



## Appendix 4D

### Half-Yearly Report

**IMF (Australia) Ltd**

**ABN 45 067 298 088**

**Half-Year ended 31 December 2008**

#### Results for announcement to the market

Current reporting period: Half-year ended 31 December 2008

Previous reporting period: Half-year ended 31 December 2007

|  |    |      | <u>\$A'000</u> |
|--|----|------|----------------|
| Total income from continuing operations  | Up | 267% | 33,237         |
| Earnings from continuing operations before interest, taxation, depreciation and amortisation | Up | 358% | 27,674         |
| Profit from continuing operations after tax attributable to members                          | Up | 466% | 18,758         |
| Net profit for the period attributable to members  | Up | 466% | 18,758         |

#### Dividends

A final dividend of 5.0 cents per share was declared for the period ended 30 June 2008. The record date for this dividend was 2 October 2008 and the payment date was 17 October 2008.

An interim dividend of 5.0 cents per share was declared for the period ended 30 June 2009. The record date for this dividend was 28 January 2009 and the payment date was 11 February 2009.

No dividends were proposed or declared for the period ended 31 December 2007.

#### Net tangible assets per ordinary share

|   | 31-Dec-08<br>cents/share | 31-Dec-07<br>cents/share |
|---|--------------------------|--------------------------|
| Basic net tangible asset per ordinary share (cents per share) | 46.97                    | 18.14                    |

#### Earnings per share (EPS)

|                               | 31-Dec-08<br>cents/share | 31-Dec-07<br>cents/share |
|-------------------------------|--------------------------|--------------------------|
| Basic EPS (cents per share)   | 15.67                    | 2.91                     |
| Diluted EPS (cents per share) | 15.20                    | 2.87                     |

#### Entities over which control was gained or lost during the period

IMF did not gain or lose control over any entities during the period.

#### Explanation of Results

The attached Financial Report for the half-year ended 31 December 2008 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 2008 annual financial report and other documents are available on the Group's website at [www.imf.com.au](http://www.imf.com.au) or on the ASX website at [www.asx.com.au](http://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.

Diane Jones  
Company Secretary  
and Chief Financial Officer

Date: 20 February 2009

# IMF (Australia) Ltd

ABN 45 067 298 088

## Financial Report for the Half-Year ended 31 December 2008

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# IMF (Australia) Ltd

ABN 45 067 298 088

## Financial Report for the Half-Year ended 31 December 2008

### Directors' Report

Your directors submit their report for the half-year ended 31 December 2008.

#### Directors

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

Robert Ferguson - Executive Chairman  
John Walker - Managing Director  
Hugh McLernon - Executive Director  
Alden Halse - Non-Executive Director  
Michael Bowen - Non-Executive Director

#### Review and results of operations

The Group experienced a substantial increase in income and a strengthening of profitability during the half-year. A total of 6 major cases concluded during the half-year, representing an increase in total income from continuing operations of 267% over the corresponding period last year. Consolidated net profit from continuing operations after tax for the half-year was \$18,757,729 representing a 466% improvement over the corresponding period last year. The Group's cash position was \$80,506,288, having generated \$28,865,368 in the six months to 31 December 2008.

The following summarises the major cases finalised during the period:

| <u>Litigation contract's matter name</u>            | <u>Total Litigation<br/>contracts<br/>income<br/>\$</u> | <u>Litigation<br/>contracts<br/>expenses<br/>(including<br/>capitalised<br/>overheads)<br/>\$</u> | <u>Net gain on<br/>disposal of<br/>intangible<br/>asset<br/>\$</u> |
|---|---|---|--|
| Aristocrat  | 35,256,993  | (13,407,253)  | 21,849,740   |
| Downer EDI  | 6,347,698   | (838,496)   | 5,509,202  |
| Shenton Park  | 3,433,909   | (1,115,290)   | 2,318,619  |
| Meadow Springs (see note 7 of the financial report) | 2,517,970   | (306,869)   | 2,211,101  |
| Concept Equity                                      | 1,303,872   | (525,831)   | 778,041  |
| Reynolds  | 788,909   | (1,712,507)   | (923,598)  |
| Others  | 581,141   | (1,196,622)   | (615,481)  |
|   | <b>50,230,492</b>                                       | <b>(19,102,868)</b>   | <b>31,127,624</b>  |

#### Outlook

The Company expects to report Net Profit After Tax of between \$20M to \$24M for the full 2009 financial year. There are three matters which are required to be finalised prior to 30 June 2009 for the Company to achieve the upper end of this forecast range, including the payment of a further dividend from the Administrator of Sons of Gwalia.

An update on IMF's principal investments from that noted in the 2008 Annual Report is as follows:

The **Centro** claims have moved through the pleading phase, with discovery being provided by both Centro Retail Ltd ("CER") and Centro Properties Ltd ("CNP"). A mediation is to be convened by early April 2009, with CER and CNP noting in their defences that their auditors, PricewaterhouseCoopers, may be liable for any losses.

The **ABC shareholder** claims have been notified to the ABC administrators. It is envisaged that the administrators first Report to Creditors, due in March, will be largely consistent with our clients' claims. IMF has also agreed to provide the ABC administrators with significant resourcing to provide a Solvency Report to the Creditors' Committee and IMF concerning ABC's solvency as at 25 June 2007, when ABC purported to grant a charge to its bank syndicate. The value of ABC claims funded by IMF is largely dependent upon having the charge declared void, the success of recovery proceedings for alleged preferences to the bank syndicate and the existence of any directors and officers insurance that may answer to the claims.

# IMF (Australia) Ltd

ABN 45 067 298 088

## Financial Report for the Half-Year ended 31 December 2008

### Directors' Report (continued)

#### Outlook (continued)

The claims against the **Commonwealth of Australia** in respect of the conduct of certain Therapeutic Goods Administration officers was filed in December 2008 in the Federal Court of Australia.

The claim against **OZ Minerals Ltd** is being drafted and will be filed after further clarity is obtained concerning OZ Minerals' refinancing of its debt facilities.

The claim against **AWB Ltd** has been set down for trial commencing 31 August 2009. The Court has ordered that a mediation occur, however, no date has been set.

The Company is now funding clients with claims in excess of \$150M in the **Opes Prime** litigation. Attempts are being made by the liquidator to settle these claims as part of a "global" settlement with the banks. It is not yet clear what effect any such settlement by the liquidator will have on the clients' claims.

The Company has agreed to fund a part heard AUD \$70M action in the High Court Of South Africa on behalf of the **National Potato Co-operative** against PricewaterhouseCoopers. The matter is due to resume in June 2009 and involves complaints by the Co-operative regarding audit work carried out by the accountants. IMF is looking to increase the number of these cases funded in jurisdictions outside of Australia which have similar legal systems.

The **Sons of Gwalia** ("SOG") litigation is continuing in the Federal Court encompassing both SOG's claims against its auditor Ernst & Young as well as claims against the auditors by SOG shareholders.

#### Returns to shareholders

The Company is considering how to best distribute surplus funds that have accumulated in the business. The directors redeemed the Company's convertible notes early and they have now either been fully repaid or converted (at the election of the convertible note holder). The directors have declared and paid fully franked dividends to the Company's shareholders of 10 cents within the last six months (5.0 cents per share was paid on 17 October 2008 and 5.0 cents per share was paid on 11 February 2009). Further, the directors have indicated that if a forecast net profit after tax of \$20M is achieved and the directors do not form the view that there is a better use for IMF's cash, the directors expect to declare a final fully franked dividend of 10 cents for 2009.

#### Auditor's independence declaration

We have obtained the following independence declaration from our auditors, Ernst & Young, which is contained on page 5 of this report.

Signed in accordance with a resolution of the directors.




**Rob Ferguson**  
Executive Chairman

Date: 20 February 2009

**Auditor's Independence Declaration to the Directors of IMF (Australia) Limited**

In relation to our review of the financial report of IMF (Australia) Limited for the half-year ended 31 December 2008, 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



C B Pavlovich  
Partner  
Perth

20 February 2009

# IMF (Australia) Ltd

ABN 45 067 298 088

## Financial Report for the Half-Year ended 31 December 2008

| Income Statement   | Notes | Consolidated                       |                                    |
|--|-------|------------------------------------|------------------------------------|
|  |       | Half-year ended<br>31-Dec-08<br>\$ | Half-year ended<br>31-Dec-07<br>\$ |
| <b>Continuing operations</b>                               |       |                                    |                                    |
| Revenue  | 4(a)  | 2,089,215                          | 983,912                            |
| Other income   | 4(b)  | 31,148,265                         | 8,079,515                          |
| <b>Total income</b>  |       | <b>33,237,480</b>                  | <b>9,063,427</b>                   |
| Finance costs  | 5(a)  | (50,536)                           | (1,148,165)                        |
| Bad debts written off                                      | 7     | (1,414,822)                        | (826,308)                          |
| Depreciation expense                                       | 5(b)  | (79,073)                           | (71,926)                           |
| Employee benefits expense                                  | 5(c)  | (1,474,761)                        | (1,381,374)                        |
| Corporate and office expense                               | 5(d)  | (1,395,231)                        | (639,168)                          |
| Other expenses   | 5(e)  | (425,082)                          | (172,847)                          |
| Share of loss of joint venture entity                      |       | (551,902)                          | -                                  |
| Loss on divestment in joint venture entity                 |       | (284,043)                          | -                                  |
| <b>Profit from continuing operations before income tax</b> |       | <b>27,562,030</b>                  | <b>4,823,639</b>                   |
| Income tax expense   |       | (8,804,301)                        | (1,508,814)                        |
| <b>Profit attributable to members of the parent</b>        |       | <b>18,757,729</b>                  | <b>3,314,825</b>                   |
| <b>Earnings per share (cents per share)</b>                |       |                                    |                                    |
| Basic earnings per share (cents per share)                 |       | 15.67                              | 2.91                               |
| Diluted earnings per share (cents per share)               |       | 15.20                              | 2.87                               |

# IMF (Australia) Ltd

ABN 45 067 298 088

## Financial Report for the Half-Year ended 31 December 2008

| Balance Sheet                                    | Notes | Consolidated          |                       |
|--|-------|-----------------------|-----------------------|
|  |       | At<br>31-Dec-08<br>\$ | At<br>30-Jun-08<br>\$ |
| <b>ASSETS</b>                                    |       |                       |                       |
| <b>Current Assets</b>                            |       |                       |                       |
| Cash and cash equivalents                        | 6     | 80,506,288            | 51,640,920            |
| Trade and other receivables                      | 7     | 3,822,954             | 14,658,426            |
| Other assets                                     |       | 129,548               | 122,103               |
| <b>Total Current Assets</b>                      |       | <b>84,458,790</b>     | <b>66,421,449</b>     |
| <b>Non-Current Assets</b>                        |       |                       |                       |
| Plant and equipment                              |       | 435,908               | 505,481               |
| Intangible assets                                |       | 23,917,992            | 28,123,388            |
| Available for sale investments                   |       | 982,852               | 913,000               |
| Investment accounted for using the equity method |       | -                     | 973,435               |
| Other assets                                     |       | 105,120               | 605                   |
| <b>Total Non-Current Assets</b>                  |       | <b>25,441,872</b>     | <b>30,515,909</b>     |
| <b>TOTAL ASSETS</b>                              |       | <b>109,900,662</b>    | <b>96,937,358</b>     |
| <b>LIABILITIES</b>                               |       |                       |                       |
| <b>Current Liabilities</b>                       |       |                       |                       |
| Trade and other payables                         |       | 8,452,701             | 17,279,456            |
| Income tax payable                               |       | 12,881,277            | 2,738,549             |
| Provisions                                       |       | 1,130,484             | 1,142,367             |
| <b>Total Current Liabilities</b>                 |       | <b>22,464,462</b>     | <b>21,160,372</b>     |
| <b>Non-Current Liabilities</b>                   |       |                       |                       |
| Provisions                                       |       | 550,249               | 463,431               |
| Deferred income tax liabilities                  |       | 6,737,720             | 8,083,280             |
| <b>Total Non-Current Liabilities</b>             |       | <b>7,287,969</b>      | <b>8,546,711</b>      |
| <b>TOTAL LIABILITIES</b>                         |       | <b>29,752,431</b>     | <b>29,707,083</b>     |
| <b>NET ASSETS</b>                                |       | <b>80,148,231</b>     | <b>67,230,275</b>     |
| <b>EQUITY</b>                                    |       |                       |                       |
| Contributed equity                               | 8     | 37,780,887            | 37,671,944            |
| Reserves   |       | 4,424,484             | 13,077,464            |
| Retained earnings                                |       | 37,942,860            | 16,480,867            |
| <b>TOTAL EQUITY</b>                              |       | <b>80,148,231</b>     | <b>67,230,275</b>     |

# IMF (Australia) Ltd

ABN 45 067 298 088

## Financial Report for the Half-Year ended 31 December 2008

| <b>Cash Flow Statement</b>  | <b>Notes</b> | <b>Consolidated</b>                             |   |
|---|--------------|---|---|
|   |              | <b>Half-year<br/>ended<br/>31-Dec-08<br/>\$</b> | <b>Half-year<br/>ended<br/>31-Dec-07<br/>\$</b> |
| <b>Cash flows from operating activities</b>                             |              |   |   |
| Proceeds from litigation funding - settlements, fees and reimbursements |              | 61,420,703                                      | 19,611,705                                      |
| Payments for litigation funding, suppliers and employees                |              | (16,490,978)                                    | (10,922,339)                                    |
| Interest income   |              | 2,207,900                                       | 666,821   |
| Interest paid   |              | (943,734)                                       | (1,253,964)                                     |
| <b>Net cash flows from operating activities</b>                         |              | <b>46,193,891</b>                               | <b>8,102,223</b>                                |
| <b>Cash flows from investing activities</b>                             |              |   |   |
| Purchase of plant and equipment   |              | (9,500)   | (254,869)                                       |
| Receipts from investments in associates                                 |              | 64,908  | -   |
| Payments for available for sale assets                                  |              | (12,709)  | -   |
| <b>Net cash flows from/(used in) investing activities</b>               |              | <b>42,699</b>                                   | <b>(254,869)</b>                                |
| <b>Cash flows from financing activities</b>                             |              |   |   |
| Proceeds from issue of shares   |              | 108,943   | -   |
| Dividend paid   |              | (5,985,341)                                     | -   |
| Repayment of convertible notes  |              | (11,494,824)                                    | -   |
| <b>Net cash flows used in financing activities</b>                      |              | <b>(17,371,222)</b>                             | <b>-</b>  |
| Net increase in cash and cash equivalents held                          |              | 28,865,368                                      | 7,847,354                                       |
| Cash and cash equivalents at beginning of period                        |              | 51,640,920                                      | 23,914,218                                      |
| <b>Cash and cash equivalents at end of period</b>                       | <b>6</b>     | <b>80,506,288</b>                               | <b>31,761,572</b>                               |



# IMF (Australia) Ltd

ABN 45 067 298 088

## Financial Report for the Half-Year ended 31 December 2008

### Statement of Changes in Equity

| CONSOLIDATED   | Option<br>Premium<br>Reserve<br>\$ | Net unrealised<br>gains reserve<br>\$ | Convertible<br>Notes Reserve<br>\$ | Issued Capital<br>\$ | Retained<br>earnings<br>\$ | Total<br>\$       |
|--|------------------------------------|---------------------------------------|------------------------------------|----------------------|----------------------------|-------------------|
| <b>As at 1 July 2008</b>   | <b>3,403,720</b>                   | -                                     | <b>984,139</b>                     | <b>37,671,944</b>    | <b>25,170,472</b>          | <b>67,230,275</b> |
| Net fair value gains on<br>available for sale<br>investments                             | -                                  | 36,625                                | -                                  | -                    | -                          | 36,625            |
| <b>Total income and<br/>expense for the period<br/>recognised directly in<br/>equity</b> | <b>3,403,720</b>                   | <b>36,625</b>                         | <b>984,139</b>                     | <b>37,671,944</b>    | <b>25,170,472</b>          | <b>67,266,900</b> |
| Profit for the period  | -                                  | -                                     | -                                  | -                    | 18,757,729                 | 18,757,729        |
| <b>Total income and<br/>expense for the period</b>                                       | <b>-</b>                           | <b>-</b>                              | <b>-</b>                           | <b>-</b>             | <b>18,757,729</b>          | <b>18,757,729</b> |
| <b>Equity transactions</b>   |                                    |                                       |                                    |                      |                            |                   |
| Exercise of options  | -                                  | -                                     | -                                  | 108,943              | -                          | 108,943           |
| Dividend paid  | -                                  | -                                     | -                                  | -                    | (5,985,341)                | (5,985,341)       |
| <b>As at 31 December 2008</b>  | <b>3,403,720</b>                   | <b>36,625</b>                         | <b>984,139</b>                     | <b>37,780,887</b>    | <b>37,942,860</b>          | <b>80,148,231</b> |
| <b>As at 1 July 2007</b>   | <b>3,403,720</b>                   | -                                     | <b>984,139</b>                     | <b>34,406,830</b>    | <b>8,010,459</b>           | <b>46,805,148</b> |
| Net fair value gains on<br>available for sale<br>investments                             | -                                  | -                                     | -                                  | -                    | -                          | -                 |
| <b>Total income and<br/>expense for the period<br/>recognised directly in<br/>equity</b> | <b>3,403,720</b>                   | -                                     | <b>984,139</b>                     | <b>34,406,830</b>    | <b>8,010,459</b>           | <b>46,805,148</b> |
| Profit for the period  | -                                  | -                                     | -                                  | -                    | 3,314,825                  | 3,314,825         |
| <b>Total income and<br/>expense for the period</b>                                       | <b>-</b>                           | <b>-</b>                              | <b>-</b>                           | <b>-</b>             | <b>3,314,825</b>           | <b>3,314,825</b>  |
| <b>Equity transactions</b>   |                                    |                                       |                                    |                      |                            |                   |
| Exercise of options  | -                                  | -                                     | -                                  | -                    | -                          | -                 |
| Dividend paid  | -                                  | -                                     | -                                  | -                    | -                          | -                 |
| <b>As at 31 December 2007</b>  | <b>3,403,720</b>                   | -                                     | <b>984,139</b>                     | <b>34,406,830</b>    | <b>11,325,284</b>          | <b>50,119,973</b> |

# IMF (Australia) Ltd

ABN 45 067 298 088

Financial Report for the Half-Year ended 31 December 2008

## NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2008

### NOTE 1: CORPORATE INFORMATION

The half-year financial report of IMF (Australia) Ltd (the Company) for the half-year ended 31 December 2008 was authorised for issue in accordance with a resolution of the directors on 20 February 2009.

IMF (Australia) Ltd is a company incorporated in Australia and limited by shares, which are publicly traded on the Australian Securities Exchange (ASX code: IMF).

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

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 consolidated entity as the annual financial report.

The half-year financial report should be read in conjunction with the Annual Report of IMF (Australia) Ltd as at 30 June 2008.

It is also recommended that the half-year financial report be considered together with any public announcements made by the Company during the half-year ended 31 December 2008 in accordance with the continuous disclosure obligations arising under the Corporations Act 2001 and the ASX Listing Rules.

#### a. Basis of preparation

The half-year financial report is a general purpose condensed financial report, which has been prepared in accordance with the requirements of the *Corporations Act 2001* and AASB 134 *Interim Financial Reporting*. The half-year financial report has been prepared on a historical cost basis, except for available for sale assets which are measured at fair value.

The half-year financial report is prepared in Australian dollars.

For the purpose of preparing the half-year financial report, the half-year has been treated as a discrete reporting period.

#### b. Significant accounting policies

The accounting policies adopted are consistent with those disclosed in the annual financial report for the year ended 30 June 2008 which are in accordance with accounting standards in place at that date. The adoption of new and amending Standards and Interpretations mandatory for annual periods beginning on or after 1 July 2008 did not have a significant impact on the financial performance or position of the Group.

#### c. Basis of consolidation

The half-year consolidated financial statements comprise the financial statements of IMF (Australia) Ltd and its subsidiary Insolvency Litigation Fund Pty Limited as at 31 December 2008.

### NOTE 3: SEGMENT INFORMATION

The Group operates in one business segment, being the provision of litigation funding, including investigation and management services related to litigation funding.

Geographically, the Group operates in Australia only. However the Group has agreed to fund one matter in South Africa and is investigating funding matters in other markets including the UK, Europe, and New Zealand.

The Group withdrew from its joint venture in Europe during the period.

# IMF (Australia) Ltd

ABN 45 067 298 088

Financial Report for the Half-Year ended 31 December 2008

## NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2008

### NOTE 4: REVENUE AND OTHER INCOME

|  | Consolidated                    |                                 |
|--|---------------------------------|---------------------------------|
|  | Half-year<br>ended<br>31-Dec-08 | Half-year<br>ended<br>31-Dec-07 |
| (a) <b>Finance revenue</b>                     | \$                              | \$                              |
| Bank interest received and accrued             | 2,089,215                       | 983,912                         |
|  | <u>2,089,215</u>                | <u>983,912</u>                  |
| (b) <b>Other income</b>                        |                                 |                                 |
| Litigation contracts in progress - settlements | 50,230,492                      | 17,210,207                      |
| Litigation contracts in progress expenses      | (18,373,401)                    | (8,013,824)                     |
| Litigation contracts in progress written-down  | (729,468)                       | (1,116,868)                     |
| Net gain on derecognition of intangible assets | <u>31,127,623</u>               | <u>8,079,515</u>                |
| Profit on sale of shares                       | 20,642                          | -                               |
|  | <u>31,148,265</u>               | <u>8,079,515</u>                |

### NOTE 5: EXPENSES

|  |                    |                    |
|--|--------------------|--------------------|
| (a) <b>Finance costs</b>                                 |                    |                    |
| Interest expense   | (32,899)           | (1,126,709)        |
| Other finance charges                                    | (17,637)           | (21,456)           |
|  | <u>(50,536)</u>    | <u>(1,148,165)</u> |
| (b) <b>Depreciation included in the income statement</b> |                    |                    |
| Depreciation   | (79,073)           | (71,926)           |
| (c) <b>Employee benefits expense</b>                     |                    |                    |
| Wages and salaries                                       | (812,099)          | (866,740)          |
| Superannuation expense                                   | (326,046)          | (224,642)          |
| Directors fees   | (45,454)           | (39,971)           |
| Payroll tax  | (204,344)          | (140,124)          |
| Long service leave provision                             | (86,818)           | (109,897)          |
|  | <u>(1,474,761)</u> | <u>(1,381,374)</u> |
| (d) <b>Corporate and office expense</b>                  |                    |                    |
| Insurance expense  | (881,779)          | (159,711)          |
| Network expense  | (97,427)           | (90,411)           |
| Marketing expense  | (99,885)           | (58,308)           |
| Occupancy expense  | (10,123)           | (24,615)           |
| Professional fee expense                                 | (242,579)          | (189,159)          |
| Recruitment expense                                      | -                  | (16,550)           |
| Telephone expense  | (36,094)           | (25,066)           |
| Travel expense   | (27,344)           | (75,348)           |
|  | <u>(1,395,231)</u> | <u>(639,168)</u>   |
| (e) <b>Other expenses</b>                                |                    |                    |
| ASX listing fees   | (14,501)           | (16,043)           |
| General expenses   | (129,497)          | (114,238)          |
| Postage, printing and stationary                         | (27,868)           | (1,534)            |
| Repairs and maintenance                                  | (11,252)           | (27,851)           |
| Share registry costs                                     | (15,044)           | (12,245)           |
| Software supplies  | (2,151)            | (620)              |
| Foreign exchange gain/(loss)                             | 14,731             | (316)              |
| Net fair value loss on investments                       | (239,500)          | -                  |
|  | <u>(425,082)</u>   | <u>(172,847)</u>   |

# IMF (Australia) Ltd

ABN 45 067 298 088

Financial Report for the Half-Year ended 31 December 2008

## NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2008

### NOTE 6: CASH AND CASH EQUIVALENTS

For the purpose of the half-year condensed cash flow statement, cash and cash equivalents are comprised of the following:

|                     | Consolidated      |                   |
|---------------------|-------------------|-------------------|
|                     | At<br>31-Dec-08   | At<br>30-Jun-08   |
|                     | \$                | \$                |
| Cash at bank        | 14,359,503        | 25,164,266        |
| Short-term deposits | 66,146,785        | 26,476,654        |
|                     | <u>80,506,288</u> | <u>51,640,920</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 2008, guarantees of \$1,144,700 were outstanding (30 June 2008: \$2,034,700). The guarantees are secured by an offset agreement with a term deposit of \$1,500,000 (30 June 2008: \$1,659,396).

### NOTE 7: TRADE AND OTHER RECEIVABLES

|                       |       | Consolidated     |                   |
|-----------------------|-------|------------------|-------------------|
|                       |       | At<br>31-Dec-08  | At<br>30-Jun-08   |
|                       |       | \$               | \$                |
| Trade receivables     | (i)   | 3,271,150        | 14,189,684        |
| Other receivables     | (ii)  | 242,243          | 166,515           |
| Interest receivable   | (iii) | 193,729          | 186,395           |
| GST refund receivable | (iv)  | 115,832          | 115,832           |
|                       |       | <u>3,822,954</u> | <u>14,658,426</u> |

(i) Trade receivables are non-interest bearing and generally on 30-90 day terms. Included in trade debtors is an amount of \$1,350,000 (30 June 2008: \$1,000,000) which is subject to appeal by the unsuccessful defendants.

(ii) Other receivable relates to amounts due to the Company from its joint venture entity which have not yet been paid.

(iii) Interest receivable relates to interest earned but not yet received on the Company's short term deposits.

(iv) During the year ended 30 June 2008, the Australian Taxation Office ("ATO") completed its audit of the Group's claim for a refund of Goods and Services Tax ("GST") and has determined the Group is entitled to a refund of \$115,832. This refund has not yet been paid by the ATO.

During the period the Group wrote-off a total of \$1,414,822 (30 June 2008: 3,492,554) as bad debts. The majority of these bad debts relate to the write off of receivables where a subsequent appeal has been lost by the Group's client (Kingsheath in the period and Meadow Springs in 2008). Please note, although Meadow Springs was written off as a bad debt in 2008 (in accordance with the Company's accounting policies) the Company's client subsequently made a further appeal and during that appeal the matter was part settled, resulting in a write back of \$2,517,970 during the half-year.

# IMF (Australia) Ltd

ABN 45 067 298 088

Financial Report for the Half-Year ended 31 December 2008

## NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2008

### NOTE 8: CONTRIBUTED EQUITY

|                                       | Consolidated    |                 |
|---------------------------------------|-----------------|-----------------|
|                                       | At<br>31-Dec-08 | At<br>30-Jun-08 |
|                                       | \$              | \$              |
| Issued and fully paid ordinary shares | 37,780,887      | 37,671,944      |

#### (a) Ordinary shares

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

|                              | Consolidated |            |
|------------------------------|--------------|------------|
|                              | Number       | \$         |
| Movement in ordinary shares  |              |            |
| As at 1 July 2008            | 119,162,154  | 37,671,944 |
| Exercise of employee options | 544,665      | 108,943    |
| As at 31 December 2008       | 119,706,819  | 37,780,887 |

#### (b) Share Options

As at 31 December 2008 there were 3,690,000 (30 June 2008:4,234,665) unissued ordinary shares in total in respect of which options were outstanding, as follows:

|                      | At<br>31-Dec-08 | At<br>30-Jun-08 |
|----------------------|-----------------|-----------------|
| Director Options     | 2,000,000       | 2,000,000       |
| Employee Options     | 1,690,000       | 2,234,665       |
| Total options issued | 3,690,000       | 4,234,665       |

No options lapsed in the period.

### NOTE 9: DIVIDENDS PAID AND PROPOSED

There were no dividends paid or proposed during the period ended 31 December 2007. During the year ended 30 June 2008 a final fully franked dividend of 5.0 cents per share was paid on 17 October 2008.

#### (a) Recognised amounts:

|  | Consolidated    |                 |
|--|-----------------|-----------------|
|  | At<br>31-Dec-08 | At<br>30-Jun-08 |
|  | \$              | \$              |
| Paid during the period                                     |                 |                 |
| Dividends on ordinary shares                               |                 |                 |
| Final fully franked dividend for 2008: 5.0 cents per share | 5,985,341       | -               |

#### (b) Unrecognised amounts:

|  | Consolidated    |                 |
|--|-----------------|-----------------|
|  | At<br>31-Dec-08 | At<br>30-Jun-08 |
|  | \$              | \$              |
| Dividends on ordinary shares                                 |                 |                 |
| Interim fully franked dividend for 2009: 5.0 cents per share | 5,985,341       | 5,958,108       |

After balance sheet date, a fully franked interim dividend of 5.0 cents per share was declared with respect to the year ended 30 June 2009. The record date for this dividend was 28 January 2009 and the shares traded ex-dividend on 21 January 2009. This dividend was paid on 11 February 2009 and has not been recognised as a liability in the results for the half-year ended 31 December 2008, but will be brought to account in the full year results.

# IMF (Australia) Ltd)

ABN 45 067 298 088

Financial Report for the Half-Year ended 31 December 2008

## NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2008

### NOTE 10: RELATED PARTY DISCLOSURES

|                                   | Consolidated    |                 |
|-----------------------------------|-----------------|-----------------|
|                                   | At<br>31-Dec-08 | At<br>30-Jun-08 |
|                                   | \$              | \$              |
| Transactions with related parties | 2,183           | 12,047          |

During the year ended 30 June 2008, and during the half-year ended 31 December 2008, the Group obtained legal advice from Hardy Bowen, a legal firm associated with Michael Bowen. The legal advice was obtained at normal market rates.

### NOTE 11 EVENTS AFTER THE BALANCE SHEET DATE

#### (a) Declaration of an Interim Dividend

On 16 January 2009 the directors announced a fully franked interim dividend for 2009 of 5.0 cents per share. The record date for this dividend is 28 February 2009 and the shares traded ex-dividend on 21 January 2009. This dividend was paid on 11 February 2009.

#### (b) Intangible Assets

The claim against certain directors of **Centaur Mining** was conditionally settled at a mediation held on 19 February 2009. IMF expects the condition of the settlement to be met by the end of March 2009. If the settlement becomes unconditional, IMF expects to receive gross revenue of about \$6.6M and a profit before tax of approximately \$5.0M from this investment.

# IMF (Australia) Ltd)

ABN 45 067 298 088

Financial Report for the Half-Year ended 31 December 2008

## NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2008

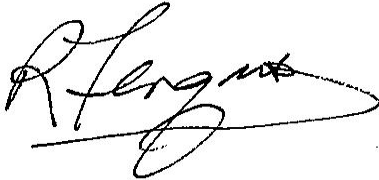
### DIRECTORS' DECLARATION

In accordance with a resolution of the directors of IMF (Australia) Ltd, 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*,
  - (i) giving a true and fair view of the financial position as at 31 December 2008 and the performance for the half-year ended on that date of the consolidated entity; and
  - (ii) complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001; and
- (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



**Robert Ferguson**  
Executive Chairman

Dated this 20th day of February 2009

## Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of IMF (Australia) Limited, which comprises the balance sheet as at 31 December 2008, and the income statement, statement of changes in equity and cash flow statement for the half-year ended on that date, other selected explanatory notes, other information as set out in Appendix 4D to the Australian Stock Exchange ("ASX") Listing Rule 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 and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations), the *Corporations Act 2001* and the ASX Listing Rules as they relate to Appendix 4D. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### *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 Interim and Other Financial Reports 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 2008 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 (Australia) 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.



*Conclusion*

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the interim financial report of IMF (Australia) 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 2008 and of its performance for the half-year ended on that date; and
  - 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.

A handwritten signature in black ink that reads 'Ernst & Young'.

Ernst & Young

A handwritten signature in black ink, appearing to be 'C B Pavlovich'.

C B Pavlovich  
Partner  
Perth  
20 February 2009

# IMF (Australia) Ltd

ABN 45 067 298 088

Financial Report for the Half-Year ended 31 December 2008

## NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2008

### Corporate Information

ABN 45 067 298 088

This half year report covers IMF (Australia) Ltd and its subsidiary. The Group's functional and presentation currency is AUD(\$).

#### Directors

Robert Ferguson (Executive Chairman)  
John Walker (Managing Director)  
Hugh McLernon (Executive Director)  
Alden Halse (Non-Executive Director)  
Michael Bowen (Non-Executive Director)

#### Company Secretary

Diane Jones (from 28 June 2006)

#### Principal Registered Office in Australia

Level 5  
32 Martin Place  
Sydney, New South Wales 2000  
Phone: (02) 8223 3567  
Fax: (02) 8223 3555

#### Solicitors

Hardy Bowen  
Level 1,  
28 Ord Street  
West Perth, Western Australia 6005

#### Share Registry

Computer Share Registry  
Level 3  
60 Carrington Street  
Sydney, New South Wales 2000  
Phone: 1300 557 010

#### Auditors

Ernst & Young  
The Ernst & Young Building  
11 Mounts Bay Road  
Perth, Western Australia 6000

#### Bankers

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

Macquarie Bank Ltd  
20 Bond Street  
Sydney, New South Wales 2000

#### Internet Address

[www.imf.com.au](http://www.imf.com.au)

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.