

Appendix 4D

IMF Bentham Limited
(formerly Bentham IMF Limited and IMF (Australia) Ltd) ("IMF" or "the Company")
ABN 45 067 298 088

Half-Year ended 31 December 2015

Results for announcement to the market

Current reporting period: Half-year ended 31 December 2015
Previous reporting period: Half-year ended 31 December 2014

		\$A'000
Total income from continuing operations	Down 67%	13,094
Profit from continuing operations after tax attributable to members	Down 104%	(944)
Net profit for the period attributable to members	Down 104%	(944)

Dividends

The directors have determined that an interim dividend will not be paid.

A final fully franked dividend of 5 cents per share for the year ended 30 June 2015 was declared on 19 August 2015 and paid on 9 October 2015. A final fully franked dividend of 5 cents per share for the year ended 30 June 2014 was declared on 21 August 2014 and paid on 3 October 2014.

In the year ended 30 June 2015 an interim dividend of 5 cents per share was declared on 9 February 2015 which was paid on 10 April 2015.

Net tangible assets per ordinary share

	31-Dec-15 cents/share
Basic net tangible assets per ordinary share (cents per share)	32.30
Basic net assets per ordinary share (cents per share)	105.68

Earnings per share (EPS)

	31-Dec-15 cents/share
Basic EPS (cents per share)	(0.01)
Diluted EPS (cents per share)	(0.01)

Entities over which control was gained or lost during the period

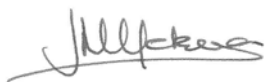
IMF incorporated two subsidiaries in Canada during the period; Bentham IMF Capital Limited and Lien Finance Canada Limited.

Explanation of Results

The attached Financial Report for the half-year ended 31 December 2015 forms part of this document. This interim financial report is to be read in conjunction with the most recent annual financial report. A copy of the 2015 annual financial report and other documents are available on IMF's website at www.imfbenthamltd.com or on the ASX website at www.asx.com.au.

Review Statement

The unqualified review statement of the Company's auditors, Ernst & Young, is attached to this document and highlights no areas of dispute.



Julia Yetsenga
Interim Chief Financial Officer

Date: 24 February 2016

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Half-Year Report

Half-Year Ended 31 December 2015

IMF Bentham Limited

ABN 45 067 298 088

Consolidated Financial Report for the Half-Year ended 31 December 2015

Contents

Directors' Report	4
Auditor's Independence Declaration	7
Consolidated Statement of Comprehensive Income	8
Consolidated Statement of Financial Position	9
Consolidated Statement of Cash Flows	10
Consolidated Statement of Changes in Equity	11
Notes to the Consolidated Financial Statements	12
Directors' Declaration	20
Independent Review Report	21
Corporate Information	23

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IMF Bentham Limited

ABN 45 067 298 088

Consolidated Financial Report for the Half-Year ended 31 December 2015

Directors' Report

Your directors submit their report for the half-year ended 31 December 2015.

Directors

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

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

Review and results of operations

The Group experienced a decrease in income compared to the corresponding period last year. A total of five cases concluded during the half-year (ten in the corresponding period for FY2015), generating total income from litigation contracts of \$26,192,701 a 67% decrease over the corresponding period last year. The consolidated net loss from continuing operations after tax for the half-year was \$943,858 (31 December 2014: profit of \$23,010,207), representing a 104% decrease over the corresponding period last year. The Group's cash position was \$93,612,827 as at 31 December 2015 (30 June 2015: \$130,107,653) whilst its investment in cases was \$124,340,230 at 31 December 2015. This represents a 25% increase over the value at 30 June 2015 of \$99,483,702. The Company raised capital during the period totalling \$2,200,580 as a result of its dividend reinvestment plan.

The following summarises the cases finalised and income generated from cases during the period:

Litigation contract's matter name	Claim value included in investment portfolio report at 30 June 2015	Total litigation contracts' income	Litigation contracts' expenses (including capitalised overheads)	Net gain on disposal of intangible asset
	\$	\$	\$	\$
USA Case	40,000,000	5,697,111	(2,969,623)	2,727,488
Gunns	10,000,000	4,883,057	(2,047,553)	2,835,504
Others	80,000,000	15,612,533	(11,934,952)	3,677,581
	130,000,000	26,192,701	(16,952,128)	9,240,573

Outlook

The estimated claim value of IMF's cases as at 31 December 2015 was \$3,153,722,065. This represents a 57% increase in the six month period from 30 June 2015 at which time the maximum claim value was \$2,002,500,000. This significant increase is a demonstration of the growth and diversification strategy implemented in early 2015 gaining traction. IMF commenced funding thirteen new cases during the period, of which seven were in the USA, which have a total maximum claim value at 31 December 2015 of \$794,285,175. (During FY2015 twenty-one new cases were commenced which had a maximum claim value of \$690,500,000). Five cases have completed in the period, of which three were in the USA, with a total maximum claim value of \$130,000,000. (During FY2015 thirteen matters completed with a maximum claim value of \$540,000,000).

The claim value of the 24 cases funded in the US and Canada at 31 December 2015 was \$1,190,421,765 (2015: US funded cases had a maximum claim value of \$343,000,000). IMF has taken the policy position not to disclose specific details about investments in the US until after the resolution of the cases and all appeal avenues have been finalised.

The Group has not withdrawn from any investments during the period (2015: nil cases) and 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 (Investment Portfolio Report). This Report is updated every three months.

The Group does not provide forecasts in light of the difficulty in predicting the finalisation of its cases, but does provide an indication of its views of the possible completion dates and estimated recoverable amounts in the quarterly portfolio. As the Group is continuing its growth strategy it is anticipated that the expenses incurred by the business will increase in the second half of the 2016 financial year.

IMF Bentham Limited

ABN 45 067 298 088

Consolidated Financial Report for the Half-Year ended 31 December 2015

Directors' Report (continued)

Outlook (continued)

An update on IMF's principal investments from that noted in the 2015 Annual Report is as follows:

The High Court of Australia appeal in the **Bank Fees** matter was heard on 4 and 5 February 2016. A decision is expected on this matter before the end of this calendar year, and possibly before the end of this financial year. 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 judgement in favour of the class action members in the ANZ case in relation only to late payment fees. That judgement was then overturned by the Full Court of the Federal Court and an application for special leave to appeal to the High Court was made by IMF's clients and granted by the Court. 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 finalised and major discovery has been provided by each party to the other. The Court ordered mediation between the parties was held in December 2015 but did not produce a settlement. A hearing in relation to this matter is scheduled for late calendar 2016 or early 2017.

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 12 September 2016.

IMF is funding 3 claims by investors against McGraw Hill Financial Inc. ("S&P"), two of which are also against **ABN Amro Bank NV** (now Royal Bank of Scotland NV ("RBS")). The claims by de Stichting Ratings Redress ("SRR") and each of the investors who assigned their claims to SRR, against S&P and RBS, in response to proceedings commenced in the English courts by S&P seeking declarations, are continuing through the English courts. The proceedings were stayed to allow mediation to occur, however, the proceedings are continuing. 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. A trial date has not been set, but it will not be before October 2017.

The claim against 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) has settled on 19 February 2016, subject to conditions which include court approval. 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. The last claim (against S&P and RBS) is a class action arising from the purchase by investors of a CPDO product called Rembrandt 2, rated by S&P (which product was a carbon copy of the Rembrandt 3 CPDO, the subject of the LGFS proceedings, which IMF previously funded).

Defences have been received 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. The original trial date has been vacated and a new trial date is likely to be set in September or October of 2017.

Case updates are provided on the Company's website: www.imfbenthamltd.com.

Returns to shareholders

The directors have determined that an interim dividend will not be paid. An interim fully franked dividend of 5 cents per share was paid in the previous corresponding period.

IMF Bentham Limited

ABN 45 067 298 088

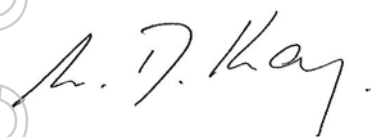
Consolidated Financial Report for the Half-Year ended 31 December 2015

Directors' Report (continued)

Auditor's independence declaration

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

Signed in accordance with a resolution of the directors.



Michael Kay
Chairman

Date: 24 February 2016

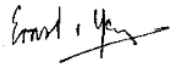
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Auditor's independence declaration to the directors of IMF Bentham Limited

As lead auditor for the review of IMF Bentham Limited for the half-year ended 31 December 2015, I declare to the best of my knowledge and belief, there have been:

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

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



Ernst & Young



Robert A Kirkby
Partner
24 February 2016

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IMF Bentham Limited

ABN 45 067 298 088

Consolidated Statement of Comprehensive Income for the half-year ended 31 December 2015

Consolidated Statement of Comprehensive Income	Notes	Consolidated	
		Half-year ended 31-Dec-15 \$	Half-year ended 31-Dec-14 \$
Continuing operations			
Revenue	4	1,338,038	2,186,256
Other income	5	11,755,573	37,688,512
Total income		13,093,611	39,874,768
Finance costs	6(a)	(271,306)	(281,146)
Depreciation expense	6(b)	(161,487)	(113,624)
Employee benefits expense	6(c)	(7,286,470)	(3,845,215)
Corporate and office expense	6(d)	(4,104,066)	(1,467,108)
Other expenses	6(e)	(557,118)	(525,720)
Share of loss in joint venture	19	(1,303,903)	(1,139,138)
Profit / (loss) from continuing operations before income tax		(590,739)	32,502,816
Income tax expense		(353,119)	(9,492,610)
Net Profit / (loss) for the period		(943,858)	23,010,206
Other comprehensive income			
Items that may be subsequently reclassified to profit and loss:			
Movement in foreign currency translation reserve		189,797	404,835
Other comprehensive income for the period, net of tax		189,797	404,835
TOTAL COMPREHENSIVE INCOME / (LOSS) FOR THE PERIOD		(754,061)	23,415,041
Earnings / (loss) per share attributed to the ordinary equity holders of the Company (cents per share)			
Basic earnings / (loss) per share (cents per share)		(0.01)	13.81
Diluted earnings / (loss) per share (cents per share)		(0.01)	13.81

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

IMF Bentham Limited

ABN 45 067 298 088

Consolidated Statement of Financial Position for the half-year ended 31 December 2015

Consolidated Statement of Financial Position	Notes	Consolidated	
		At 31-Dec-15 \$	At 30-Jun-15 \$
ASSETS			
Current Assets			
Cash and cash equivalents	7	93,612,827	130,107,653
Trade and other receivables	8	29,666,705	11,800,632
Income tax receivable		1,621,884	-
Other assets		643,142	321,434
Total Current Assets		125,544,558	142,229,719
Non-Current Assets			
Trade and other receivables	8	15,085,940	38,097,946
Plant and equipment		1,554,927	748,718
Intangible assets	9	124,340,230	99,483,702
Investment in joint venture	19	1,357,141	652,308
Total Non-Current Assets		142,338,238	138,982,674
TOTAL ASSETS		267,882,796	281,212,393
LIABILITIES			
Current Liabilities			
Trade and other payables		9,017,958	10,000,669
Provisions		10,354,785	13,800,165
Income tax payable		-	1,750,048
Other liabilities		74,555	74,555
Total Current Liabilities		19,447,298	25,625,437
Non-Current Liabilities			
Provisions		597,591	672,145
Debt securities	10	48,432,461	48,206,421
Other liabilities		18,638	55,917
Deferred income tax liabilities		20,311,309	20,752,568
Total Non-Current Liabilities		69,359,999	69,687,051
TOTAL LIABILITIES		88,807,297	95,312,488
NET ASSETS		179,075,499	185,899,905
EQUITY			
Contributed equity	11	119,122,268	116,921,688
Reserves		7,733,360	7,426,439
Retained earnings		52,219,871	61,551,778
TOTAL EQUITY		179,075,499	185,899,905

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

IMF Bentham Limited

ABN 45 067 298 088

Consolidated Statement of Cash Flows for the half-year ended 31 December 2015

Consolidated Statement of Cash Flows	Notes	Consolidated	
		Half-year ended 31-Dec-15 \$	Half-year ended 31-Dec-14 \$
Cash flows from operating activities			
Payments to suppliers and employees		(14,394,822)	(8,160,535)
Interest income		1,175,724	1,823,050
Interest paid		(1,595,950)	(1,517,200)
Income tax paid		(4,375,959)	(5,632,683)
Net cash flows used in operating activities		(19,191,007)	(13,487,368)
Cash flows from investing activities			
Proceeds from litigation funding - settlements, fees and reimbursements		32,208,228	73,343,456
Payments for litigation funding and capitalised suppliers and employee costs		(41,545,816)	(26,244,878)
Purchase of plant and equipment		(968,591)	(78,284)
Loans made to joint venture		(678,562)	(689,384)
Investment in joint venture		(2,331,980)	-
Net cash flows from/(used in) investing activities		(13,316,721)	46,330,910
Cash flows from financing activities			
Dividend paid		(6,187,470)	(5,893,537)
Net cash flows (used in)/from financing activities		(6,187,470)	(5,893,537)
Net increase/(decrease) in cash and cash equivalents held		(38,695,198)	26,950,005
Net foreign exchange difference		2,200,371	1,868,860
Cash and cash equivalents at beginning of period		130,107,654	105,576,732
Cash and cash equivalents at end of period	7	93,612,827	134,395,597

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

IMF Bentham Limited

ABN 45 067 298 088

Consolidated Statement of Changes in Equity for the half-year ended 31 December 2015

CONSOLIDATED	Issued Capital \$	Share based payments reserve \$	Foreign currency translation reserve \$	Other capital reserves \$	Retained earnings \$	Total \$
As at 1 July 2015	116,921,688	-	190,503	7,235,936	61,551,778	185,899,905
Loss for the period	-	-	-	-	(943,858)	(943,858)
Other comprehensive income	-	-	189,797	-	-	189,797
Total comprehensive income for the period	-	-	189,797	-	(943,858)	(754,061)
Equity transactions						
Dividend paid	-	-	-	-	(8,388,049)	(8,388,049)
Share based payments	-	117,124	-	-	-	117,124
Shares issued under the Dividend Reinvestment Plan	2,200,580	-	-	-	-	2,200,580
As at 31 December 2015	119,122,268	117,124	380,300	7,235,936	52,219,871	179,075,499
As at 1 July 2014	112,050,208	-	-	7,235,936	71,845,128	191,131,272
Profit for the period	-	-	-	-	23,010,206	23,010,206
Other comprehensive income	-	-	404,835	-	-	404,835
Total comprehensive income for the period	-	-	404,835	-	23,010,206	23,415,041
Equity transactions						
Dividend paid	-	-	-	-	(8,268,513)	(8,268,513)
Shares issued under the Dividend Reinvestment Plan	2,374,976	-	-	-	-	2,374,976
As at 31 December 2014	114,425,184	-	404,835	7,235,936	86,586,821	208,652,776

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

NOTE 1: CORPORATE INFORMATION

The half-year financial report of IMF Bentham Limited ("the Company" or "IMF") for the half-year ended 31 December 2015 was authorised for issue in accordance with a resolution of the directors on 24 February 2016.

IMF Bentham Limited is a for profit company incorporated and domiciled in Australia and limited by shares, which are publicly traded on the Australian Securities Exchange (ASX code: IMF). The Company changed its name from IMF (Australia) Ltd on 29 November 2013 and from Bentham IMF Limited on 14 November 2014.

The nature of the operations and principal activities of the Company and its subsidiaries ("the Group") are described in Note 3.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Basis of preparation

This general purpose condensed financial report for the half-year ended 31 December 2015 has been prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001 (Cth)*.

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

It is recommended that the half-year financial report be read in conjunction with the annual report for the year ended 30 June 2015 and considered together with any public announcements made by the Company during the half-year ended 31 December 2015 in accordance with the continuous disclosure obligations of the *Corporations Act 2001* and the ASX Listing Rules.

b. Significant accounting policies

The half-year consolidated financial statements have been prepared using the accounting policies as applied for the year ended 30 June 2015. The Group has adopted all new and amended Australian and Accounting Standards and AASB Interpretations effective as of 1 July 2015 which are applicable to the Group, including:

- AASB 2015-3 Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 *Materiality*

The adoption of new accounting standards and interpretations applicable from 1 July 2015 (including those listed above) did not have an impact on the financial position or performance of the consolidated entity.

Australian accounting standards and interpretations that have recently been issued or amended but are not yet effective have not been adopted by the consolidated entity for the half-year ended 31 December 2015.

c. Basis of consolidation

The half-year consolidated financial statements comprise the financial statements of IMF Bentham Limited and its subsidiaries Financial Redress Pty Limited (formerly Insolvency Litigation Fund Pty Limited), Bentham Holdings Inc, Bentham Capital LLC, Security Finance LLC, Bentham IMF Capital Limited and Lien Finance Canada Limited as at 31 December 2015.

d. Foreign currency

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

NOTE 3: 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).

Interest received from National Australia Bank Ltd of \$696,149 (31 December 2014: \$1,033,651) and Bankwest of \$330,349 (31 December 2014: \$378,805) contributed 95% (31 December 2014: 83%) of the Group's bank interest revenue.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

NOTE 3: SEGMENT INFORMATION (CONTINUED)

Other income can be represented geographically as follows:

	Consolidated	
	Half-year ended	Half-year ended
	31-Dec-15	31-Dec-14
	\$	\$
Australia	12,480,403	18,479,924
United States	(724,830)	19,208,588
Total other income	11,755,573	37,688,512

Non-Current assets can be represented geographically as follows:

	Consolidated	
	At	At
	31-Dec-15	30-Jun-15
	\$	\$
Australia	109,721,554	79,244,267
United States	32,616,684	21,640,461
Net exposure	142,338,238	100,884,728

NOTE 4: REVENUE

	Consolidated	
	Half-year ended	Half-year ended
	31-Dec-15	31-Dec-14
	\$	\$
Finance revenue		
Bank interest received and accrued	1,080,883	1,708,514
Fees from joint venture	257,155	477,742
	1,338,038	2,186,256

NOTE 5: OTHER INCOME

	Consolidated	
	Half-year ended	Half-year ended
	31-Dec-15	31-Dec-14
	\$	\$
Other income		
Litigation contracts in progress - settlements and judgments	14,485,291	77,638,164
Litigation contracts in progress - expenses	(8,608,164)	(31,529,484)
Litigation contracts in progress - written-down	(8,343,964)	(10,887,523)
Net gain on derecognition of intangible assets	(2,466,837)	35,221,157
Net gain/(loss) on receivable measured at amortised cost	11,707,410	584,815
Foreign exchange gain	2,505,524	1,868,828
Other	9,476	13,712
	11,755,573	37,688,512

NOTE 6: EXPENSES

	Consolidated	
	Half-year ended	Half-year ended
	31-Dec-15	31-Dec-14
	\$	\$
(a) Finance costs		
Other finance charges	(271,306)	(281,146)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

NOTE 6: EXPENSES (CONTINUED)

	Consolidated	
	Half-year ended 31-Dec-15 \$	Half-year ended 31-Dec-14 \$
(b) Depreciation		
Depreciation	(161,487)	(113,624)
(c) Employee benefits expense		
Wages and salaries	(5,957,017)	(2,460,458)
Superannuation expense	(679,486)	(805,372)
Directors' fees	(259,769)	(154,630)
Payroll tax	(422,694)	(356,403)
Share based payments	(117,124)	-
Long service leave	149,620	(68,352)
	<u>(7,286,470)</u>	<u>(3,845,215)</u>
(d) Corporate and office expense		
Insurance expense	(1,092,511)	(185,205)
Communications expense	(151,551)	(117,596)
Marketing expense	(1,007,109)	(322,792)
Occupancy expense	(367,606)	(106,550)
Professional fee expense	(839,851)	(332,067)
Recruitment expense	(135,170)	(193,937)
Travel expense	(510,268)	(208,961)
	<u>(4,104,066)</u>	<u>(1,467,108)</u>
(e) Other expenses		
ASX listing fees	(51,341)	(51,659)
General expenses	(257,133)	(304,705)
Postage, printing and stationary	(145,708)	(66,409)
Repairs and maintenance	(21,054)	(22,568)
Share registry costs	(81,882)	(80,379)
	<u>(557,118)</u>	<u>(525,720)</u>

NOTE 7: CASH AND CASH EQUIVALENTS

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

	Consolidated	
	At 31-Dec-15 \$	At 30-Jun-15 \$
Cash at bank	39,611,228	56,106,054
Short-term deposits	54,001,599	74,001,599
Total cash and cash equivalents	<u>93,612,827</u>	<u>130,107,653</u>

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

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

Bank Guarantees

Bank guarantees have been issued by the Group's bankers as security for leases over premises, banking facilities and as security for adverse costs orders for matters funded under litigation funding agreements. As at 31 December 2015, guarantees of \$526,138 were outstanding (30 June 2015: \$1,309,333). The guarantees are secured by an offset agreement with a term deposit of \$5,000,000 (30 June 2015: \$5,000,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

NOTE 8: TRADE AND OTHER RECEIVABLES

	Consolidated	
	At 31-Dec-15 \$	At 30-Jun-15 \$
CURRENT		
Trade receivables	(i) 29,455,288	11,441,380
Interest receivable	(ii) 211,417	359,252
	<u>29,666,705</u>	<u>11,800,632</u>
NON-CURRENT		
Trade receivables	(iii) 15,085,940	38,097,946
	<u>15,085,940</u>	<u>38,097,946</u>

- (i) Trade receivables are non-interest bearing and generally on 30-90 day terms. There is \$nil included in current trade receivables which is subject to appeal (30 June 2015: \$nil).
- (ii) Interest receivable is payable upon the maturity of the Group's short term deposits (between 30 and 90 days).
- (iii) 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. \$nil (30 June 2015: \$nil) of the non-current trade receivable balance is subject to appeal.

NOTE 9: INTANGIBLE ASSETS

a. Description of the 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 9(d).

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

	Consolidated	
	At 31-Dec-15 \$	At 30-Jun-15 \$
Capitalised external costs	97,520,584	75,299,654
Capitalised internal costs	17,883,988	16,504,171
Capitalised borrowing costs	8,935,658	7,679,877
	<u>124,340,230</u>	<u>99,483,702</u>

b. Write off of intangible assets

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

c. 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.

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.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2015**

NOTE 9: INTANGIBLE ASSETS (CONTINUED)

Apart from assumptions associated with the successful outcome of cases, any reasonable changes in the key assumptions to the cash flow projections would not result in the carrying value of any of the litigation contracts in progress exceeding its recoverable amount.

d. Capitalised borrowing costs

The Group has determined that Litigation Contracts In Progress meet the definition of qualifying asset. The amount of borrowing costs capitalised during the period ended 31 December 2015 was \$1,601,150 (2015: \$2,757,849). The rate used to determine the borrowing costs eligible for capitalisation was 6.353% for the bonds. The rate represents the effective interest rate.

NOTE 10: NON-CURRENT LIABILITIES

	Consolidated	
	At 31-Dec-15	At 30-Jun-15
	\$	\$
Bonds ¹	48,432,461	48,206,421

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

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 Bondholders have been granted security over the Company's assets.

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 \$1,601,150 (31 December 2014: \$1,735,800) 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.

NOTE 11: CONTRIBUTED EQUITY

	Consolidated	
	At 31-Dec-15	At 30-Jun-15
	\$	\$
Issued and fully paid ordinary shares	119,122,268	116,921,688

(a) Ordinary shares

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

	Consolidated		Consolidated	
	At 31-Dec-15		At 30-Jun-15	
	Number	\$	Number	\$
Movement in ordinary shares				
Balance at 1 July	167,760,971	116,921,688	165,370,269	112,050,208
Shares issued under the dividend reinvestment plan	1,695,093	2,200,580	2,390,702	4,871,480
Balance at period end	169,456,064	119,122,268	167,760,971	116,921,688

On 19 August 2015 the Company issued 1,695,093 shares under its Dividend Reinvestment Plan at \$1.2982 per share.

(b) Share Options

As at 31 December 2015 there were no unissued ordinary shares in respect of which options were outstanding (30 June 2015: nil).

During the half-year ended 31 December 2015, 921,634 performance rights were granted as detailed in Note 12 below. Upon meeting certain performance conditions over the three year performance period, the vesting of each right will result in the issue of one ordinary share.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2015**

NOTE 12: SHARE-BASED PAYMENTS

In November 2015, 921,634 share performance rights were granted to Andrew Saker and Hugh McLernon under the Company's Long Term Incentive Plan (LTIP) which was approved at the Company's Annual General meeting held on 20 November 2015.

The LTIP provides for the issuance of performance rights, which upon a determination by the Board that the performance conditions attached to the performance rights have been met, will result in the issue of one ordinary share for each performance Right subject to certain exceptions.

50% of the performance rights will vest, only if the total shareholder return of the Company is above the 50th percentile of the Comparator Group measured over the Performance Period. The fair value of this tranche is estimated using a Monte-Carlo model simulation taking into account the terms and conditions upon which the performance rights were granted.

The other 50% will vest only if the compounded annual growth rate of the Company's intangible asset balance ("funds deployed") measured over the performance Period is above 5%. The fair value of this tranche is estimated using the binomial Model taking into account the terms and conditions upon which the options were granted.

If the performance rights do not vest at the vesting date they will lapse. The fair value of performance rights granted during the six months ended 31 December 2015 was estimated at grant date using the following assumptions:

5-day VWAP at Performance Period Start date	\$ 1.76
5-day VWAP at Valuation Date	\$ 1.44
Expected volatility	27.0%
Dividend yield	6.9%
Risk-free rate	2.1%
Performance Period	3 years ending 30 June 2018

The weighted average fair value of tranche 1 of the performance rights granted during the six-month period was \$0.43 (2015: \$nil). The weighted average fair value of tranche 2 of the performance rights granted during the six-month period was \$1.09 (2015: \$nil).

For the six months ended 31 December 2015, the Group has recognised \$117,124 of share-based payments expense in the Consolidated Statement of Comprehensive Income (31 December 2014: \$nil).

NOTE 13: DIVIDENDS PAID AND PROPOSED

On 19 August 2015 a final fully franked dividend of 5.0 cents per share was declared in respect of the 2015 financial year. This dividend was paid on 9 October 2015.

(a) Recognised amounts:

	Consolidated	
	At 31-Dec-15 \$	At 31-Dec-14 \$
Declared and paid during the period		
Final fully franked dividend for 2015: 5.0 cents per share (2014: 5.0 cents per share)	8,388,049	8,268,513

(b) Unrecognised amounts:

	Consolidated	
	At 31-Dec-15 \$	At 31-Dec-14 \$
Dividends on ordinary shares		
Financial year 2015: Interim dividend - unrecognised	-	8,329,048

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

NOTE 14: RELATED PARTY DISCLOSURES

	Consolidated	
	At 31-Dec-15	At 31-Dec-14
	\$	\$
Fees received from joint venture	257,155	477,742
Transactions with related parties ⁽ⁱ⁾	99,403	44,989
	<u>356,558</u>	<u>522,731</u>

(i) During the period ended 31 December 2015, the Group obtained legal advice from DLA Piper, a legal firm associated with Michael Bowen. The legal advice was obtained at normal market rates.

NOTE 15: COMMITMENTS AND CONTINGENCIES

As at 31 December 2015, the Group has three cases that are under appeal (30 June 2015: four cases). The total loss recognised by the Group from these cases in the current financial period is \$5,133,866 (30 June 2015: income \$2,402,043). The total current and non-current receivables as at 31 December 2015 relating to the cases under appeal is \$nil (30 June 2015: \$nil).

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 any 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 31 December 2015 the total amount spent by the Company where undertakings to pay adverse costs have been provided was \$63,653,650 (30 June 2015: \$45,255,877). The potential adverse costs orders using the above methodology would amount to amount to \$44,557,555 (30 June 2015: \$31,679,114). The Company does not currently expect that any of the matters will be unsuccessful. The Company maintains a large cash holding in case one or more matters are unsuccessful and an adverse costs order is made which is not covered by its insurance arrangements.

NOTE 16: CHANGES IN COMPOSITION OF THE ENTITY

The Group's subsidiaries can be summarised as follows:

Name	Country of Incorporation	Percentage Owned	
		At 31-Dec-15	At 30-Jun-15
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%
Bentham IMF Capital Limited ⁽ⁱ⁾	Canada	100%	-
Lien Finance Canada Limited ⁽ⁱ⁾	Canada	100%	-

(i) These entities were incorporated during the period.

NOTE 17: FINANCIAL INSTRUMENTS

The value of the Company's financial assets and liabilities will be impacted by changes in interest rates and foreign exchange rates. The carrying amount of the financial assets and liabilities of the Group approximate their fair values, except for the Bentham IMF Bonds and non-current trade receivables. The Bonds have a carrying value of \$50,000,000, excluding the transaction costs, and a fair value of \$52,250,000, which has been determined using the quoted market price at 31 December 2015. The non-current trade receivables have a carrying value of \$15,085,940 and a fair value of \$14,184,781 which has been determined using discounted cash flow analysis, based on market rates for borrowing arrangements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

NOTE 18: EARNINGS PER SHARE

(a) Earnings used in calculating earnings per share

	Consolidated	
	At 31-Dec-15	At 31-Dec-14
	\$	\$
<i>For basic and diluted earnings per share</i>		
Net profit attributed to ordinary equity holders of the Parent	(943,858)	23,010,206

(b) Weighted average number of shares

	Consolidated	
	At 31-Dec-15 Number	At 31-Dec-14 Number
Weighted average number of ordinary shares outstanding for basic earning per share	168,534,818	165,962,453

NOTE 19: 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 ("BEL"). BEL 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., is accounted for using the equity method in the consolidated financial statements. Summarised financial information of the joint venture, based on its financial statements, and reconciliation with the carrying amount of the investment in the consolidated financial statements are set out below:

	31-Dec-15 \$	30-Jun-15 \$
Current assets	3,158,842	2,891,263
Non-current assets	143,851	155,059
Current Liabilities	(588,410)	(1,741,707)
Equity	2,714,283	1,304,615
Proportion of the Group's ownership	50%	50%
Carrying amount of the investment	1,357,141	652,308

Summarised statement of profit or loss of Bentham Ventures B.V.

Corporate and office expense	(1,151,241)	(1,979,292)
Other expenses	(1,469,688)	(2,366,564)
Loss before tax	(2,620,929)	(4,345,856)
Income tax expense	13,123	(205,595)
Loss for the period	(2,607,806)	(4,551,451)
Share of loss in joint venture entity	(1,303,903)	(2,275,726)

NOTE 20: EVENTS AFTER THE REPORTING DATE

The Group commenced operations in Canada in January 2016.

On 19 February 2016, the Company announced the conditional settlement of the class action against S&P Lehman. Subject to the satisfaction of the conditions, the settlement will result in the Company recording approximately \$54 million in revenue and \$47 million in profit before tax.

DIRECTORS' DECLARATION

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

In the opinion of the directors:

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

On behalf of the Board



Michael Kay
Chairman

Dated this 24th day of February 2016

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

Report on the half-year financial report

We have reviewed the accompanying half-year financial report of IMF Bentham Limited, which comprises the statement of financial position as at 31 December 2015, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' responsibility for the half-year financial report

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

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting*, the *Corporations Regulations 2001* and the ASX Listing Rules as they relate to Appendix 4D. As the auditor of IMF Bentham Limited and the entities it controlled during the half-year, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

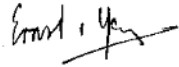
In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the Directors' Report.

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Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of IMF Bentham Limited is not in accordance with:

- a. the *Corporations Act 2001*, including:
 - i giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and of its performance for the half-year ended on that date
 - ii complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*
- b. the ASX Listing Rules as they relate to Appendix 4D.



Ernst & Young



Robert A Kirkby
Partner
Perth
24 February 2016

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CORPORATE INFORMATION

ABN 45 067 298 088

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

Directors

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

Company Secretary

Jeremy Sambrook (appointed 19 January 2016)

Changes since 30 June 2015

Michael Bowen (Chairman - resigned 1 July 2015)
Michael Kay (Chairman - appointed 1 July 2015)
Diane Jones (Company Secretary - resigned 30 November 2015)
Julia Yetsenga (Company Secretary - appointed 30 November 2015, resigned 19 January 2016)
Jeremy Sambrook (Company Secretary - appointed 19 January 2016)

Principal Registered Office in Australia

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Perth, Western Australia 6000

Share Registry

ComputerShare Registry
GPO Box 2975
Melbourne, Victoria 3001
Phone: 1300 557 010

Auditors

EY
The EY Building
11 Mounts Bay Road
Perth, Western Australia 6000

Bankers

National Australia Bank Limited
255 George Street
Sydney, New South Wales 2000

Internet Address

www.imfbenthamltd.com

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