2015	1 July 2015
AASB 2015-4 Amendments to Australian Accounting Standards – Financial Reporting Requirements for Australian Groups with a Foreign Parent	The amendment aligns the relief available in AASB 10 *Consolidated Financial Statements* and AASB 128 *Investments in Associates and Joint Ventures* in respect of the financial reporting requirements for Australian groups with a foreign parent	1 July 2015	1 July 2015
AASB 2015-5 Amendments to Australian Accounting Standards – Investment Entities: Applying the Consolidation Exception	This makes amendments to AASB 10, AASB 12 *Disclosure of Interests in Other Entities* and AASB 128 arising from the IASB's narrow scope amendments associated with Investment Entities.	1 July 2015	1 July 2015
AASB 2015-6 Amendments to Australian Accounting Standards – Extending Related Party Disclosures to Not-for-Profit Public Sector Entities [AASB 10, AASB 124 & AASB 1049]	This Standard makes amendments to AASB 124 *Related Party Disclosures* to extend the scope of that Standard to include not-for-profit public sector entities.	1 July 2016	1 July 2016

* Designates the beginning of the applicable annual reporting period unless otherwise stated.

Note 2: Summary of significant accounting policies (continued)

d. Basis of consolidation

The consolidated financial statements comprise the financial statements of IMF Bentham Limited (IMF, the Company or Parent) and its subsidiaries Financial Redress Pty Limited (formerly Insolvency Litigation Fund Pty Limited), Bentham Holdings Inc, Bentham Capital LLC and Security Finance LLC ("the Group") as at 30 June each year. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

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

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

e. Foreign currency

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

Transactions and balances

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

Differences arising on settlement or translation of monetary items are recognised in profit or loss with the exception of monetary items that are designated as part of the hedge of the Group's net investment of a foreign operation. These are recognised in other comprehensive income until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in other comprehensive income.

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

Group companies

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

f. Cash and cash equivalents

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

For the purposes of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

g. Trade and other receivables

Trade receivables, which generally have 30-90 day terms, are recognised initially at fair value and subsequently remeasured at amortised cost using the effective interest rate method, less an allowance for any uncollectible amounts.

Collectability of trade receivables is reviewed on an ongoing basis. Debts that are known to be uncollectible are written off when identified. An impairment loss is recognised when there is objective evidence that the Group will not be able to collect the debt. Financial difficulties of the debtor and loss of cases on appeal are considered to be objective evidence of impairment.

h. Investments and other financial assets

Investments and financial assets in the scope of AASB 139 *Financial Instruments: Recognition and Measurement* are categorised as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. The Group determines the classification of its financial assets at initial recognition.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

Note 2: Summary of significant accounting policies (continued)

Recognition and derecognition

All regular way purchases and sales of financial assets are recognised on the trade date i.e. the date that the Group commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets under contracts that require delivery of the assets within the period established generally by regulation or convention in the market place. Financial assets are derecognised when the right to receive cash flows from the financial asset has expired or been transferred.

(i) Financial assets at fair value through profit or loss

Financial assets classified as held for trading are included in the category "financial assets at fair value through profit or loss". Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term with the intention of making a profit. Gains or losses on financial assets held for trading are recognised in the profit or loss and the related assets are classified as current assets in the Statement of Financial Position.

(ii) Loans and receivables

Loans and receivables including loan notes and loans to Key Management Personnel are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in the profit or loss when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

(iii) Available-for-sale securities

Available-for-sale investments are those non-derivative financial assets, principally equity securities, that are designated as available for sale or are not classified as any of the preceding categories. After initial recognition available-for-sale are measured at fair value with gains or losses being recognised in other comprehensive income until the investment is derecognised or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is recognised in the profit or loss.

The fair value of investments that are actively traded in organised financial markets are determined by reference to quoted market bid prices at the close of business on the balance date. For investments with no active market, fair values are determined using valuation techniques. Such valuation techniques include: using recent arm's length market transactions; reference to the current market value of another instrument that is substantially the same; discounted cash flow analysis and option pricing models making as much use of available and supportable market data as possible and keeping judgmental inputs to a minimum.

i. Plant and equipment

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

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

Plant and equipment - over 5 to 15 years.

The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each financial year end.

Derecognition

An item of plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

j. Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised as an expense in the profit or loss.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

Operating lease payments are recognised as an expense in the profit or loss on a straight-line basis over the lease term. Operating lease incentives are recognised as a liability when received and subsequently reduced by allocating lease payments between rental expense and reduction of the liability.

k. Intangible assets

Litigation Contracts In Progress

Litigation Contracts In Progress represent future economic benefits controlled by the Group. As Litigation Contracts In Progress may be exchanged or sold, the Group is able to control the expected future

Note 2: Summary of significant accounting policies (continued)

economic benefit flowing from the Litigation Contracts In Progress. Accordingly, Litigation Contracts In Progress meet the definition of intangible assets.

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

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

The following specific asset recognition rules have been applied to Litigation Contracts In Progress:

(A) Actions still outstanding:

When litigation is outstanding and pending a determination, Litigation Contracts In Progress are carried at cost. Subsequent expenditure is capitalised when it meets all of the following criteria:

a. demonstration of ability of the Group to complete the litigation so that the asset will be available for use and the benefits embodied in the asset will be realised;
b. demonstration that the asset will generate future economic benefits;
c. demonstration that the Group intends to complete the litigation;
d. demonstration of the availability of adequate technical, financial and other resources to complete the litigation; and
e. ability to measure reliably the expenditure attributable to the intangible asset during the Litigation Contracts In Progress.

(B) Successful judgment:

Where the litigation has been determined in favour of the Group or a positive settlement has been agreed, this constitutes a derecognition of the intangible asset and accordingly a gain or loss is recognised in the Statement of Comprehensive Income.

Any future costs relating to the defence of an appeal by the defendant are expensed as incurred.

(C) Unsuccessful judgment:

Where the litigation is unsuccessful at trial, this is a trigger for impairment of the intangible asset and the asset is written down to its recoverable amount. If the claimant, having been unsuccessful at trial, appeals against the judgment, then future costs incurred by the Group on the appeal are expensed as incurred.

l. Trade and other payables

Trade payables and other payables are carried at amortised cost. Due to their short-term nature they are not discounted. They represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 30 days of recognition.

m. Interest-bearing loans and borrowings

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

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Fees paid on the establishment of loan facilities that are yield related are included as part of the carrying amount of the loan and borrowings.

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

n. Provisions and employee benefits

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

When the Group expects some or all of the provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the profit or loss net of any reimbursement.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the balance date using a discounted cash flow methodology. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the time value of money and the risks specific to the liability. The increase in the provision resulting from the passage of time is recognised in finance costs.

Employee leave benefits

(i) Wages, salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulated sick leave expected to be wholly settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Expenses for non-accumulated sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

Note 2: Summary of significant accounting policies (continued)

(ii) Long service leave

The liability for long service leave is recognised and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

o. Share-based payment transactions

(i) Equity-settled transactions

Previously, the Company had an Employee Share Option Plan ("ESOP"), which provided benefits to directors and employees in the form of share-based payments. During 2007 the Company implemented a short term incentive plan ("STI"), which replaced the ESOP, and which may also, at the discretion of the Remuneration Committee, provide benefits to employees in the form of share-based payments.

The cost of equity-settled transactions with employees (for awards granted after 7 November 2002 that were unvested at 1 January 2005) is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using a Black Scholes model.

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

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

At each subsequent reporting date until vesting, the cumulative charge to profit or loss is the product of (i) the grant date fair value of the award; (ii) the current best estimate of the number of awards that will vest, taking into account such factors as the likelihood of employee turnover during the vesting period and the likelihood of non-market performance conditions being met; and (iii) the expired portion of the vesting period.

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

Equity-settled awards granted by IMF to employees of subsidiaries are recognised in the Parent's separate financial statements as an additional investment in the subsidiary with a corresponding credit to equity. These amounts are eliminated through consolidation.

As a result, the expenses recognised by IMF in relation to equity-settled awards only represents the expense associated with grants to employees of the Parent. The expense recognised by the Group is the total expense associated with all such awards.

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

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

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

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

(ii) Cash-settled transactions

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

p. Convertible notes

The component of the convertible notes that exhibits characteristics of a liability is recognised as a liability in the Statement of Financial Position, net of transaction costs.

On issuance of the convertible notes, the fair value of the liability component is determined using an estimated market rate for an equivalent non-convertible bond and this amount is carried as a long-term liability on an amortised cost basis until extinguished on conversion or redemption. The increase in the liability due to the passage of time is recognised as a finance cost. Interest on the liability component of the instruments is recognised as an expense in the Statement of Comprehensive Income.

The fair value of any derivative features embedded in the convertible notes, other than the equity component, are included in the liability component. Subsequent to initial recognition, these derivative features are measured at fair value with gains and losses recognised in the profit or loss if they are not closely related to the host contract.

Note 2: Summary of significant accounting policies (continued)

The remainder of the proceeds is allocated to the conversion option that is recognised and included in shareholders' equity, net of transaction costs. The carrying amount of the conversion option is not remeasured in subsequent years.

Transaction costs are apportioned between the liability and equity components of the convertible notes based on the allocation of proceeds to the liability and equity components when the instruments are first recognised.

q. Contributed equity

Ordinary shares are classified as equity. 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.

r. Revenue recognition

Revenue is recognised and measured at the fair value of the consideration received or receivable to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

(i) Interest income

Revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

(ii) Dividends

Revenue is recognised when the Group's right to receive the payment is established.

(iii) Fees

Revenue is recognised when the Group's right to receive the fee is established.

s. Income tax and other taxes

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

Deferred income tax is provided on all temporary differences at the Statement of Financial Position reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

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

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

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

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

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

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

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

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

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

Note 2: Summary of significant accounting policies (continued)

IMF and its 100% owned subsidiary have formed a tax consolidated group with effect from 1 July 2002. IMF is the head of the tax consolidated group.

Members of the tax consolidated group have not entered into a tax sharing/funding agreement. Under UIG 1052: *Tax Consolidation Accounting*, where a tax consolidated group has not entered into a tax sharing/funding agreement, the assumption of current tax liabilities and tax losses by the Parent entity is recognised as a contribution/distribution in the subsidiary's equity accounts. The Group has applied the group allocation approach in determining the appropriate amount of current and deferred taxes to allocate to the members of the tax consolidated group.

Other taxes

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

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

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

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

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

t. Earnings per share

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

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

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

u. Borrowing costs

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

v. Investment in joint venture

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

The Group's investment in its joint venture is accounted for using the equity method. Under the equity method, the investment in a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the joint venture since the acquisition date. Goodwill relating to the joint venture is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

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

The aggregate of the Group's share of profit or loss of a joint venture is shown on the face of the Statement of Comprehensive Income outside operating profit and represents profit or loss after tax.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the joint venture and its carrying value, then recognises the loss in the 'Share of profit of a joint venture' in the Statement of Comprehensive Income.

Note 3: Financial risk management objective and policies

The Group's principal financial instruments comprise cash and short-term deposits, receivables and payables and bonds.

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

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

Risk exposures and responses

Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's cash holdings with a floating interest rate. In addition, as at 30 June 2015, the Group has a $50,000,000 variable rate bond debt outstanding. This bond requires that the Group make a quarterly coupon payment that is based on the Bank Bill Rate plus a fixed margin of 4.20% per annum.

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

	2015 $	2014 $
Financial instruments		
Cash and cash equivalents	130,107,653	105,576,733
Bonds	(48,206,421)	(47,758,026)
Net exposure	81,901,232	57,818,707

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

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

At 30 June 2015, if interest rates had moved as illustrated in the following table, with all other variables held constant, post tax profit and equity would have been affected as follows:

Judgment of reasonably possible movements:

	Post Tax Profit Higher/(Lower)		Equity Higher/(Lower)	
	2015 $	2014 $	2015 $	2014 $
+0.5% (500 basis points) (2014: +0.35%)	409,507	202,366	409,507	202,366
-0.2% (200 basis points) (2014: -0.14%)	(163,802)	(80,946)	(163,802)	(80,946)

Note 3: Financial risk management objective and policies (continued)

Credit risk

Credit risk arises from the financial assets of the Group, which comprises cash and cash equivalents and receivables. The Group's exposure to credit risk arises from potential default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments. Exposure at reporting date is addressed in each applicable note.

The Group's deposits are spread amongst a number of financial institutions to minimise the risk of default of counterparties, all of whom have been pre-approved by the Board, have AA credit ratings and are subject to the prudential regulation of the Reserve Bank of Australia.

The Group assesses the defendants in the matters funded by the Group prior to entering into any agreement to provide funding and continues this assessment during the course of funding. Wherever possible the Group ensures that security for settlement sums is provided, or the settlement funds are placed into solicitors' trust accounts. As at 30 June 2015, a significant portion of the Group's receivables were not under any such security. However, the Group's continual monitoring of the defendants' financial capacity mitigates this risk.

Liquidity risk

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

Management continually reviews the Group's liquidity position, including the preparation of cash flow forecasts, to determine the forecast liquidity position and to maintain appropriate liquidity levels. All financial liabilities of the Group, except the Bentham IMF Bonds, are current and payable within 30 days.

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

	< 6 months $	6-12 months $	1-5 years $	>5 years $	Total $
2015					
Financial Liabilities					
Trade and other payables	10,000,669	–	–	–	10,000,669
Bonds	–	–	50,000,000	–	50,000,000
Bonds interest	1,585,000	1,585,000	9,750,000	–	12,920,000
	11,585,669	1,585,000	59,750,000	–	72,920,669
2014					
Financial Liabilities					
Trade and other payables	7,928,101	–	–	–	7,928,101
Bonds	–	–	50,000,000	–	50,000,000
Bonds interest	1,718,750	1,718,750	13,750,000	–	17,187,500
	9,646,851	1,718,750	63,750,000	–	75,115,601

Fair value

The methods for estimating fair value are outlined in the relevant notes to the financial statements. The carrying amounts of financial assets and liabilities of the Group approximate their fair values, except for the Bonds. The Bonds have a carrying value of $50,000,000 (excluding the transaction costs) and a fair value of $52,125,000 at 30 June 2015. The fair value has been determined using the quoted market price at 30 June 2015. Under AASB 13 the fair value measurement used is level 1 on the fair value hierarchy.

Note 3: Financial risk management objective and policies (continued)

Foreign currency risk

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

2015	USD	GBP	Euro	ZAR
Financial Assets				
Cash and cash equivalents	25,678,583	3,544,381	1,322,355	13,990,487
Trade and other receivables[1]	16,504,028	–	–	–
Total assets	42,182,611	3,544,381	1,322,355	13,990,487
Financial Liabilities				
Payables	2,605,869	–	–	–
Total liabilities	2,605,869	–	–	–

2014	USD	GBP	Euro	ZAR
Financial Assets				
Cash and cash equivalents	6,905,234	1,852,982	673,671	26,559
Trade and other receivables[1]	22,137,782	–	–	143,419,403
Total assets	29,043,016	1,852,982	673,671	143,445,962
Financial Liabilities				
Payables	1,151,407	–	–	–
Total liabilities	1,151,407	–	–	–

1. The trade and other receivables balance includes the inter-company loan balance with Bentham denominated in AUD.

Sensitivity

The following table summarises the sensitivity of financial instruments held at balance date to movement in the exchange rate of the AUD to the listed currencies with all other variables held constant excluding the impact of the foreign exchange movement on the inter-company loan of $17,954,850 (2014: $22,982,326). The sensitivity is based on management's estimate of reasonably possible changes over the financial year.

		Impact on profit or loss before tax			
		USD	GBP	Euro	ZAR
2015	+10%	(5,147,747)	(725,564)	(192,595)	(145,795)
	-10%	5,147,747	725,564	192,595	145,795
2014	+10%	(2,960,893)	(335,018)	(97,549)	(1,479,740)
	-10%	2,960,893	335,018	97,549	1,479,740

Note 4: Significant accounting judgments, estimates and assumptions

The preparation of the Group's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgments and estimates in relation to assets, liabilities, contingent liabilities, revenues and expenses. Management bases its judgments on historical experience and on other factors it believes to be reasonable under the circumstances, the results of which form the basis of the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions and conditions.

Management has identified the following critical accounting policies for which significant judgments have been made as well as the following key estimates and assumptions that have the most significant impact on the financial statements. Actual results may differ from these estimates under different assumptions and conditions and may materially affect financial results or the financial position reported in future periods.

Further details of the nature of these assumptions and conditions may be found in the relevant notes to the financial statements.

(i) Significant accounting judgments

Taxation

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

Assumptions about the generation of future taxable profits depend on management's estimates of future cash flows. These depend on estimates of future income, operating costs, capital expenditure, dividends and other capital management transactions. Judgments and assumptions are also required about the application of income tax legislation. These judgments and assumptions are subject to risk and uncertainty, hence there is a possibility that changes in circumstances will alter expectations, which may impact the amount of deferred tax assets and deferred tax liabilities recognised on the Statement of Financial Position and the amount of other tax losses and temporary differences not yet recognised. In such circumstances, some or all of the carrying amounts of recognised deferred tax assets and liabilities may require adjustment, resulting in a corresponding credit or charge to the Statement of Comprehensive Income.

(ii) Significant accounting estimates and assumptions

Impairment of non-financial assets other than goodwill

The Group assesses impairment of all assets at each reporting date by evaluating conditions specific to the Group and to the particular asset that may lead to impairment. This includes an assessment of each individual Litigation Contract In Progress as to whether it is likely to be successful, the cost and timing to completion and the ability of the defendant to pay upon completion. If an impairment trigger exists the recoverable amount of the asset is determined. This involves value in use calculations, which incorporate a number of key estimates and assumptions (refer to Note 16).

(ii) Significant accounting estimates and assumptions

Impairment of intangibles with indefinite useful lives

The Group determines whether intangibles with indefinite useful lives are impaired at least on an annual basis. This requires an estimation of the recoverable amount of the cash-generating units, using a value in use discounted cash flow methodology, to which the intangibles with indefinite useful lives are allocated. The assumptions used in this estimation of the recoverable amount and the carrying amount of intangibles with indefinite useful lives are discussed in Note 16.

Long service leave provision

As discussed in Note 2, the liability for long service leave is recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at balance date. In determining the present value of the liability, attrition rates and pay increases through promotion and inflation have been taken into account.

Provision for adverse costs

The Group raises a provision for adverse costs when it has lost a matter which it has funded. The provision raised is the Group's best estimate of the amount of adverse costs it will have to remit following consultation with external advisors.

Note 5: Segment information

For management purposes, the Group is organised into one operating segment which provides only one service, being litigation funding. Accordingly, all operating disclosures are based upon analysis of the Group as one segment. Geographically, the Group operates in Australia and the United States of America. The Group also owns 50% of a joint venture operating in Europe (primarily the Netherlands and United Kingdom).

The Group continues to investigate other markets and has identified the following markets outside of Australia, the United States and Europe as being favourable to litigation funding: Hong Kong, Singapore, Canada and New Zealand.

Interest received from National Australia Bank Ltd of $1,829,508 (2014: $1,798,931), Bankwest of $765,141 (2014: $129,657), and Westpac Banking Group Ltd of $378,805 (2014: $443,754) contributed more than 99% of the Group's bank interest revenue (2014: 99%).

Other income can be represented geographically as follows:

	Consolidated	
	2015 $	2014 $
Australia	(3,900,980)	25,153,181
United States	18,490,333	143,728
Total other income	14,589,353	25,296,909

Non-current assets, excluding trade receivables and financial assets, can be represented geographically as follows:

	Consolidated	
	2015 $	2014 $
Australia	79,244,267	81,036,580
United States	21,640,461	19,323,681
Net exposure	100,884,728	100,360,261

Note 6: Revenue

	Consolidated	
	2015 $	2014 $
Revenue		
Bank interest received and accrued	2,982,074	2,375,879
Fees from Joint Venture	729,216	251,670
Unrealised foreign exchange gain/(loss)	8,749,075	(21,600)
	12,460,365	2,605,949

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Note 7: Other income

	Consolidated 2015 $	Consolidated 2014 $
Other income		
Litigation contracts in progress - settlements and judgments	92,345,205	75,907,640
Litigation contracts in progress - expenses	(48,519,259)	(30,640,594)
Litigation contracts in progress - written-down[1]	(624,420)	(3,910,343)
Net gain on derecognition of intangible assets	43,201,526	41,356,703
Net loss on receivable measured at amortised cost & foreign exchange gains/(losses)	–	(684,273)
Loss on derecognition of receivable as a result of losing an appeal[2]	(28,635,458)	(15,402,670)
Other income	23,285	27,149
	14,589,353	25,296,909

1. Included in this balance are costs related to the Group's initial assessment of the case and cases not pursued by the Group due to the cases not meeting the Group's required rate of return.
2. Included in this balance are costs related to cases lost by the Group. Further, it includes any adverse costs provision raised when a litigation contract in progress has been written-off due to the funded litigation being lost.

Note 8: Expenses

	Consolidated 2015 $	Consolidated 2014 $
(a) Finance costs		
Loss on remeasurement for early redemption of convertible notes	–	(941,880)
Bond costs	(478,285)	(111,368)
Other finance charges	(52,001)	(70,144)
	(530,286)	(1,123,392)
(b) Depreciation		
Depreciation expense	(228,016)	(222,654)
(c) Employee benefits expense		
Wages and salaries	(8,491,045)	(5,220,937)
Superannuation expense	(501,375)	(363,800)
Directors' fees	(275,960)	(286,285)
Payroll tax	(806,141)	(469,850)
Long service leave provision	(83,294)	(282,658)
	(10,157,815)	(6,623,530)
(d) Corporate and office expense		
Insurance expense	(471,072)	(296,751)
Network expense	(125,370)	(137,799)
Marketing expense	(796,794)	(546,666)
Occupancy expense	(266,855)	(84,339)
Professional fee expense	(672,704)	(728,486)
Recruitment expense	(585,256)	(286,102)
Telephone expense	(126,994)	(102,798)
Travel expense	(504,895)	(548,794)
	(3,549,940)	(2,731,735)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015 (continued)

Note 8: Expenses (continued)

	Consolidated 2015 $	Consolidated 2014 $
(e) Other expenses		
ASX listing fees	(113,429)	(158,816)
General expenses	(646,996)	(326,432)
Postage, printing and stationery	(174,080)	(147,628)
Repairs and maintenance	(44,612)	(16,823)
Share registry costs	(149,713)	(267,752)
Software supplies	(14,192)	(22,284)
	(1,143,022)	(939,735)

Note 9: Income tax

	Consolidated 2015 $	Consolidated 2014 $
The major components of income tax expense are:		
Income statement		
Current income tax		
Current income tax charge	5,410,922	7,499,699
Adjustment in respect of current income tax expense of previous year	85,694	248,320
Deferred income tax		
Relating to origination and reversal of temporary differences	(583,492)	(1,763,667)
Other	(193,740)	(62,395)
Use of prior year losses not previously recognised	(1,843,399)	–
Adjustment in respect of deferred income tax of previous year	(15,284)	(182,216)
Income tax expense reported in the Statement of Comprehensive Income	2,860,701	5,739,741
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:		
Accounting profit before income tax	9,164,913	15,608,091
At the Group's statutory income tax rate of 30% (2014: 30%)	2,749,474	4,682,427
Adjustment in respect of income and deferred tax of previous years	70,410	66,105
Expenditure not allowable for income tax purposes	655,429	–
Foreign tax rate adjustment	460,370	–
State income tax	690,556	–
Foreign exchange impact on tax expense	350,978	–
Use of prior year losses not previously recognised	(1,843,365)	–
Deferred tax assets not recognised	–	797,462
Other	(273,151)	193,747
Income tax expense reported in the Statement of Comprehensive Income	2,860,701	5,739,741

Note 9: Income tax (continued)

Deferred income tax

	Statement of Financial Position		Statement of Comprehensive Income	
	2015 $	2014 $	2015 $	2014 $
Deferred income tax at 30 June relates to the following:				
CONSOLIDATED				
Deferred income tax liabilities				
Intangibles	23,378,974	24,071,707	(692,733)	(292,681)
Convertible notes	–	–	–	(427,754)
Accrued interest and unrealised foreign exchange differences	1,657,517	(834,410)	2,491,926	(834,410)
Receivables	–	–	–	325,687
Gross deferred income tax liabilities	25,036,491	23,237,297	1,799,193	(1,229,158)
Deferred income tax assets				
Depreciable assets	279	–	(279)	73,066
Accruals and provisions/bond raising costs	4,250,309	1,448,376	(2,801,933)	(810,490)
Expenditure deductible for income tax over time	33,335	44,439	11,105	(41,696)
Gross deferred income tax assets	4,283,923	1,492,815	(2,791,107)	(779,120)
Net deferred income tax liabilities	**20,752,568**	**21,744,482**		

Unrecognised temporary differences and tax losses

At 30 June 2015 the Group had no other unrecognised temporary differences and tax losses (2014: $797,462).

Note 10: Dividends paid and proposed

	Consolidated	
	2015 $	2014 $
(a) Recognised amounts:		
Declared and paid during the year		
Dividends on ordinary shares		
2015: 5.0 cents per share interim dividend	8,329,049	8,219,005
2014: 5.0 cents per share final dividend	8,268,513	6,160,470
	16,597,562	14,379,475
(b) Unrecognised amounts:		
Dividends on ordinary shares		
2015: Final 5.0 cents per share unrecognised	8,388,049	–
2014: Final 5.0 cents per share unrecognised	–	8,268,513
	8,388,049	8,268,513

Note 10: Dividends paid and proposed (continued)

On 19 August 2015, the Directors declared a final fully franked dividend of 5.0 cents per share for the 2015 financial year, totalling $8,388,049. The record date for this dividend is 25 September 2015 and the payment date will be 9 October 2015. Shareholders are able to elect to participate in the dividend reinvestment plan in relation to this dividend. On 10 February 2015 an interim fully franked dividend of 5.0 cents per share was declared in respect of the 2015 financial year. The record date for this dividend was 16 March 2015 and the payment date was 10 April 2015.

On 21 August 2014 the Directors declared a final fully franked dividend of 5.0 cents per share for the 2014 financial year, totalling $8,268,513. The record date for this dividend was 19 September 2014 and the payment date was 3 October 2014. On 10 February 2014 an interim fully franked dividend of 5.0 cents per share was declared in respect of the 2014 financial year. The record date for this dividend was 21 March 2014 and the payment date was 4 April 2014.

	IMF Bentham Limited	
	2015 $	2014 $
(c) Franking credit balance		
The amount of franking credits for the subsequent financial year are:		
- Franking account balance as at the end of the financial year at 30%	13,097,349	11,507,612
- Franking debits that arose from the payment of last year's final dividend	(3,543,649)	(2,640,201)
- Franking debits that arose from the payment of current year's interim dividend	(3,569,592)	(3,522,432)
- Franking credits that arose from the payment of income tax payable during the financial year	2,270,605	3,046,854
- Franking credits that will arise from the (refund)/payment of income tax (receivable)/payable as at the end of the financial year	60,859	4,705,516
	8,315,572	13,097,349
Impact of franking debits that will arise from the payment of the final dividend	(3,594,878)	(3,543,649)
	4,720,694	9,553,700

(d) Tax rates

The tax rate at which paid dividends have been franked is 30% (2014: 30%).

Note 11: Earnings per share

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary equity holders of the Parent by the weighted average number of ordinary shares outstanding during the year.

As at 30 June 2015 there are no instruments on issue (e.g. share options) that could potentially dilute basic earnings per share in the future. Therefore no diluted earnings per share calculation has been undertaken.

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

(a) Earnings used in calculating earnings per share

	Consolidated	
	2015 $	2014 $
Net profit attributable to ordinary equity holders of the Parent	6,304,212	9,868,350

(b) Weighted average number of shares

	Number	
	2015	2014
Weighted average number of ordinary shares outstanding	166,866,960	150,387,689

Note 11: Earnings per share (continued)

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.

(c) Information on the classification of securities

(i) Options

As at 30 June 2015 there were no options issued over shares in the Company (2014: nil).

Note 12: Current assets - cash and cash equivalents

	Consolidated 2015 $	Consolidated 2014 $
Cash at bank	56,106,054	25,575,133
Short-term deposits	74,001,599	80,001,600
	130,107,653	105,576,733

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.

Short-term deposits are made for varying periods depending on the immediate cash requirements of the Group. As at 30 June all short term deposits had less than 90 days to mature and earn interest at the respective short-term deposit rates.

Reconciliation to Statement of Cash Flows

For the purposes of the Statement of Cash Flows, cash and cash equivalents comprise the following at 30 June:

	Consolidated 2015 $	Consolidated 2014 $
Cash at bank	56,106,054	25,575,133
Short-term deposits	74,001,599	80,001,600
	130,107,653	105,576,733

Bank Guarantees

Bank guarantees have been issued by the Group's bankers as security for leases over premises, banking facilities and as security for adverse costs orders for matters funded under litigation contracts. As at 30 June 2015 guarantees of $1,309,333 were outstanding (2014: $1,682,108). The guarantees are secured by an offset arrangement with a term deposit of $5,000,000 (2014: $5,000,000).

Set off of assets and liabilities

The Group has established a legal right of set off with two banks enabling it to set off certain deposits with the banks against bank guarantees issued totalling $1,309,333 (2014: $1,682,108). The total of the bank guarantee facilities is $5,000,000 (2014: $5,000,000). The guarantee facility is secured by an offset arrangement against term deposits of $5,000,000 (2014: $5,000,000).

Note 13: Trade and other receivables

	Consolidated 2015 $	Consolidated 2014 $
Current		
Trade receivables[1]	11,441,380	58,374,813
Interest receivable[2]	359,252	534,806
Receivable from joint venture	-	1,466,130
	11,800,632	60,375,749

	Consolidated 2015 $	Consolidated 2014 $
Non current		
Trade receivables[3]	38,097,946	14,353,414
	38,097,946	14,353,414

1. Trade receivables are non-interest bearing and generally on 30-90 day terms. There is nothing included in current trade receivables which is subject to appeal (2014: $nil).
2. Interest receivable is payable upon the maturity of the Group's short term deposits (between 30 and 90 days).
3. Non-current trade receivables occur either as a result of settlements with a repayment plan greater than 12 months or where a judgment is subject to appeal and the appeal is not expected to be heard within the next 12 months.

At 30 June 2015 non-current trade receivables are non-interest bearing and relate to the Company's expected income from the Lehman matter. As a result of discussions with the Liquidator of Lehman, the Company has taken a conservative view and determined that it is unlikely that the Liquidator will pay a dividend from the Lehman estate within the next 12 months.

At 30 June 2014 the non-current trade receivables was interest bearing and related to the Company's expected income from the National Potato matter, which was subsequently lost on appeal.

There is nothing included in non-current trade receivables at 30 June 2015 which is subject to appeal (2014: $14,353,414).

At 30 June, the aging analysis of trade and other receivables is as follows:

	0-30 days $	31-90 days $	91-180 days[1] $	+180 days[1] $	Total $
2015 Consolidated	11,800,632	–	–	38,097,946	49,898,578
2014 Consolidated	22,277,803	–	–	52,451,360	74,729,163

1. These amounts are not due and therefore not impaired.

(a) Fair value and credit risk

Due to the nature of these receivables, the carrying value of the current receivables approximates their fair value. The carrying value of the non-current receivables is adjusted to reflect future cashflows and it is this adjusted carrying value that approximates their fair value. The maximum exposure to credit risk is the carrying value of receivables. Collateral is not held as security, nor is it the Group's policy to transfer (on-sell) receivables.

Note 14: Current assets - other assets

	Consolidated 2015 $	Consolidated 2014 $
Prepayments	321,434	251,581
	321,434	251,581

Note 15: Non-current assets - plant and equipment

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

	Consolidated 2015 $	Consolidated 2014 $
Cost	2,859,801	2,453,779
Accumulated depreciation	(2,111,083)	(1,883,067)
Net carrying amount	748,718	570,712

	Consolidated Plant and equipment $
Cost	
Balance as at 1 July 2013	2,282,838
Additions	170,941
Disposals	-
At 30 June 2014	2,453,779
Additions	406,022
Disposals	-
At 30 June 2015	**2,859,801**
Accumulated depreciation	
Balance as at 1 July 2013	(1,660,413)
Depreciation charge for the year	(222,654)
Disposals	-
At 30 June 2014	(1,883,067)
Depreciation charge for the year	(228,016)
Disposals	-
At 30 June 2015	**(2,111,083)**
Net book value	
At 30 June 2015	748,718
At 30 June 2014	570,712

The useful life of the assets was estimated between 5 to 15 years for both 2014 and 2015.

Plant and equipment of the Company are subject to a fixed charge to secure the Company's debt due to Bondholders. See Note 19 for further details.

Note 16: Intangible assets

(a) Reconciliation of carrying amounts at the beginning and end of the period

	Consolidated $
Year ended 30 June 2014	
Cost (gross carrying amount)	86,127,315
Additions	59,962,343
Disposals	(33,467,880)
Write-down of Litigation Contracts In Progress	(13,985,728)
At 30 June 2014, net of accumulated amortisation and impairment	98,636,050
Year ended 30 June 2015	
Balance as at 1 July 2014, net of accumulated amortisation and impairment	98,636,050
Additions	57,085,053
Disposals	(55,612,981)
Write-down of Litigation Contracts In Progress	(624,420)
At 30 June 2015, net of accumulated amortisation and impairment	99,483,702

(b) Description of Group's intangible assets

Intangible assets consist of Litigation Contracts In Progress. The carrying value of Litigation Contracts In Progress includes the capitalisation of external costs of funding the litigation, such as solicitors' fees, counsels' fees and experts' fees, the capitalisation of certain directly attributable internal costs of managing the litigation, such as certain wages, occupancy costs, other out of pocket expenses and the capitalisation of borrowing costs as described in Note 16(e). The capitalised wages in 2015 equated to approximately 37% of the total salary costs (2014: 52%). The other internal capitalised expenses equated to approximately 20% of overhead costs (2014: 24%).

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

	Consolidated 2015 $	Consolidated 2014 $
Capitalised external costs	75,299,654	71,226,681
Capitalised internal costs	16,504,171	17,991,977
Capitalised borrowing costs	7,679,877	9,417,392
Balance at 30 June	99,483,702	98,636,050

(c) Write off of intangible assets

The carrying amount of Litigation Contracts In Progress is written off when the case is lost by the Group or the Group decides not to pursue cases that do not meet the Group's required rate of return.

(d) Impairment testing of intangible assets

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.

Note 16: Intangible assets (continued)

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 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. The discount rate applied ranged between 10.0% and 11.5% (2014: between 13.0% and 14.5%).

No impairment has been identified as a result of impairment testing performed.

(e) Capitalised borrowing costs

The Group has determined that Litigation Contracts In Progress meet the definition of qualifying assets. The amount of borrowing costs capitalised during the year ended 30 June 2015 was $2,757,849 (2014: $3,415,014). The rate used to determine the borrowing costs eligible for capitalisation was 6.77% for the bonds and 13.5%, for the convertible notes, both rates representing the effective interest rate.

Note 17: Current liabilities - trade and other payables

	Consolidated	
	2015 $	2014 $
Trade payables[1]	8,777,393	6,969,579
Wage accruals	426,326	307,772
Bond interest accrual	796,950	650,750
	10,000,669	7,928,101

1. Trade payables are non-interest bearing and are normally settled on 30 day terms.

(a) Fair value

Due to the nature of trade and other payables, their carrying value is assumed to approximate their fair value.

Note 18: Current and non-current liabilities – provisions

	Consolidated	
	2015 $	2014 $
Current		
Annual leave and long service leave	1,467,780	1,404,935
Adverse costs[1]	11,000,000	2,500,000
Bonus	1,332,385	3,000,500
	13,800,165	6,905,435
Non-Current		
Long service leave	672,145	539,882
	672,145	539,882

1. During 2015 the Group raised a provision of $8,500,000 for estimated adverse costs obligations incurred in respect of the National Potato matter and the Bank Fees matter. The Bank Fees decision is the subject of an appeal application to the High Court and, if the appeal is successful, adverse costs will not be payable.

Note 18: Current and non-current liabilities – provisions (continued)

(a) Movement in provisions

	Adverse costs $	Annual leave $	Employee bonus $	Long service leave $	Total $
As at 1 July 2014	2,500,000	741,722	3,000,500	1,203,095	7,445,317
Arising during the year	8,500,000	889,063	1,332,385	90,249	10,811,697
Utilised	–	(777,249)	(3,000,500)	(6,955)	(3,784,704)
As at 30 June 2015	11,000,000	853,536	1,332,385	1,286,389	14,472,310
Current 2015	11,000,000	853,536	1,332,385	614,244	13,800,165
Non-current 2015	–	–	–	672,145	672,145
	11,000,000	853,536	1,332,385	1,286,389	14,472,310
Current 2014	2,500,000	741,722	3,000,500	663,213	6,905,435
Non-current 2014	–	–	–	539,882	539,882
	2,500,000	741,722	3,000,500	1,203,095	7,445,317

(b) Nature and timing of provisions

Adverse costs

During the 2015 financial year the Group raised a provision of $8,500,000 for its estimated adverse costs obligations in respect of the National Potato matter and the Bank Fees matter. The Bank Fees matter is subject to an appeal application to the High Court and, if the appeal is successful, adverse costs will not be payable. The provision raised is the Group's best estimate of the amount of adverse costs it will have to remit following consultation with external advisors.

Annual leave and long service leave

Refer to Note 2 for the relevant accounting policy and discussion of significant estimations and assumptions applied in the measurement of this provision.

Employee bonus

Refer to the Remuneration Report and Note 2 for the relevant accounting policy and discussion of significant estimations and assumptions applied in the measurement of this provision.

Note 19: Non-current liabilities – debt securities

	Consolidated 2015 $	Consolidated 2014 $
Bonds[1]	48,206,421	47,758,026

1. Includes transaction costs of $2,326,739.

Bonds issued during the prior financial year

On 24 April 2014, the Company issued 500,000 Bentham IMF Bonds with a face value of $100 each. The interest rate payable to Bondholders quarterly will be a variable rate based on the Bank Bill Rate plus a fixed margin of 4.20% per annum. The Bentham IMF Bonds will mature on 30 June 2019. The bonds are secured by a security interest over all present and after-acquired property of IMF.

The Company is required to pay the Bondholders interest payable quarterly in arrears, with the first interest quarter being 30 June 2014. The application of AASB 123 Borrowing Costs (revised 2007) has resulted in the capitalisation of $3,389,201 (2014: $650,750) as part of the Litigation Contracts in Progress intangible assets deemed to be qualifying assets post the application date of AASB 123 (revised) of 1 July 2009 (refer to Note 16).

Note 20: Contributed equity

	Consolidated 2015 $	Consolidated 2014 $
Contributed equity		
Issued and fully paid ordinary shares	116,921,688	112,050,208

(a) Ordinary shares

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

	Number	$
Movement in ordinary shares		
As at 30 June 2013	123,209,372	41,912,195
Shares issued during the year (Placement and SPP)	24,723,602	42,031,791
Transaction costs associated with share issue	–	(1,198,499)
Convertible notes converted	16,447,169	27,631,244
Shares issued under the Dividend Reinvestment Plan	990,126	1,673,477
As at 30 June 2014	165,370,269	112,050,208
Shares issued under the Dividend Reinvestment Plan	2,390,702	4,871,480
As at 30 June 2015	167,760,971	116,921,688

On 3 October 2014, the Company issued 1,210,688 shares at $1.96 per share, and on 10 April 2015 the Company issued 1,180,014 shares at $2.12 under its Dividend Reinvestment Plan.

On 14 October 2013 the Company issued 18,481,406 shares to sophisticated and institutional investors at $1.70 per share. On 1 November 2013 the Company issued 6,242,196 shares under its Share Purchase Plan at $1.70 per share.

Between 1 July 2013 and 18 December 2013 a total of 16,447,169 convertible notes were converted into shares at $1.68 per share (see Note 20). On 4 April 2014 the Company issued 990,126 shares under its Dividend Reinvestment Plan at $1.69 per share.

(b) Share options

At 30 June 2015, there were no unissued ordinary shares in respect of which options were outstanding (2014: nil).

(c) Capital management

Capital includes bonds 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 as well as to maintain 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 Company's policy is to pay dividends to shareholders from earnings where there is capital surplus to the needs of the business. The present view of the Company is that the business requires a cash balance of $100 million.

At 30 June 2015 the cash balance of the Group was above its preferred optimum level of $100 million.

The Group is not subject to any externally imposed capital requirements. However, if the cash and receivables balances of the Group fall below 75% of the principal due to bondholders, the Group is not permitted to pay a dividend to ordinary shareholders (this calculation is to be undertaken both before and after the proposed dividend).

Note 21: Retained earnings and reserves

(a) Movements in retained earnings were as follows:

	Consolidated 2015 $	Consolidated 2014 $
Balance 1 July	71,845,128	76,356,253
Net profit for the year	6,304,212	9,868,350
Dividend paid	(16,597,562)	(14,379,475)
Dividend payable	–	–
Balance 30 June	61,551,778	71,845,128

(b) Movements in reserves were as follows:

	Option premium reserve $	Foreign currency translation reserve $	Convertible notes reserve $	Total reserves $
At 1 July 2013	3,403,720	–	3,832,216	7,235,936
At 30 June 2014	3,403,720	–	3,832,216	7,235,936
	–	190,503	–	190,503
At 30 June 2015	3,403,720	190,503	3,832,216	7,426,439

(c) Nature and purpose of reserves

(i) Option premium reserve

This reserve is used to record the value of equity benefits provided to employees and directors, including Key Management Personnel, as part of their remuneration. Refer to Note 24 for further details of these payments.

(ii) Foreign currency translation reserve

This reserve is used to record differences on the translation of the assets and liabilities of overseas subsidiaries.

(iii) Convertible note reserve

This reserve is used to record the equity portion of the convertible notes.

Note 22: Statement of cash flows reconciliation

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

	Consolidated	
	2015 $	2014 $
Net profit attributable to members of the Parent	6,304,212	9,868,350
Adjustments for:		
Net impact of the reclassification of litigation intangibles related cashflows to cashflows to/(from) investing activities	(54,160,510)	14,893,372
Depreciation	228,016	222,654
Convertible note accretion	–	2,487,502
Loss/(profit) on sale of shares	–	3,833
Unrealised foreign exchange (gain)/loss	(5,181,876)	52,287
Share of loss in joint venture	2,275,726	653,721
Bond amortisation	–	84,765
Other	448,396	(7,036)
Changes in assets and liabilities		
Decrease/(Increase) in receivables	22,996,699	(34,201,818)
Decrease/(Increase) in other current assets	(69,851)	(157,564)
Decrease/(Increase) in intangible assets	(847,653)	(12,508,735)
Increase/(Decrease) in trade creditors and accruals	1,926,365	455,766
Increase/(Decrease) in interest accruals	146,200	(360,820)
Increase/(Decrease) in provisions	6,820,175	5,186,162
Increase/(Decrease) in deferred tax liabilities	(991,914)	(2,008,281)
Increase/(Decrease) in current income tax liability	(2,955,469)	6,245,881
Increase/(Decrease) in non-current employee entitlements	132,263	310,856
Net cash (used in) operating activities	(22,929,221)	(8,779,105)

(b) Disclosure of financing facilities

Refer to Note 12 and Note 19.

Note 23: Related party disclosure

Transactions with director and related entities

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

	Consolidated 2015 $	Consolidated 2014 $
Fee revenue from Joint Venture	729,216	251,670
Transactions with related parties[1]	117,404	356,371
	846,620	608,041

1. During the year the Group obtained legal advice from Hardy Bowen, a legal firm associated with Director Michael Bowen. The legal advice was obtained at normal market prices. (Please note Hardy Bowen merged with DLA Piper on 1 July 2015).

Note 24: Key management personnel

(a) Details of Key Management Personnel

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

(b) Compensation of Key Management Personnel

	Consolidated 2015 $	Consolidated 2014 $
Short-term employee benefits - salaries and wages	5,014,915	3,796,614
Short-term employee benefits - accrued and unpaid[1]	377,203	1,524,000
Post-employment benefits	124,381	107,994
Long service leave accrued during the year	55,905	162,706
	5,572,404	5,591,314

1. As at 30 June 2014 bonuses had been declared to be payable over the following nine month period.

Note 25: Share-based payment plan

(a) Recognised share-based payment expenses

There were no options issued to employees during the year and the last time options were issued to employees was 1 July 2006.

(b) Types of share-based payment plans

In 2007 the Company implemented a STI, which replaced the ESOP, and which may also, at the discretion of the Remuneration Committee, provide benefits to employees in the form of share based payments. STI payments to date have been settled in cash.

Previously, the Company had an ESOP, which provided benefits to directors and employees in the form of share based payments. The options were not quoted on the ASX and the granting of the options under the ESOP did not entitle any option holder to any dividend or voting rights or any other rights held by a shareholder, until exercise of the options. Each option entitled the option holder to one ordinary share in the Parent on exercise. There were no cash settlement alternatives.

(c) Summaries of options

There are no options outstanding at 30 June 2015 or 30 June 2014.

Note 26: Commitments and contingencies

(a) Operating lease commitments – Group as lessee

The Group has entered into commercial leases for its premises. These leases have a life of between one and five years with renewal options included in the contracts. There are no restrictions placed upon the lessee by entering into these leases.

Future minimum rentals payable under non-cancellable operating leases as at 30 June are as follows:

	Consolidated 2015 $	Consolidated 2014 $
Within one year	1,131,236	983,985
After one year but no more than five years	1,677,504	2,309,360
After more than five years	–	–
Total minimum lease payments	2,808,740	3,293,345

(b) Remuneration commitments

	Consolidated 2015 $	Consolidated 2014 $
Commitments for the payment of salaries and other remuneration under long-term employment contracts in existence at the reporting date but not recognised as liabilities payable:		
Within one year	7,076,451	5,257,348
After one year but no more than five years	–	–
	7,076,451	5,257,348

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

(c) Contingencies

As at 30 June 2015, the Group has one case that is under appeal (2014: three cases). The total income recognised by the Group from the cases remaining on appeal in the current financial year is $nil (2014: $14,353,414). The total current and non-current receivables as at 30 June 2015 relating to cases under appeal is $nil (2014:$14,353,414).

In certain jurisdictions litigation funding agreements contain an undertaking from the Company to the client that the Company will pay adverse costs awarded to the successful party in respect of costs incurred during the period of funding, should the client's litigation be unsuccessful. It is not possible to predict in which cases such an award might be made or the quantum of such awards. In addition the Company has insurance arrangements which, in some circumstances, will lessen the impact of such awards. In general terms an award of adverse costs to a defendant will approximate 70% of the amount paid by the plaintiff to pursue the litigation (although in some cases there may be more than one defendant).

Accordingly, an estimate of the total potential adverse costs exposure of the Group which has accumulated from time to time may be made by assuming all cases are lost, that adverse costs equal 70% of the amount spent by the plaintiff and that there is only one defendant per case.

As at 30 June 2015 the total amount spent by the Company where undertakings to pay adverse costs have been provided was $49,719,663 (2014: $54,008,238). The potential adverse costs orders using the above methodology would amount to $34,803,764 (2014: $37,805,767). The Company does not currently expect that any of the matters will be unsuccessful. The Company maintains a large cash holding in the event one or more matters are unsuccessful and an adverse costs order is made which is not covered by its insurance arrangements.

Note 27: Economic dependency

IMF is not economically dependent on any other entity.

Note 28: Events after the reporting date

There were no significant financial events after the reporting date.

Note 29: Auditor's remuneration

The auditor of IMF is EY.

	Consolidated 2015 $	Consolidated 2014 $
Amounts received or due and receivable by EY for:		
An audit or review of the financial report of the Parent and any other entity in the Group	297,209	292,277
Other services in relation to the Parent and any other entity in the consolidated Group:		
Tax compliance	87,038	129,448
Other	34,518	–
	418,765	421,725

Note 30: Parent entity information

	2015 $	2014 $
Information relating to IMF Bentham Limited:		
Current assets	138,273,403	165,093,474
Total assets	270,569,640	275,313,909
Current liabilities	(29,914,167)	(21,246,355)
Total liabilities	(98,301,197)	(91,419,217)
Net assets	172,268,443	183,894,692
Issued capital	116,921,688	112,050,208
Retained earnings	48,082,712	64,608,548
Option premium reserve	3,403,720	3,403,720
Convertible note reserve	3,832,216	3,832,216
Total shareholders' equity	172,240,336	183,894,692
Profit or loss of the Parent	71,723	12,528,756
Total comprehensive income of the Parent	71,723	12,528,756

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

Details of the contingent liabilities of the Parent are contained in Note 26(c). There are no contingent liabilities in relation to the subsidiaries.

Details of the contractual commitments of the Parent are contained in Notes 26(a) and 26(b). There are no contractual commitments in relation to the subsidiaries.

Note 30: Parent entity information (continued)

Tax consolidation

(i) Members of the tax consolidated group

IMF and its 100% owned Australian subsidiary have formed a tax consolidated group with effect from 1 July 2002. IMF is the head of the tax consolidated group.

(ii) Tax effect accounting by members of the tax consolidated group

Members of the tax consolidated group have not entered into a tax sharing/funding agreement. Under UIG 1052: Tax Consolidation Accounting, where a tax consolidated group has not entered into a tax sharing/funding agreement, the assumption of current tax liabilities and tax losses by the Parent is recognised as a contribution/distribution of the subsidiary's equity accounts. The Group has applied the group allocation tax payer approach in determining the appropriate amount of current and deferred taxes to allocate to the members of the tax consolidated group.

Tax consolidation contributions/(distributions)

IMF has recognised the following amounts as tax-consolidation contribution adjustments:

	IMF Bentham Limited	
	2015 $	2014 $
Total increase in tax liability and cost of investment in subsidiaries of IMF Bentham Limited	(139,289)	(945)

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

		Percentage owned	
Name	Country of Incorporation	2015 %	2014 %
Financial Redress Pty Ltd	Australia	100	100
Bentham Holdings Inc	USA	100	100
Bentham Capital LLC	USA	100	100
Security Finance LLC	USA	100	100

Note 31: Interest in a joint venture

The Group has a 50% interest in Bentham Ventures B.V. a jointly controlled entity principally involved in the funding of litigation throughout Europe but primarily in the United Kingdom and the Netherlands. Bentham Ventures B.V. is the parent entity of Bentham Europe Limited which is principally involved in marketing the funding services offered by its parent and the investigation and monitoring of the litigation funded by its parent.

The Group's interests in Bentham Ventures B.V. are accounted for using the equity method in the consolidated financial statements. Summarised financial information of the joint venture, based on its Australian Accounting Standards financial statements, and reconciliation with the carrying amount of the investment in the consolidated financial statements are set out below:

	IMF Bentham Limited	
	2015 $	2014 $
Current assets	2,891,263	4,813,167
Non-current assets	155,059	5,833
Current liabilities	(1,741,707)	(2,512,003)
Non-current liabilities	–	–
Equity	1,304,615	2,306,997
Proportion of the Group's ownership	50%	50%
Carrying amount of the investment	652,308	1,153,499
Summarised statement of profit or loss of Bentham Ventures B.V.		
Revenue	–	–
Other Income	–	–
Corporate and office expense	(1,979,292)	(913,915)
Employee expense	(1,924,505)	–
Other expenses	(442,059)	(393,528)
Loss before tax	(4,345,856)	(1,307,443)
Income tax expense	(205,595)	–
Loss for the year	(4,551,451)	(1,307,443)
Share of loss in joint venture entity	(2,275,726)	(653,721)

The Bentham Ventures B.V. joint venture was incorporated during March 2014.

The joint venture had no contingent liabilities and a total of $1,108,577 in commitments as at 30 June 2015 (2014: $51,228).

	IMF Bentham Limited	
	2015 $	2014 $
Other comprehensive income	217,039	–
Group's share of other comprehensive income	50%	50%
Group's share of other comprehensive income relating to Bentham Ventures B.V.	108,530	–

DIRECTORS' DECLARATION

In accordance with a resolution of the Directors of IMF Bentham Limited, we state that:

In the opinion of the Directors:

a. the financial statements and notes of IMF Bentham Limited for the financial year ended 30 June 2015 are in accordance with the *Corporations Act 2001*, including:
   i. giving a true and fair view of its financial position as at 30 June 2015 and performance for the year ended on that date; and
   ii. complying with Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*;

b. the financial statements and notes also comply with International Financial Reporting Standards as disclosed in Note 2;

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

d. this declaration has been made after receiving the declarations required to be made to the Directors in accordance with section 295A of the *Corporations Act 2001* for the financial year ending 30 June 2015.

On behalf of the Board

Michael Bowen
Chairman (At 30 June 2015)

Andrew Saker
Managing Director

Sydney 19 August 2015

INDEPENDENT AUDITOR'S REPORT

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

Report on the financial report

We have audited the accompanying financial report of IMF Bentham Limited, which comprises the consolidated statement of financial position as at 30 June 2015, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal controls as the directors determine are necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 2, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial report 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 entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the directors' report.

INDEPENDENT AUDITOR'S REPORT

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Opinion

In our opinion:

a. the financial report of IMF Bentham Limited is in accordance with the *Corporations Act 2001*, including:

   i. giving a true and fair view of the consolidated entity's financial position as at 30 June 2015 and of its performance for the year ended on that date

   ii. complying with Australian Accounting Standards and the *Corporations Regulations 2001*

b. the financial report also complies with International Financial Reporting Standards as disclosed in Note 2.

Report on the remuneration report

We have audited the remuneration report included in pages 17 to 21 of the directors' report for the year ended 30 June 2015. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the remuneration report of IMF Bentham Limited for the year ended 30 June 2015, complies with section 300A of the *Corporations Act 2001*.

Ernst & Young

G H Meyerowitz
Partner
Perth
19 August 2015

CORPORATE GOVERNANCE STATEMENT

The Board of Directors of IMF Bentham Limited ("IMF") is responsible for the corporate governance of the Group. The Board guides and monitors the business and affairs of IMF on behalf of the shareholders by whom they are elected and to whom they are accountable. The following table is a summary of the ASX Corporate Governance Principles and Recommendations and the Group's compliance with these guidelines and should be read in conjunction with the further details and rationale of the Company's corporate governance practices in this report.

	Recommendation	Comply Yes / No
1.1	A listed entity should disclose:	
	(a) the respective roles and responsibilities of its board and management; and	Yes
	(b) those matters expressly reserved to the board and those delegated to management.	Yes
1.2	A listed entity should:	
	(a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and	Yes
	(b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.	Yes
1.3	A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	Yes
1.4	The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.	Yes
1.5	A listed entity should:	
	(a) have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them;	Yes
	(b) disclose that policy or a summary of it; and	Yes
	(c) disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them, and either:	
	(1) the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or	Yes
	(2) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.	N/A
1.6	A listed entity should:	
	(a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and	Yes
	(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.	Yes
1.7	A listed entity should:	
	(a) have and disclose a process for periodically evaluating the performance of its senior executives; and	Yes
	(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.	Yes
2.1	The board of a listed entity should:	
	(a) have a nomination committee which:	
	(1) has at least three members, a majority of whom are independent directors; and	Yes
	(2) is chaired by an independent director,	Yes

Recommendation			Comply Yes / No
		and disclose:	
		(3) the charter of the committee;	Yes
		(4) the members of the committee; and	Yes
		(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or	Yes
	(b)	if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.	N/A
2.2	A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.		Yes
2.3	A listed entity should disclose:		
	(a)	the names of the directors considered by the board to be independent directors;	Yes
	(b)	if a director has an interest, position, association or relationship of the type described but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and	Yes
	(c)	the length of service of each director.	Yes
2.4	A majority of the board of a listed entity should be independent directors.		Yes
2.5	The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.		Yes
2.6	A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.		Yes
3.1	A listed entity should:		
	(a)	have a code of conduct for its directors, senior executives and employees; and	Yes
	(b)	disclose that code or a summary of it.	Yes
4.1	The board of a listed entity should:		
	(a)	have an audit committee which:	
		(1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and	Yes
		(2) is chaired by an independent director, who is not the chair of the board,	Yes
		and disclose:	
		(3) the charter of the committee;	Yes
		(4) the relevant qualifications and experience of the members of the committee; and	Yes
		(5) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or	Yes
	(b)	if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.	N/A

	Recommendation	Comply Yes / No
4.2	The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.	Yes
4.3	A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.	Yes
5.1	A listed entity should:	
	(a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and	Yes
	(b) disclose that policy or a summary of it.	Yes
6.1	A listed entity should provide information about itself and its governance to investors via its website.	Yes
6.2	A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	Yes
6.3	A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.	Yes
6.4	A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	Yes
7.1	The board of a listed entity should:	
	(a) have a committee or committees to oversee risk, each of which:	Yes
	(1) has at least three members, a majority of whom are independent directors; and	Yes
	(2) is chaired by an independent director,	Yes
	and disclose:	
	(3) the charter of the committee;	
	(4) the members of the committee; and	Yes
	(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or	Yes
	(b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.	N/A
7.2	The board or a committee of the board should:	
	(a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and	Yes
	(b) disclose, in relation to each reporting period, whether such a review has taken place.	Yes
7.3	A listed entity should disclose:	
	(a) if it has an internal audit function, how the function is structured and what role it performs; or	N/A
	(b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.	Yes
7.4	A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.	Yes

	Recommendation	Comply Yes / No
8.1	The board of a listed entity should:	
	(a) have a remuneration committee which:	
	(1) has at least three members, a majority of whom are independent directors; and	Yes
	(2) is chaired by an independent director,	Yes
	and disclose:	
	(3) the charter of the committee;	Yes
	(4) the members of the committee; and	Yes
	(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or	Yes
	(b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.	N/A
8.2	A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.	Yes
8.3	A listed entity which has an equity-based remuneration scheme should:	
	(a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and	Yes
	(b) disclose that policy or a summary of it.	Yes

CORPORATE GOVERNANCE STATEMENT
(continued)

The Board and management of the Company understand and recognise the importance of achieving good corporate governance across the Group. Throughout the year ended 30 June 2015, the Company adopted and carried out its corporate governance practices in compliance with each of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations.

This statement discusses various aspects of the corporate governance policies and practices adopted by the Company. For further information on corporate governance policies and procedures adopted by the Company please refer to our website www.imfbenthamltd.com.

Board Functions

The Board seeks to identify the expectations of the shareholders, as well as other regulatory and ethical expectations and obligations. In addition, the Board is responsible for identifying areas of significant business risk and ensuring arrangements are in place to adequately manage those risks.

To ensure that the Board is well equipped to discharge its responsibilities it has established guidelines for the nomination and selection of directors and for the operation of the Board.

The responsibility for the operation and administration of the Company is delegated, by the Board, to the Managing Director and the executive management team. The Board ensures that this team is appropriately qualified and experienced to discharge their responsibilities and has in place procedures to assess the performance of the Managing Director and the executive management team.

Whilst at all times the Board retains full responsibility for guiding and monitoring the Group, in discharging its stewardship it makes use of sub-committees. Specialist committees are able to focus on a particular responsibility and provide informed feedback to the Board.

To this end the Board has established the following committees:

- Audit and risk;
- Remuneration;
- Nomination; and
- Corporate governance.

The roles and responsibilities of these committees are discussed in this Corporate Governance Statement.

The Board is responsible for ensuring that Management's objectives and activities are aligned with the expectations and risks identified by the Board. The Board has a number of mechanisms in place to ensure this is achieved including:

- Board approval of a strategic plan designed to meet stakeholders' needs and manage business risk;
- ongoing development of the strategic plan and approving initiatives and strategies designed to ensure the continued growth and success of the Group; and
- implementation of budgets by Management and monitoring progress against budget – via the establishment and reporting of both financial and non financial key performance indicators.

Other functions reserved to the Board include:

- approval of the annual and half-yearly financial reports;
- approving and monitoring the progress of major capital expenditure, capital management, and acquisitions and divestitures;
- ensuring that any significant risks that arise are identified, assessed, appropriately managed and monitored; and
- reporting to shareholders.

Structure of the Board

The skills, experience and expertise relevant to the position of director held by each director in office at the date of the annual report is included in the Directors' Report. Directors of IMF are considered to be independent when they are independent of Management and free from any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the exercise of their unfettered and independent judgement.

The composition of the Board consists of two executive directors and four independent non-executive directors. The Board believes that the majority of the individuals on the Board can, and do, make independent judgments in the best interests of the Group on all relevant issues.

The Board has in place a number of policy measures to ensure that independent judgment is achieved and maintained in respect of its decision-making processes, including:

- the Chairman is an independent director and has a casting vote at Board meetings where the votes of the directors are tied;
- the directors are able to obtain independent professional advice at the expense of the Group;
- Directors who have a conflict of interest in relation to a particular item of business must absent themselves from the Board meeting before commencement of discussion on the topic; and
- at least half of the Board consists of independent directors.

In the context of director independence, 'materiality' is considered from both the Group and individual director perspective. The determination of materiality requires consideration of both quantitative and qualitative elements. An item is presumed to be quantitatively immaterial if it is equal to or less than 5% of the appropriate base amount. It is presumed to be material (unless there is qualitative evidence to the contrary) if it is equal to or greater than 10% of the appropriate base amount. Qualitative factors considered include whether a relationship is strategically important, the competitive landscape, the nature of the relationship and the contractual or other arrangements governing it and other factors that point to the actual ability of the director in question to shape the direction of the Group.

In accordance with the definition of independence above, and the materiality thresholds set, the following directors of IMF are considered to be independent:

Name	**Position**
Michael Kay	Non-Executive Chairman
Alden Halse	Non-Executive Director
Michael Bowen	Non-Executive Director
Wendy McCarthy	Non-Executive Director

The position held by each director in office at the date of this report is as follows:

Name	**Position**
Michael Kay	Non-Executive Chairman
Andrew Saker	Managing Director
Hugh McLernon	Executive Director
Alden Halse	Non-Executive Director
Michael Bowen	Non-Executive Director
Wendy McCarthy	Non-Executive Director

For additional details regarding Board appointments, please refer to the Directors' Report and the Company's website.

Audit and Risk Committee

The Board has established an Audit and Risk Committee, which operates under a charter approved by the Board. It is the Board's responsibility to ensure that an effective internal control framework exists within the Group. This includes internal controls to deal with both the effectiveness and efficiency of significant business processes, the safeguarding of assets, the maintenance of proper accounting records, and the reliability of financial information as well as non-financial considerations such as the benchmarking of operational key performance indicators.

The Board has delegated responsibility for establishing and maintaining a framework of internal control and ethical standards to the Audit and Risk Committee.

The Committee also provides the Board with additional assurance regarding the reliability of financial information for inclusion in the financial reports. All members of the Audit and Risk Committee are non-executive directors.

The Company's process of risk management and internal compliance and control includes:

- establishing the Company's goals and objectives, and implementing and monitoring strategies and policies to achieve these goals and objectives;
- continuously identifying and measuring risks that might impact upon the achievement of the Company's goals and objectives, and monitoring the environment for emerging factors and trends that affect these risks;
- formulating risk management strategies to manage identified risks, and designing and implementing appropriate risk management policies and internal controls; and
- monitoring the performance of, and continuously improving the effectiveness of, risk management systems and internal compliance and controls, including an annual assessment of the effectiveness of risk management and internal compliance and controls.

To this end, comprehensive practices are in place that are directed towards achieving the following objectives:

- effectiveness and efficiency in the use of the Company's resources;
- compliance with applicable laws and regulations; and
- preparation of reliable published financial information.

The Board oversees an annual assessment of the effectiveness of risk management and internal compliance and control. The responsibility for undertaking and assessing risk management and internal control effectiveness is delegated to Management. Management is required by the Board to assess risk management and associated internal compliance and control procedures and report back on the efficiency and effectiveness of the Group's risk management.

CORPORATE GOVERNANCE STATEMENT

(continued)

The members of the Audit and Risk Committee during the year were: Alden Halse (Chairman), Michael Bowen, Wendy McCarthy and Robert Ferguson (resigned 5 January 2015).

For details on the number of meetings of the Audit and Risk Committee held during the year and the attendees at those meetings, refer to the Directors' Report.

Managing Director and Chief Financial Officer Certification

The Managing Director and the Chief Financial Officer have provided a written statement to the Board that:

- their view provided on the Group's financial report is founded on a sound system of risk management and internal compliance and controls which implements the financial policies adopted by the Board; and
- the Group's risk management and internal compliance and control system is operating effectively in all material respects.

Performance

The performance of the Board and key executives is reviewed regularly against both measurable and qualitative indicators. The performance criteria against which directors are assessed are aligned with the financial and non-financial objectives of the Group, as summarised in the diagram below.

Board Skills Matrix

In order to ensure that the Board continues to discharge its responsibilities in an appropriate manner, the performance of directors is reviewed annually by the chairperson. During the 2015 financial year, the chairperson undertook a performance evaluation of each director and key executive in accordance with Company's Corporate Governance Manual.

For details on director attendance at Board and Board committee meetings during the year ended 30 June 2015, refer to the Directors' Report.

Remuneration

It is the Company's objective to provide maximum stakeholder benefit from the retention of a high quality Board and executive team by remunerating directors and key executives fairly and appropriately with reference to relevant employment market conditions. To assist in achieving this objective, the Remuneration Committee links the nature and amount of executive directors' and officers' remuneration to the Company's financial and operational performance. The expected outcomes of the remuneration structure are:

- retention and motivation of key executives;
- attraction of high quality management to the Group; and
- performance incentives that allow executives to share in the success of the Group.

For a full discussion of the Company's remuneration philosophy and framework and the remuneration received by directors and executives in the current period please refer to the Remuneration Report, which is contained within the Directors' Report.

There is no scheme to provide retirement benefits to non-executive directors.

The Board is responsible for determining and reviewing compensation arrangements for the directors themselves and the Managing Director and executive team. The Board has established a Remuneration Committee comprising non-executive directors. Members of the Remuneration Committee throughout the year were: Michael Bowen (Chairman), Alden Halse, Wendy McCarthy and Robert Ferguson (resigned 5 January 2015).

For details on the number of meetings of the Remuneration Committee held during the year and the attendees at those meetings, refer to the Directors' Report.

Nomination

The Company understands that the appointment and reappointment of directors to the Board is critical to the performance of the Company. In recognition of this, the Board has established the Nomination Committee to provide transparency, focus and independent judgement to decisions regarding the composition of the Board. Notably, during the year ending 30 June 2015, the Nomination Committee welcomed Andrew Saker as Chief Executive Officer of the Company and its Managing Director.

Diversity

It is the Company's objective to support female representation at senior leadership and Board levels. Although the Company advocates greater transparency and measurability of progress, it does not endorse female participation quotas.

The Company has implemented policies that promote the following:

- equal opportunity based upon capabilities and performance;
- attraction and retention of a diverse range of talented people;
- awareness of the differing needs of a diverse range of employees;
- provision of flexible work practices and policies to support all employees; and
- promotion of a culture that is free from discrimination, harassment and bullying.

The Board receives a report on an annual basis that provides the female representation at all levels within the Group. The 2015 report provides the following information:

- total female employees: 19 (2014: 14); total employees: 42 (2014: 32);
- total female investment managers: 4 (2014: 3); total investment managers: 16 (2014: 13); and
- total female Key Management Personnel: 1 (2014: 1); total Key Management Personnel: 5 (2014: 5).

The Board considers that progress is being made towards achieving the Company's objective to support female representation at senior leadership and Board levels, including by the welcoming of five new female employees to the Company during the 2015 financial year.

The Nomination Committee will endeavour to improve the gender diversity at Board level at any time nominations are required to fill a Board position.

Trading Policy

Under the Company's Securities Trading Policy, an executive or director must not trade in any securities of the Company at any time when they are in possession of unpublished, price-sensitive information in relation to those securities.

The policy allows dealing in the Company's securities except during defined closed periods, being:

- the four weeks prior to and the 24 hours after the release of the Company's half-yearly results;
- the four weeks prior to and the 24 hours after the release of the Company's preliminary final results;
- the four weeks prior to and the 24 hours after the release of the Company's final results; and
- the two weeks prior to and 24 hours after the holding of the Annual General Meeting.

As required by the ASX Listing Rules, the Company notifies the ASX of any transaction conducted by directors in the securities of the Company. A copy of the Company's trading policy can be obtained from its website.

Continuous Disclosure

The Company's continuous disclosure policy includes controls to ensure that the Company at all times complies with the requirements of ASX and the Corporations Act 2001 in relation to its continuous disclosure obligations.

The continuous disclosure policy is contained within the Company's Corporate Governance Manual, which can be obtained from the Company's website.

Shareholder Communication

The Board of Directors aims to ensure that shareholders are informed of all information necessary to assess the performance of the Company and its directors. Information is communicated to shareholders through:

- the annual report which is distributed to all shareholders;
- the half-yearly report circulated to the Australian Securities Exchange and the Australian Securities & Investments Commission; and
- the Annual General Meeting and other shareholder meetings so called.

Shareholders are encouraged to ask questions of their directors at the Annual General Meeting and other shareholder meetings called by the Company or to contact the Company Secretary to discuss their Board, matters pertaining to corporate governance or any other matter relating to the Company, at their convenience.

SHAREHOLDER INFORMATION

Additional information required by the Australian Securities Exchange and not shown elsewhere in this report is as follows. The information is current as at 31 July 2015.

(a) Distribution of Shareholders

Ordinary Share Capital

167,760,971 fully paid ordinary shares are held by 6,722 individual shareholders. All issued ordinary shares carry one vote per share and carry the right to dividends.

Bonds

There are 500,000 bonds issued held by 273 individual bond holders.

Options

There are no options issued over ordinary shares.

The number of shareholders by size of holding, in each class, as at 31 July 2015 are:

	Number	Fully paid ordinary shares	Number	Bonds
1 – 1,000	1,166	592,713	228	83,991
1,001 – 5,000	2,532	7,320,634	34	65,831
5,001 – 10,000	1,328	9,924,930	3	24,480
10,001 – 100,000	1,585	38,886,025	8	325,698
100,001 and over	111	111,036,669	–	–
	6,722	167,760,971	273	500,000

(b) Substantial Shareholders

The names of the substantial shareholders listed in the Company's register as at 31 July 2015 are:

Shareholder	Number of ordinary Shares	% of issued capital
Ellerston Capital Limited	8,770,756	5.23%
Celeste Funds Management Limited	8,436,985	5.03%
	17,207,741	10.26%

(c) 20 Largest Holders of Quoted Equity Securities as at 31 July 2015

Ordinary Shares	Number of ordinary shares	% of issued capital
1. J P MORGAN NOMINEES AUSTRALIA LIMITED	22,371,905	13.34
2. HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	18,740,717	11.17
3. NATIONAL NOMINEES LIMITED	18,391,700	10.96
4. MCLERNON GROUP SUPERANNUATION PTY LTD	4,855,081	2.89
5. CITICORP NOMINEES PTY LIMITED <COLONIAL FIRST STATE INV A/C>	4,021,172	2.40
6. CITICORP NOMINEES PTY LIMITED	3,984,657	2.38
7. LEGAL PRECEDENTS PTY LIMITED <WALKER INVESTMENT A/C>	2,887,659	1.72
8. BNP PARIBAS NOMS PTY LTD <DRP>	2,535,473	1.51
9. MR HUGH MCLERNON	2,176,125	1.30
10. AMP LIFE LIMITED	2,126,724	1.27
11. ZERO NOMINEES PTY LTD	1,820,000	1.08
12. MR JOHN WALKER	1,677,633	1.00
13. MR DENNIS JOHN BANKS <THE BANKS FAMILY A/C>	1,170,806	0.70
14. HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	1,154,284	0.69
15. MR CLIVE NORMAN BOWMAN	858,981	0.51
16. MR DENNIS JOHN BANKS + MRS JANINE ANNE BANKS <THE BANKS SUPER FUND A/C>	776,689	0.46
17. HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED <NT-COMNWLTH SUPER CORP A/C>	704,219	0.42
18. BOUCHI PTY LTD	559,074	0.33
19. PHILADELPHIA INVESTMENTS PTY LTD	503,529	0.30
20. HALSE HOLDINGS PTY LTD <THE ALDEN HALSE FAMILY A/C>	500,001	0.30
	91,816,429	54.73

(d) Options as at 31 July 2015 – unquoted

There are no options issued.

(e) Securities subject to escrow

There are no securities subject to escrow.

SHAREHOLDER INFORMATION

(continued)

(f) 20 Largest Holders of Quoted Bonds as at 31 July 2015

Bond Holders	Number of Bonds	% of units
1. RBC INVESTOR SERVICES AUSTRALIA NOMINEES PTY LTD <PICREDIT>	87,283	17.46
2. CITICORP NOMINEES PTY LIMITED	73,908	14.78
3. UBS NOMINEES PTY LTD	62,500	12.50
4. J P MORGAN NOMINEES AUSTRALIA LIMITED	27,513	5.50
5. AUST EXECUTOR TRUSTEES LTD <DDH PREFERRED INCOME FUND>	27,005	5.40
6. NATIONAL NOMINEES LIMITED	24,258	4.85
7. ONE MANAGED INVT FUNDS LTD <SANDON CAPITAL INV LTD A/C>	12,375	2.48
8. ATKONE PTY LTD	12,220	2.44
9. INVIA CUSTODIAN PTY LIMITED <TORRYBURN SF - FIXED IN A/C>	8,980	1.80
10. NAMANGI PTY LIMITED	8,000	1.60
11. MCLERNON GROUP SUPERANNUATION PTY LTD <MCLERNON SUPER FUND A/C>	7,500	1.50
12. HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	5,000	1.00
13. MR SIMON PETER PRICE + MS RACHEL EMMA FERGUSON <GIRAFFE SUPER FUND A/C>	5,000	1.00
14. TANK LORD PTY LTD	4,760	0.95
15. BJM INCOME INVESTMENTS PTY LTD	2,500	0.50
16. DYSPO PTY LTD <HENTY SUPER FUND A/C>	2,500	0.50
17. ESCOR INVESTMENTS PTY LTD <FF A/C>	2,500	0.50
18. WELTRAN PTY LTD <KCS SUPER FUND A/C>	2,240	0.45
19. ONE DESIGN & SKIFF SAILS PTY LIMITED <I W BROWN SUPER FUND A/C>	2,200	0.44
20. CONTINENTAL HOLDINGS PTY LTD <WILLOUGHBY NO 1 A/C>	2,000	0.40
	380,242	76.05

CORPORATE INFORMATION

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

A description of the Group's operations and of its principal activities is included in the review of operations and activities in the Directors' Report on pages 4 to 23. The Directors' Report is not part of the financial report.

Directors

Michael Kay	Non-Executive Chairman
Andrew Saker	Managing Director
Hugh McLernon	Executive Director
Alden Halse	Non-Executive Director
Michael Bowen	Non-Executive Director
Wendy McCarthy	Non-Executive Director

Company secretary

Diane Jones

Registered office and principal place of business in Australia

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Solicitors

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152-158 St George's Terrace
Perth WA 6000

Share registry

COMPUTERSHARE REGISTRY
GPO Box 2975
Melbourne VIC 3001
Phone: 1300 557 010

Auditors

EY
The EY Building
11 Mounts Bay Road
Perth WA 6000

Bankers

NATIONAL AUSTRALIA BANK LIMITED
255 George Street
Sydney NSW 2000

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

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