



RELEASE TO AUSTRALIAN SECURITIES EXCHANGE (“ASX”)

FRIDAY, 7 JANUARY 2011

UNILOC USA V MICROSOFT – JUDGMENT FURTHER UPDATE

1. In this matter Uniloc USA won a jury verdict in April 2009 to the effect that:
 - a) It held a valid patent;
 - b) the patent had been infringed by Microsoft;
 - c) the infringement was willful; and
 - d) damages of US\$388M should be paid by Microsoft to Uniloc USA.
2. In September 2009 the trial judge overturned the jury’s verdict and effectively dismissed the Uniloc USA claim.
3. Uniloc USA thereupon appealed to the US Court of Appeals for the Federal Circuit and various cross appeals were lodged and argued by Microsoft.
4. On 5 March 2010 IMF announced its agreement to provide US\$5M to Uniloc USA to enable it to pursue the appeal and to pursue other patent enforcement litigation and licensing programs against other software companies.
5. The basis of the agreement between IMF and Uniloc USA is that IMF will receive a percentage of all income from the Microsoft case, other patent enforcement cases and the licensing program until IMF has received US\$30M.
6. The Uniloc USA appeal was heard and judgment delivered on 5 January 2011.
7. The Appeal Court found that:
 - a) the patent was valid;
 - b) Microsoft had infringed the patent as alleged;
 - c) there was no willful infringement; and
 - d) there must be a re-trial on the question of damages.
8. Short of an agreement between Uniloc USA and Microsoft in relation to damages a trial as to damages before a jury will occur within the next six months or so.

For personal use only

9. Without agreement between the parties it is more likely than not that any payment from Microsoft will occur in the 2012 financial year or later.
10. It is possible that Microsoft may appeal to the USA Supreme Court.
11. The outcome of a retrial on damages will be appealable to the US Court of Appeals for the Federal Circuit.
12. In the meantime Uniloc USA has issued infringement action against some 120 other defendants including Sony, McAfee, Adobe, Symantec, Intuit, AutoDesk and Electronic Arts.
13. Uniloc USA has commenced, and, in some cases, finalized settlement talks with these other software providers.
14. In each of these matters the same patent is relied upon and it is alleged that each software company infringed the patent.
15. IMF (Australia) Ltd is unable to estimate what income will be generated from Uniloc USA this financial year.

A handwritten signature in black ink, appearing to read "Diane Jones", enclosed within a hand-drawn oval.

Diane Jones
Chief Operating Officer

For personal use only