



RELEASE TO AUSTRALIAN SECURITIES EXCHANGE (“ASX”)

TUESDAY, 24 AUGUST 2010

2010 MANAGING DIRECTOR’S REPORT

I used my 2009 report to signal our management plans to increase cases under management from one to two billion dollars by 30 June 2011. Our local market is producing easily enough good cases to allow this target to be achieved and we have the added advantage, over other funders, that our product is known and sought after in the UK and US markets.

To date we are half way towards our target and it is clear from the cases we are currently reviewing that the target is achievable by the target date.

Our liquidity requirements travel almost in tandem with our growth so, as our growth accelerates, so does our need for liquidity. We have to hold \$50m in cash moving up towards \$75m as we get closer to \$2bn of cases under management.

This liquidity requirement affects us in two major ways - firstly it inhibits our ability to pay dividends during the growth phase, even during profitable periods, and secondly it results in a quite lower overall return on equity and funds invested. Accordingly we will, during the course of this year, further investigate debt funding and will examine the utility of augmenting our capital and liquidity requirements with a series of funding trusts.

I believe we have reached the first serious inflection point in the history of litigation funding since IMF listed in 2001 which will result in the institution of the first truly international litigation funding operation. Over the coming months management will determine whether IMF becomes part of that global operation either on its own account or in conjunction with others.

In the meantime, despite hitting the Kingstream hurdle in the dying days of this financial year, we have made a profit and look forward to a fruitful 2011 financial year. We will not make a forecast this year unless and until it becomes reasonably apparent that our profit will rise or fall by the required amount from this year's result.

In recognition of our abovementioned liquidity requirements staff have not received any bonus this year and no final dividend will be declared to shareholders.

A handwritten signature in black ink, appearing to read 'H. McLernon', with a horizontal line underneath.

HUGH McLERNON
MANAGING DIRECTOR

#367043

IMF (Australia) Ltd

GPO Box 5457
Sydney NSW 2001

Freecall 1800 016 464