INSOLVENCY MANAGEMENT FUND LIMITED
ABN 45 067 298 088

CORPORATE INFORMATION

Directors

A. Halse	(Appointed 5 September 2001)
M. Bowen	(Appointed 5 September 2001)
T.R Gepp	(Resigned 5 September 2001)
T.G Lyons	(Resigned 5 September 2001)
H McLernon	
J Walker	(Appointed 5 September 2001)

Company Secretary
M Picton

Principal Registered Office in Australia
Level 4, Chancery House
37 St Georges Terrace
Perth, Western Australia 6000
Phone: (08) 9225 2300 Fax: (08) 9225 2399

Solicitors
Steinepreis Paganin
Level 14, Chancery House
37 St Georges Terrace
Perth, Western Australia 6000

Share Registry
Computer Share Registry
Level 2 Reserve Bank Building
45 St Georges Terrace
Perth, Western Australia 6000
Phone: 1300 557 010

Auditors
Ernst & Young
Central Park
152 St Georges Terrace
Perth, Western Australia 6000

Bankers
HSBC Bank Ltd
188/190 St Georges Terrace
Perth, Western Australia 6000

Internet Address
www.imf.com.au

The Company is listed on the Australian Stock 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.

INSOLVENCY MANAGEMENT FUND LIMITED

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CHAIRMAN'S REPORT

Welcome to Insolvency Management Fund Limited's ("IMF") first annual report since the Company's restructuring and relisting in October 2001.

IMF relisted subsequent to a change in structure involving a significant capital raising, a change in principal activity by way of a purchase of a litigation funding business and a change in name.

The Company now operates as Australia's only public listed litigation funder, specialising in funding large scale non-insolvency litigation and general insolvency related litigation.

The public raising of $9,968,536 in October 2001 was a significant success for IMF, given the tumultuous world events at the time, indicating the support of investors to the Company. The directors of IMF are confident that the faith shown by investors will be vindicated.

Financial Statements

I would like to bring to your attention two points in respect of the financial year 2002 results:

(i) Due to the substantial change in the operations of IMF, compared to those conducted prior to the restructure, the comparative figures from the financial year 2001 report should be read in context.

(ii) The reported net loss for the year ended 30 June 2002 ($762,764), includes substantial one-off expensed items. These were incurred in respect of the restructuring of the Company and the consequent setting up of information systems, office systems, governance systems and the like.

The Company operations are discussed in detail in the Directors' report. However, I can say that the Directors are confident that the substantial time and expense spent in the 2002 financial year, both on the abovementioned restructuring, and also on a number of substantial and significant litigation matters being funded by IMF, will produce positive results in ensuing periods.

In this regard, I am pleased to cite as an example, the recently announced offer of settlement from Phillip Morris in the IMF funded Tobacco case, (discussed in further detail in the Director's report) which, I believe, should result in significant monies being repaid to IMF's clients and a significant return for IMF.

It is results such as this that give the Directors confidence that financial year 2003 will be a profitable year for IMF. It is the intention of the Directors to prudently monitor the results of the Company and effect returns to shareholders in a responsible and timely manner.

I encourage you to attend our Annual General Meeting and I look forward to meeting many of you there.
Finally, it would be remiss of me not to acknowledge the outstanding efforts by IMF's employees. During the year, restructuring issues, and the number of substantial funded matters, has placed great demands on employees, who have responded to those demands enthusiastically and diligently.

ALDEN HALSE
Chairman

DIRECTORS' REPORT

Your Directors submit their report for the year ended 30 June 2002.

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

DIRECTORS

A Halse
(Non-Executive Chairman)
(Appointed 5 September 2001)

Alden Halse is a Chartered Accountant and has been a Principal of a national Chartered Accountancy firm Ferrier Hodgson. Prior to that he spent 15 years with Chartered Accounting firms Irish Young & Outhwaite and Pannell Kerr Forster.

He is registered as an Official Liquidator, Tax Agent and Trustee in Bankruptcy.

Over the last 15 years he has lectured and written extensively in relation to Director's duties, corporate governance issues and corporate and personal insolvency issues.

Mr Halse is an Associate Member of the Institute of Chartered Accountants, the Insolvency Practitioners Association of Australia and the Australian Institute of Company Directors.

Mr Halse is a member of Council and Treasurer of the Royal Automobile Club of WA (Inc), Member of the State Committee of the Institute of Credit Management and non-executive Director of ASX listed companies Willhart Limited and Count Financial Ltd.

M Bowen
(Non-Executive Director)
(Appointed 5th September 2001)

Michael Bowen graduated from the University of Western Australia with Bachelors of Law, Jurisprudence and Commerce. He has been admitted as a Barrister and Solicitor to the Supreme Court of Western Australia and is an Associate and Certified Practising Accountant of the Australian Society of Accountants.

Mr Bowen is a partner of the law firm Hardy Bowen, practising primarily corporate, commercial and securities law with an emphasis on mergers, acquisitions, capital raising and resources.

Mr Bowen also has experience in merchant banking and accounting and is a director of another listed Australian industrial and mining company.

T Gepp
(Ex-CEO)
(Resigned 5 September 2001)

Tim Gepp formerly held the position of National Sales and Marketing Manager of the largest chain of duty-free shops in Australia at the time. Mr Gepp holds a Bachelor of Education.

T Lyons
(Non-Executive Director)
(Resigned 5 September 2001)

Tim Lyons became a non-executive Director on 21 July 1999 and is a stockbroker by profession. He was the founding shareholder and former Managing Director of Porter Western Limited, one of Australia's largest regional broking houses prior to its merger with Macquarie Equities Limited in 1999. Mr Lyons holds a Bachelor of Commerce degree and a Securities Institute Diploma in Applied Finance.

H McLernon
(Managing Director)

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

In 1998, Mr McLernon retired from legal practice and introduced the secondary life insurance market into Australia. He also pioneered the financing of large-scale litigation through McLernon Group Limited and remains the Chairman of the company.

In 1996, Mr McLernon was the Managing Director of the Hill Group of companies. The Group operated in the finance, mining, property, insurance and investment arenas in Australia

J Walker
(Executive Director)
(Appointed 5th September 2001)

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

He then practiced accountancy with Delloitte Haskins and Sells (as it then was) prior to completing a law degree at Sydney University in 1986.

Between 1987 and 1998, Mr Walker practiced as a commercial litigator in Sydney, being a partner in a Sydney CBD firm since 1990.

In 1998, Mr Walker created Insolvency Litigation Fund Pty Ltd (formerly Insolvency Management Fund Pty Ltd) and was the initial Managing Director until the entity was purchased by Insolvency Management Fund Ltd

Directors were in office from the beginning of the financial year until the date of this report unless otherwise stated.

INTERESTS IN SHARES AND OPTIONS OF THE COMPANY

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

	Insolvency Management Fund Ltd	
	Ordinary Shares Fully Paid	**Options over Ordinary Shares**
A. Halse	585,001	
H McLernon	5,858,077	3,600,000 Director Incentive Options 3,149,280 IMF Options
M Bowen	507,501	
J Walker	3,150,000	1,800,000 Director Incentive Options 3,149,280 IMF Options

EARNINGS PER SHARE

	Cents
Basic Earnings (Loss) per Share	(1.51)
Diluted Earnings (Loss) per Share	(1.51)

DIVIDENDS

No dividend has been paid or recommended during the financial year.

CORPORATE INFORMATION

Corporate Structure

Insolvency Management Fund Limited ("IMF") is a company limited by shares that is incorporated in Australia. IMF has prepared a consolidated financial report incorporating the entity that it controlled during the financial year, being Insolvency Litigation Fund Pty Ltd ("ILF").

Nature of Operations and Principal Activities

The consolidated entity operations formally began in October 2001 with the successful purchase of all the issued shares in ILF.

The first order of business was to set up the operations of the consolidated entity and to secure premises, staff and systems for those operations.

Once that was successfully completed the consolidated entity set about identifying and pursuing high value litigation opportunities around Australia.

The consolidated entity made an early decision to expand its operations from funding pure insolvency matters to funding large scale multi plaintiff class type actions. The results of this policy are referred to in more detail under the Review and Results of Operations section of this report.

The consolidated entity has identified five large scale litigation matters which have been the subject of funding agreements. In addition, numerous other opportunities have been identified but not yet become the subject of funding agreements.

In addition to new cases the consolidated entity managers have been responsible for overseeing the book of 80 or so smaller pieces of litigation which were in place when the purchase of Insolvency Litigation Fund Pty Ltd was concluded in October 2001. As cases in that group have been completed new cases have been added so that the total cases under management remains roughly the same at any given time.

Employees

Other than executive Directors, as at 30 June 2002, the consolidated entity had sixteen permanent staff and two casual employees (2001: 0).

REVIEW AND RESULTS OF OPERATIONS

Because IMF is the only listed litigation funder in Australia and because there is never a shortage of litigation, the consolidated entity has received numerous requests to consider litigation funding. The consolidated entity has chosen five major pieces of litigation in its first nine months of operation. As the average time to complete a piece of serious litigation is about two years, the consolidated entity has been conservative in its choice of funding opportunities.

Details of the five significant pieces of litigation funded by the company are as follows:

- The consolidated entity agreed to fund an action by a group of ex-soldiers against Patrick Corporation in the Federal Court in Queensland to recover approximately $10 million. That matter was settled within four months. The consolidated entity received $2.2 million in fees.

- An action by 2,500 victims of the Finance Broking Scandal in Western Australia against the Finance Brokers Supervisory Board and 10 legal firms to recover approximately $80 million. That matter is ongoing and the Directors do not expect to settle within the near future.

- An action by 400 pilots against their financial advisors to recover about $20 million. Efforts are being made to promote a hearing involving a selection of plaintiffs. Such a hearing should occur within the next three months or so. The Directors do not expect that this matter will settle in the near future.

- An action by the families of the eight people who died in the Whyalla Airlines crash. That action has been taken in Pennsylvania, USA. Because the defendant (Lycoming – the engine manufacturer) has recalled many of its engines for modification, the Directors expect that this matter may settle in the near future.

- An action by 8,000 tobacco retailers against the three major tobacco wholesalers to recover approximately $120 million. An offer of settlement has been made by one of the tobacco companies and the Directors expect part of the matter to be settled in the immediate future. The action will continue against the other two tobacco wholesalers. The hearing is listed for 1 October 2002 in the Supreme Court of New South Wales. The Directors are optimistic about the outcome of those proceedings. After the announcement of the proposed settlement, a member of the Australian Labour Party introduced a Private Member's Bill into the Federal

Parliament aimed at claiming the whole of the monies in question as tax. As it is impossible to know whether this bill will become law the consolidated entity is pursuing the proposed settlement and ongoing litigation with the tobacco wholesalers. The consolidated entity is making appropriate representations to both sides of politics to ensure that this proposed retrospective legislation does not see the light of day.

The consolidated entity is satisfied with results so far achieved with these five pieces of litigation. The final resolution of the tobacco case is obviously of great importance to the consolidated entity. The potential return is about $20 to $25 million within a reasonably short period of time. The consolidated entity is therefore putting a substantial amount of its resources into ensuring that this matter is successfully finalised. The one aspect that the Directors can't control, however, is the passing of legislation by the Federal Parliament.

In addition to sourcing and pursuing these major pieces of litigation the consolidated entity has also husbanded its group of smaller cases in the courts around Australia. In the first nine months of operation the consolidated entity received payments of about $1.57 million from these cases and at the time of this report, that total stands at about $2 million. As these amounts are collected they are paid to Expectation Pty Ltd until that company has received the $3 million it had invested in these cases at the time IMF purchased the shares in ILF. The details of this arrangement are set out in the Notice of Meeting for the 5 September 2001 General Meeting.

Once the $3 million has been repaid then monies arising from these cases will flow into the accounts of the consolidated entity.

OPERATING RESULTS 2001-2002

The following summary of operating results reflects the consolidated entity's performance for the year ended 30 June 2002.

	2002 $	2001 $
Total Revenue	4,220,366	553,234
Operating loss after income tax	(762,764)	(3,735,167)
Total shareholders' equity	11,741,000	1,536,329
Shareholders Returns		
Basic and diluted loss per share (cents)	(1.51)	(8.03)

REVIEW OF FINANCIAL CONDITION

In October 2001 the consolidated entity raised $10,967,434, of that amount about $2.2 million has been sunk into the four major outstanding cases referred to above. In addition, about $2 million has been sunk into the 80 smaller cases also referred to above. As at 30 June 2002, the consolidated entity retained about $6.5 million in cash.

The consolidated entity constantly monitors its exposure to legal fees and adverse legal cost orders which may be made in respect of funded cases which are lost by the funded litigant.

The largest financial risk to the consolidated entity operations is that cases take longer than expected and cost more than bargained for.

Present indications are that the consolidated entity has sufficient cash reserves to manage its present funding obligations. If the tobacco case continues through to final settlement then that question will be put entirely beyond doubt.

RISK MANAGEMENT

The main risks to the operations of the consolidated entity are as follows:

(a) choosing to fund inappropriate cases;

(b) events occurring which change the appropriateness of the original decision to fund;

(c) a blow out in the time taken to conclude funded cases; and

(d) a blow out in the amount of funding required for those cases.

The Board meets regularly to review the major case list and new cases are not taken on until appropriate funds have been received from earlier cases.

The consolidated entity aims to manage these risks so that it is not left without funds in circumstances where it has a book of lucrative funding contracts.

To minimise that risk the consolidated entity intends to retain the first $15 million or so of monies arising from the major cases referred to above prior to implementing a policy of returning to shareholders by way of dividends.

CORPORATE GOVERNANCE

In recognising the need for high standards of corporate behaviour and accountability, the Directors of Insolvency Management Fund Ltd support and have adhered to the principles of good corporate governance. The company's corporate governance statement is contained in the additional ASX information section of the annual report.

SIGNIFICANT EVENTS AFTER BALANCE DATE

Nothing has come to the attention of the Directors after balance date that in the Directors' opinion would require disclosure.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

There is at the present time an unending stream of litigation funding opportunities. The consolidated entity does not expect this position to change into the foreseeable future.

The first mover advantage obtained by the consolidated entity gives it the opportunity to maximise its position before competition arises in the market place. In the meantime the consolidated entity is a price setter not a price taker.

As detailed elsewhere the consolidated entity has anticipated this potential future competition by expanding into the area of non-insolvency litigation funding. In addition, the consolidated entity is building its skill base in corporate investigation and class action strategies. These skills will assist to meet competition when it arrives.

SHARE OPTIONS

Unissued Shares

Since the date of the last Annual Report, 18,895,680 five year options were issued as part of the purchasing of the business of IMF Pty Ltd and 5,400,000 three year options were issued as part of the Directors' option package as detailed in the Notice of Annual General Meeting & Explanatory Statement for the AGM held 5 September 2001. A further 350,000 options were released from escrow on the 28 January 2002. At the date of this report, there were 24,655,680 options remaining over ordinary shares as follows:

- 200,000 options over ordinary shares in Insolvency Management Fund Ltd exercisable at $0.20 and expiring on 24 January 2003.

- 150,000 options over ordinary shares in Insolvency Management Fund Ltd exercisable at $0.20 and expiring on 24 January 2004.
- 10,000 options over ordinary shares in Insolvency Management Fund Ltd exercisable at $0.20 and expiring on 4 April 2004.

- 5,400,000 options over ordinary shares in Insolvency Management Fund Ltd exercisable at $0.20 and expiring on 5 September 2004.
- 18,895,680 options over ordinary shares in Insolvency Management Fund Ltd exercisable at $0.20 and expiring on 4 September 2006.

Shares Issued as a result of the exercise of options

No options were exercised during the year.

SHARES RELEASED FROM ESCROW

2,595,656 ordinary shares were released from escrow on 28 January 2002.

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

So far as may be permitted by the Law, the Directors are indemnified out of the funds of the company (to the extent that the director is not otherwise indemnified) against all liability (including, without limitation all legal expenses) incurred by the director as a director of the company and its wholly owned subsidiaries, including all liability incurred as a result of appointment or nomination by the company or the subsidiary as a trustee or as an officer of another corporation

DIRECTORS' AND OTHER OFFICERS' EMOLUMENTS

Directors' fees as detailed in the Prospectus of 5th September 2001 have been paid to Non-Executive Directors'.

Directors assessed the appropriateness of the nature and amount of emoluments of the Directors and executive team by reference to relevant employment market conditions, with the overall objective of ensuring best stakeholder
benefit from the Board and executive team. Such officers were given the opportunity to receive their base emolument in a variety of forms, including salary and motor vehicle allowances.

Details of the nature and amount of each element of the emolument of each director of the company for the financial year are as follows:

Emoluments of the Directors of Insolvency Management Fund Limited

Annual Emoluments				Long Term Emoluments		
	Base Fee $	Other $	Termination & similar payments $	Options Granted		Superannuation $
				No.	$	
A Halse	15,407	-	-	-	-	1,641
H McLernon	375,789	10,303	-	6,749,280	1,349,856	8,314
J Walker	275,008	-	-	4,949,280	989,856	-
M Bowen	22,157	-	-	-	-	1,641
T Gepp	-	-	-	-	-	-
T Lyons	-	-	-	-	-	-

The options have been valued at their exercise price of $0.20 per option.

Emoluments of the most highly paid executive officers of the company and the consolidated entity

Annual Emoluments				Long Term Emoluments		
	Base Fee $	Other $	Termination & similar payments $	Options Granted		Superannuation $
				No.	$	
C Bowman	158,247	-	-	-	-	8,701
R Rainford	106,048	-	-	-	-	7,580

The term 'director' and 'officer' have been treated as mutually exclusive for the purposes of this disclosure.

AUDIT COMMITTEE

	Meetings Attended	No. of meetings held whilst in office
Total number of meetings held:	4	
Number of meetings attended		
H McLernon	4	4
A.J Halse	4	4
M. Bowen	3	4
M Picton	4	4

The members of the Audit Committee are as follows:

A.J Halse
M. Bowen
H McLernon
M Picton

DIRECTORS' MEETINGS

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

	Meetings Attended	No. of meetings held whilst in office
Total number of meetings held:	5	
Number of meetings attended		
M. Bowen (elected 5 September 2001)	4	5
T. Gepp (resigned 5 September 2001)	-	1
H. McLernon	5	5
T. Lyons (resigned 5 September 2001)	-	1
A.J. Halse (elected 5 September 2001)	5	5
J.F. Walker (elected 5 September 2001)	5	5

Signed in accordance with a resolution of the Directors.

H McLernon
Managing Director

Perth, 27 September 2002

STATEMENT OF FINANCIAL PERFORMANCE
YEAR ENDED 30 JUNE 2002

	Notes	Consolidated 2002 $	Consolidated 2001 $	Insolvency Management Fund Ltd 2002 $	Insolvency Management Fund Ltd 2001 $
Revenues from ordinary activities	2(a)	4,220,366	553,234	381,258	553,234
Changes in inventories of finished goods		-	(357,170)	-	(357,170)
Depreciation		(50,302)	(128,379)	(50,095)	(128,379)
Expensing of deferred litigation costs related to settled cases		(2,372,603)	-	(32,439)	-
Repayment to Expectation Pty Ltd		(1,569,823)	-	-	-
Borrowing cost expense	3(a)	(99,417)	(260,467)	(93,879)	(260,467)
Salaries and employee benefit expense		(441,148)	(1,310,074)	(307,441)	(1,310,074)
Other expenses from ordinary activities		(449,837)	(2,232,311)	(364,892)	(2,332,311)
LOSS FROM ORDINARY ACTIVITIES BEFORE INCOME TAX EXPENSE		**(762,764)**	**(3,735,167)**	**(467,488)**	**(3,735,167)**
INCOME TAX EXPENSE RELATING TO ORDINARY ACTIVITIES	4	-	-	-	-
NET LOSS ATTRIBUTABLE TO MEMBERS OF INSOLVENCY MANAGEMENT FUND LTD	14	**(762,764)**	**(3,735,167)**	**(467,488)**	**(3,735,167)**
Basis loss per share (cents per share)	17	(1.51)	(8.03)		
Diluted loss per share (cents per share)	17	(1.51)	(8.03)		

The statement of financial performance should be read in conjunction with the accompanying notes.

STATEMENT OF FINANCIAL POSITION
AT YEAR ENDED 30 JUNE 2002

	Notes	Consolidated 2002 $	Consolidated 2001 $	Insolvency Management Fund Ltd 2002 $	Insolvency Management Fund Ltd 2001 $
CURRENT ASSETS					
Cash assets		6,504,585	4,653,106	5,704,737	4,653,106
Receivables	5	20,906	41,571	5,677,544	41,571
Intangible assets	8	4,297,455	-	-	-
Other	6	17,558	5,700	16,790	5,700
TOTAL CURRENT ASSETS		**10,840,504**	**4,700,377**	**11,399,071**	**4,700,377**
NON-CURRENT ASSETS					
Plant and equipment	7	273,403	20,000	270,238	20,000
Receivables	5	-	11,408	-	11,408
Intangible assets	8	3,935,160	-	536,541	-
Other financial assets	9	-	-	1,500,000	-
TOTAL NON-CURRENT ASSETS		**4,208,563**	**31,408**	**2,306,779**	**31,408**
TOTAL ASSETS		**15,049,067**	**4,731,785**	**13,705,850**	**4,731,785**
CURRENT LIABILITIES					
Payables	10	342,667	377,171	134,351	377,171
Interest – bearing liabilities	11	1,377,139	2,600,000	1,377,139	2,600,000
Provisions	12	1,535,659	218,285	105,482	218,285
TOTAL CURRENT LIABILITIES		**3,255,465**	**3,195,456**	**1,616,972**	**3,195,456**
NON CURRENT LIABILITIES					
Provisions	12	52,602	-	52,602	-
TOTAL NON-CURRENT LIABILITIES		**52,602**	**-**	**52,602**	**-**
TOTAL LIABILITIES		**3,308,067**	**3,195,456**	**1,669,574**	**3,195,456**
NET ASSETS		**11,741,000**	**1,536,329**	**12,036,276**	**1,536,329**
EQUITY					
Parent entity interest					
Contributed equity	13	22,985,702	12,018,267	22,985,702	12,018,267
Accumulated losses	14	(11,244,702)	(10,481,938)	(10,949,426)	(10,481,938)
TOTAL EQUITY		**11,741,000**	**1,536,329**	**12,036,276**	**1,536,329**

The statement of financial position should be read in conjunction with the accompanying notes.

STATEMENT OF CASH FLOWS
YEAR ENDED 30 JUNE 2002

	Notes	Consolidated 2002 $	Consolidated 2001 $	Insolvency Management Fund Ltd 2002 $	Insolvency Management Fund Ltd 2001 $
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers		3,857,378	32,749	32,043	32,749
Rent received		56,125	53,143	56,125	53,143
Payments to suppliers and employees		(8,383,387)	(3,175,926)	(1,553,434)	(3,175,926)
Interest received		306,863	328,781	293,090	328,781
Borrowing costs		(99,417)	(260,467)	(93,879)	(260,467)
Good and services tax refunded		-	27,059	-	27,059
Other receipts		-	382,398	-	382,398
Repayment to Expectation Pty Ltd		(1,569,823)	-	-	-
NET CASH FLOWS USED IN OPERATING ACTIVITIES	15(a)	**(5,832,261)**	**(2,612,263)**	**(1,266,055)**	**(2,612,263)**
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of non-current assets		(303,705)	(49,767)	(300,333)	(49,767)
Proceeds from the sale of non-current assets		-	132,829	-	132,829
Purchase of controlled entity	15(e)	(286,516)	-	-	-
NET CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES		**(590,221)**	**83,062**	**(300,533)**	**83,062**
CASH FLOWS FROM FINANCING ACTIVITIES					
Repayment of borrowings – convertible notes		(2,600,000)	-	(2,600,000)	-
Proceeds from borrowings – other		1,377,139	-	1,377,139	-
Advances to related parties		-	-	(5,655,742)	-
Repayment of loans from directors and director related entities		-	(129,613)	-	(129,613)
Proceeds from issue of shares		9,968,610	-	9,968,610	-
Payment of share issue costs		(471,788)	-	(471,788)	-
NET CASH FLOWS FROM / (USED IN) FINANCING ACTIVITIES		**8,273,961**	**(129,613)**	**2,618,219**	**(129,613)**
NET (DECREASE) INCREASE IN CASH HELD		**1,851,479**	**(2,658,814)**	**1,051,631**	**(2,658,814)**
Add opening cash brought forward		4,653,106	7,311,920	4,653,106	7,311,920
CLOSING CASH CARRIED FORWARD	15(b)	**6,504,585**	**4,653,106**	**5,704,737**	**4,653,106**

The statement of cash flows should be read in conjunction with the accompany notes

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of accounting

The financial report is a general purpose financial report which has been prepared in accordance with the requirements of the Corporations Act 2001 which including applicable Accounting Standards. Other mandatory professional reporting requirements (Urgent Issues Group Consensus Views) have also been complied with.

The financial statements have been prepared in accordance with the historical cost convention.

(b) Changes in accounting policies

The accounting policies adopted are consistent with those of the previous year except for the following:

The consolidated entity has adopted the revised Accounting Standard AASB 1027 "Earnings Per Share" and has for the first time, determined basic and diluted earnings per share in accordance with the revised Standard. Basic earnings per share (EPS) was previously calculated by dividing the profit from ordinary activities after tax and preference dividends by the weighted average number of ordinary shares outstanding during the financial year. In accordance with the revised AASB 1027, basic EPS is now calculated as net profit attributable to members, adjusted to exclude costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted EPS was previously determined by dividing the profit from ordinary activities after tax and preference dividends adjusted for the effect of earnings on potential ordinary shares, by the weighted average number of ordinary shares (both issued and potentially dilutive) outstanding during the financial year. In accordance with AASB 1027, diluted EPS is now calculated as net profit attributable to members, adjusted for:

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

The revised policy had no impact on basic or diluted earnings per share for the 2002 financial year.

(c) Principles of consolidation

The consolidated financial statements are those of the consolidated entity, comprising Insolvency Management Fund Ltd (the parent company) and the entity that Insolvency Management Fund Ltd controlled during the year and at balance date.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(c) Principles of consolidation (Cont'd)

Information from the financial statements of the subsidiary is included from the date the parent company obtain control the until such time as control ceases.

Subsidiary acquisitions are accounted for using the purchase method of accounting.

The financial statements of subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies that may exist.

All intercompany balances and transactions, including unrealised profits arising from intra-group transactions, have been eliminated in full. Unrealised losses are eliminated unless costs cannot be recovered.

(d) Cash and cash equivalents

Cash on hand and in banks and short-term deposits are stated at nominal value.

For the purposes of the Statement of Cash Flows, cash includes cash on hand and in banks, and money market investments readily convertible to cash within 2 working days, net of outstanding bank overdrafts.

Bank overdrafts are carried at the principal amount. Interest is charged as an expense as it accrues.

(e) Interest-bearing liabilities

All loans are measured at the principal amount. Interest is charged as an expense as it accrues.

(f) Provisions

Provisions are recognised when the consolidated entity has a legal, equitable or constructive obligation to make a future sacrifice of economic benefits to other entities as a result of past transactions or other past events, it is probable that a future sacrifice of economic benefits will be required and a reliable estimate can be made of the amount of the obligation.

Dividends payable are recognised when a legal or constructive obligation to pay the dividend arises, typically following approval of the dividend at a meeting of shareholders.

(g) Contributed equity

Issued and paid up capital is recognised at the fair value of the consideration received by the company.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(g) Contributed equity

Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

(h) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the entity and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Rendering of services:

Where the case outcome can be reliably measured, control of the right to be compensated for the services and the stage of completion can be reliably measured. Stage of completion is measured by reference to the labour hours incurred to date as a percentage of total estimated labour hours for each case

(i) Taxes

Income taxes

Tax-effect accounting is applied using the liability method whereby income tax is regarded as an expense and is calculated on the accounting profit after allowing for permanent differences. To the extent timing differences occur between the time items are recognised in the financial statements and when items are taken into account in determining taxable income, the net related taxation benefit or liability, calculated at current rates, is disclosed as a future income tax benefit or a provision for deferred income tax. The net future income tax benefit relating to tax losses and timing differences is not carried forward as an asset unless the benefit is virtually certain of being realised.

Goods and Services Tax (GST)

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

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(j) Employee entitlements

Provision is made for employee entitlement benefits accumulated as a result of employees rendering services up to the reporting date. These benefits include wages and salaries, annual leave and long service leave.

Liabilities arising in respect of wages and salaries, annual leave and any other employee entitlements expected to be settled within twelve months of the reporting date are measured at their nominal amounts. All other employee entitlement liabilities are measured at the present value of the estimated future cash outflow to be made in respect of services provided by employees up to the reporting date. In determining the present value of future cash outflows, the interest rates attaching to government guaranteed securities, which have terms to maturity approximating the terms of the related liability, are used.

Employee entitlements expenses and revenues arising in respect of the following categories:

- wages and salaries, non-monetary benefits, annual leave, long service leave, sick leave and other leave entitlements; and
- other types of employee entitlements are charged against profits on a net basis in their respective categories.

(k) Earnings per share

Basic EPS is calculated as net profit attributable to members, adjusted to exclude costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted EPS is calculated as net profit attributable to members, adjusted for:

- costs of servicing equity (other than dividends) and preference share dividends;
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares;

divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

(l) Foreign currencies

Translation of foreign currency transactions

Transactions in foreign currencies are converted to local currency at the rate of exchange ruling at the date of the transaction.

All resulting exchange differences arising on settlement are bought to account in determining the profit or loss for the financial year.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(m) Trade and other receivables

Trade receivables are recognised and carried at original invoice amount less a provision for any uncollectible debts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written-off as incurred.

Receivables from related parties are recognised and carried at the nominal amount due. Interest is taken up as income on an accrual basis.

(n) Recoverable amount

Non-current assets are not carried at an amount above their recoverable amount and where carrying value exceed this recoverable amount assets are written down. In determining the recoverable amount, the expected net cash flows have not been discounted to their present value.

(o) Plant and equipment

Cost and valuation

Plant and equipment are carried at cost and are depreciated using the reducing balance method. Any gain or loss on disposal of assets is determined as the difference between the carrying value of the asset at the time of the disposal and the proceeds from disposal and is included in the results of the company in the year of disposal.

Depreciation

Depreciation is provided on a reducing balance method on all plant and equipment.
Major depreciation rates are:

	2002	**2001**
Plant and equipment	20-25%	20-40%

(p) Intangibles

Direct costs attributable to ongoing litigation and a proportion of direct operating overheads are deferred on a case-by-case basis to the extent they are considered probable of recovery. Deferred litigation costs attributable to settled cases are expensed to the statement of financial performance upon settlement of the applicable case.

(q) Leases

Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreement so as to reflect the risks and benefits incidental to ownership.

Operating leases

The minimum lease payments of operating leases, where the lessor effectively retains substantially all of the risks and benefits of ownership of the leased item, are recognised as an expense on a straight-line basis.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(q) Leases (Cont'd)

Contingent rentals are recognised as an expense in the financial year in which they are incurred.

Finance leases

Leases which effectively transfer substantially all of the risks and benefits incidental to ownership of the leased item to the group are capitalised at the present value of the minimum lease payments and disclosed as property, plant and equipment under lease. A lease liability of equal value is also recognised.

Capitalised lease assets are depreciated over the shorter of the estimated useful life of the assets and the lease term. Minimum lease payments are allocated between interest expense and reduction of the lease liability with the interest expense calculated using the interest rate implicit in the lease and charged directly to the Statement of Financial Performance.

The cost of improvements to or on leasehold property is capitalised, disclosed as leasehold improvements, and amortised over the unexpired period of the lease or the estimated useful lives of the improvements, whichever is the shorter.

(r) Payables

Liabilities for trade creditors and other amounts are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the consolidated entity.

Payables to related parties are carried at the principal amount. Interest, when charged by the lender, is recognised as an expense on an accrual basis.

Deferred cash settlements are recognised at the present value of the outstanding consideration payable on the acquisition of an asset discounted at prevailing commercial borrowing rates.

(s) Company name change

Insolvency Management Fund Ltd was previously named Max Multimedia Ltd, the name change occurred on 5 September 2001.

(t) Comparatives

Where necessary, comparatives have been reclassified and repositioned for consistency with current year disclosures as a result of the first-time application of revised Accounting Standard AASB 1005 "Segment Reporting".

	Notes	Consolidated		Insolvency Management Fund Ltd	
		2002 $	2001 $	2002 $	2001 $
2. REVENUE FROM ORDINARY ACTIVITIES					
(a) Revenue from sales					
Revenue from settlement of cases		3,857,378	-	32,043	-
Revenue from sale of technology products		-	46,707	-	46,707
Total revenue from sales		3,857,378	46,707	32,043	46,707
(b) Other revenue from ordinary activities					
Interest					
- Other corporations		306,863	328,781	293,090	328,781
Proceeds on sale of non-current assets		-	132,829	-	132,829
Other income		56,125	-	56,125	44,917
Total other revenue from ordinary activities		362,988	506,527	349,215	506,527
Total revenues from ordinary activities		4,220,366	553,234	381,258	553,234
1. Expenses and Losses / (Gains)					
(a) Expenses					
Depreciation of non-current assets					
- Plant and Equipment	7(a)	50,302	128,379	50,095	128,379
Borrowing costs expensed:					
Interest expense					
-Other persons		5,586	467	48	467
-Convertible Notes		51,289	-	51,289	
-Other related parties	21(b)	42,542	260,000	42,542	260,000
Total borrowing costs expensed		99,417	260,467	93,879	260,467

	Notes	Consolidated		Insolvency Management Fund Ltd	
		2002 $	2001 $	2002 $	2002 $
3. Expenses and losses/ (Gains) (cont'd)					
Operating lease rental					
- Minimum lease payments		237,681	266,304	171,076	266,304
Bad and doubtful debts – trade debtors		29,799	66,675	-	66,675
Provision for employee entitlements		152,409	182,123	152,409	182,123
Royalties expensed		-	154,339	-	154,339
(b) Losses / (Gains)					
Net loss on disposal of plant and equipment		-	274,534	-	274,534
Net foreign currency (gain)/loss		-	41,091	-	41,091
(c) Significant items					
Loss from ordinary activities before income tax expense includes the following revenues and expenses whose disclosure is relevant in explaining the financial performance of the entity:					
Decrement in value of inventories		-	235,280	-	235,280
Recoverable amount write down of intangible assets		-	110,226	-	110,226
Recoverable amount write down of plant and equipment		-	38,201	-	38,201
Redundancy costs		-	470,299	-	470,299
4. Income Tax					
The prima facie tax, using tax rates applicable in the country of operation, on operating loss and extraordinary items differs from the income tax provided in the financial statements as follows:					
Prima facie tax on loss from ordinary activities at 30% (2001: 34%)		(228,829)	(1,269,957)	(140,246)	(1,269,957)
Tax effect of timing differences and tax losses not brought to account		228,829	1,267,957	140,246	1,267,957
Income tax expense attributable to ordinary activities		-	-	-	--

	Notes	Consolidated		Insolvency Management Fund Ltd	
		2002 $	2001 $	2002 $	2001 $

Income tax losses

The future income tax benefit in respect of tax losses of the parent entity and the consolidated entity has not been accounted for as an asset in the financial statements as the realisation of the benefit is not virtually certain. The future income tax benefit applicable to the tax losses are subject to confirmation from the Australian Taxation Office.

The future income tax benefit will only be obtained if:

(a) future assessable income is derived of a nature and of an amount sufficient to enable the benefit to be realised;

(b) the conditions for deductibility by tax legislation continue to be complied with; and

(c) no changes in tax legislation adversely affect the entity in realising the benefit

5. RECEIVABLES
Current

	Notes	Consolidated 2002 $	Consolidated 2001 $	Insolvency Management Fund Ltd 2002 $	Insolvency Management Fund Ltd 2001 $
Trade Debtors	5(a)	5,767	21,016	5,767	21,016
Provision for doubtful debts		(1,533)	(6,000)	(1,533)	(6,000)
Other receivables		16,672	26,555	17,568	26,555
Amounts other than trade debts receivable from related parties:					
- controlled entity		-	-	5,655,742	-
		20,906	41,571	5,677,544	41,571
Non-Current					
Other Receivables	5(a)	-	11,408	-	11,408

(a) **Terms and Conditions**

Terms and conditions relating to the above receivables:

Trade debtors are non-interest bearing and generally on 60 day terms.

	Notes	Consolidated		Insolvency Management Fund Ltd	
		2002	2001	2002	2001
		$	$	$	$
5. RECEIVABLES					
Current (Cont'd)					
(iii) Other non-current receivables are non-interest bearing and have repayment terms between 12 and 20 months.					
(iv) Details of the terms and conditions of related party receivables are set out in note 21.					
6. OTHER CURRENT ASSETS					
Prepayments		17,558	5,700	16,790	5,700
7. PLANT AND EQUIPMENT					
Plant and equipment – at cost		323,705	20,000	320,333	20,000
Accumulated depreciation		(50,302)	-	(50,095)	-
		273,403	20,000	270,238	20,000
(a) Reconciliations					
Plant and Equipment					
Carrying amount at beginning of year		20,000	544,176	20,000	544,176
Additions		303,705	49,768	300,333	49,768
Disposals		-	(407,364)	-	(407,364)
Recoverable amount write down	3(c)	-	(38,201)	-	(38,201)
Depreciation expense	3(a)	(50,302)	(128,379)	(50,095)	(128,379)
Carrying amount at end of year		273,403	20,000	270,238	20,000
8. INTANGIBLE ASSETS					
Current					
Deferred litigation costs		4,297,455	-	-	-
Carrying amount at end of year		4,297,455	-	-	-
Non-Current					
Deferred litigation costs		3,935,160	-	536,541	-
Carrying amount at end of year		3,935,160	-	536,541	-

	Notes	Consolidated		Insolvency Management Fund Ltd	
		2002 $	**2001 $**	**2002 $**	**2002 $**
9. OTHER FINANCIAL ASSETS					
Investments at cost comprise:					
- controlled entities – unlisted shares	9(a)	-	-	1,500,000	-

(a) Interest in subsidiaries

Name	Country of Incorporation	Percentage of equity interest held by the Controlling entity		Investment	
		2002 %	2001 %	2002 $	2001 $
Insolvency Litigation Fund Pty Ltd (formerly Insolvency Management Fund Pty Ltd)	Australia	100	-	1,500,000	-

	Notes	Consolidated		Insolvency Management Fund Ltd	
		2002 $	**2001 $**	**2002 $**	**2001 $**
10. PAYABLES (CURRENT)					
Trade creditors and accruals	10 (a),(b)(i)	340,258	221,789	134,351	221,789
Deposits held	10(b)(iv)	-	4,125	-	4,125
Other creditors	10(b)(iii)	2,409	151,257	-	151,257
		342,667	377,171	134,351	377,171
Aggregate amounts payable to related parties:					
Directors and director related entities					
- director related entity	21	-	117,760	-	117,760
(a) Australian Dollar equivalent					
Amounts payable in foreign currencies not effectively hedged:					
United Kingdom Pound		-	135,302	-	135,302
United States Dollar		-	134	-	134

	Notes	Consolidated		Insolvency Management Fund Ltd	
		2002 $	2001 $	2002 $	2001 $
10. PAYABLES (CURRENT) (Cont'd)					
(b) Terms and conditions					
Terms and conditions relating to the above financial instruments:					
(i) Trade creditors are non-interest bearing and normally settled on 30 day terms					
(ii) Deposits held are non-interest bearing and normally settled on 30 day terms					
(iii) Other creditors are non-interest bearing and have an average term of 60 days					
(iv) Details of terms and conditions of related party loans are set out in note 21					
11 INTEREST-BEARING LIABILITIES					
Current					
Unsecured other loans	21(b)	1,377,139	-	1,377,139	-
Borrowings secured by fixed and floating charge					
- Convertible notes		-	2,600,000	-	2,600,000
		1,377,139	2,600,000	1,377,139	2,600,000
12. PROVISIONS					
Current					
Other Current		2,674	218,285	2,674	218,285
Employee entitlements	18	102,807	-	102,807	-
Provision for potential deferred consideration	22	1,430,177	-	-	-
		1,535,659	218,285	105,482	218,285
Non-Current					
Other Non-Current		14,032	-	14,032	-
Employee entitlements	18	41,245	-	41,245	-
		52,602	-	52,602	-

	Notes	Consolidated		Insolvency Management Fund Ltd	
		2002	**2001**	**2002**	**2002**
		$	**$**	**$**	**$**
13. CONTRIBUTED EQUITY					
(a) Issued and paid up capital					
66,699,734 ordinary shares fully paid (2001:46,783,333 pre-consolidation)		22,985,702	12,018,267	22,985,702	12,018,267
(b) Movements in shares on issue during financial year					

	2002		2001	
	Number of shares	**$**	**Number of shares**	**$**
Beginning of financial year	46,783,333	12,018,267	45,633,332	11,801,226
Issued during the year				
- to original shareholders (i)(ii)	6,666,666	266,667		
- as consideration for purchase of Insolvency Management Fund Pty Ltd (iii)	37,500,000	1,500,000		
Consolidation of shares 5-1 (iv)	(72,759,981)			
- as consideration for trade debt settlement (v)	750,000	150,000	366,3667	110,000
- as consideration for severance settlement	-		783,334	107,041
- to original shareholders – Placement (vi)	12,500,000	2,500,000		
- public equity rasing – Rights Issue (vii)	35,259,7166	7,051,943	-	-
Less transaction costs	-	(501,175)	-	-
End of financial year	**66,699,734**	**22,985,702**	**46,783,333**	**12,018,267**

During this financial year, the following shares were issued:

(i) 18th July 2001, 5,000,000 shares were issued, 2,500,000 each to Hopetoun Nominees Pty Ltd and to Oceanview WA Pty Ltd.

(ii) 27th August 2001, 1,666,666 shares were issued, 833,333 each to Halse Holdings Pty Ltd and Strait Pty Ltd.

(iii) 5th September 2001, 37,500,000 shares were issued, 18,750,000 to Expectation Pty Ltd 9,375,000 to Hugh McLernon, 8,437,500 to Legal Precedents Pty Ltd and 937,500 to Indigo Sky Pty Ltd as consideration for the purchase of Insolvency Management Fund Pty Ltd (renamed Insolvency Litigation Fund Pty Ltd).

(iv) On the 12th September 2001 the company's shares underwent a share reconstruction, whereby every five shares were consolidated into one share.

(v) 16th October 2001, 750,000 shares were issued under the Rights issue to Blueknight Corporation Pty Ltd in consideration for work undertaken by Steinepreis Paganin.

(vi) 12th September 2001, by placement 12,500,000 shares were issued to applicants who qualified under Section 708 of the Corporations Act.

(vii) 16th October 2001, 35,259,716 shares were issued via the Rights issue.

(b) *Terms and conditions of Ordinary Shares*

Ordinary shares have the right to received dividends as declared and, in the event of winding up the company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held.

Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the company.

(c) *Share options*

At the year-end there were 24,655,680 (2001: 290,000) unissued ordinary shares in total in respect of which options were outstanding as follows:

Employee Share scheme

During the financial year, no options were issued under the scheme.

At the end of the year there were 10,000 (2001:290,000) unissued ordinary shares in respect of which options were outstanding. Details are provided in Note 18.

Other Options

During the financial year 24,645,680 options were issued over ordinary shares exercisable from the first anniversary from the date of issue, with an issue term of 3 to 5 years. The options had an average exercise price of $0.20.

	Notes	Consolidated		Insolvency Management Fund Ltd	
		2002 $	2001 $	2002 $	2001 $
14. ACCUMULATED LOSSES					
Balance at beginning of year		(10,481,938)	(6,746,771)	(10,481,938)	(6,746,771)
Loss attributable to members of Insolvency Management Fund Ltd		(762,764)	(3,735,167)	(467,488)	(3,735,167)
Balance at end of year		(11,244,702)	(10,481,938)	(10,949,426)	(10,481,938)
15. STATEMENT OF CASH FLOWS					
(a) Reconciliation of the operating loss after tax to the net cash flows from operations:					
Loss from ordinary activities after tax		(762,764)	(3,735,167)	(467,488)	(3,735,167)
Non-cash items					
Depreciation of plant and equipment		50,302	128,379	50,095	128,379
Loss on sale of plant and equipment		-	274,534	-	274,534
Recoverable amount write down of plant and equipment		-	38,201	-	38,201
Recoverable amount write down of intangible assets		-	110,226	-	110,226

	Consolidated		Insolvency Management Fund Ltd	
	2002 $	2001 $	2002 $	2001 $
15. STATEMENT OF CASH FLOWS (Cont'd)				
Decrement in value of inventories	-	235,280	-	235,280
Issue of ordinary shares	-	217,041		217,041
Litigation costs deferred	(5,045,308)	-	(536,541)	-
CHANGES IN ASSETS AND LIABILITIES				
Decrease/(Increase) in receivables – current	20,665	338,529	(896)	338,529
Decrease/(Increase) in prepayments	(11,858)	61,561	(11,858)	61,561
Increase/(Decrease) in creditors and accruals	(34,504)	(178,643)	(250,573)	(178,643)
(Increase)/Decrease in receivables – non-current	11,408	(11,408)	11,408	(11,408)
(Increase)/Decrease in other current assets	-	41,946	-	41,946
Increase/(Decrease) in employee entitlements	155,409	(132,742)	155,409	(132,742)
Increase/(Decrease) in other provisions	(215,611)	-	(215,611)	-
Net cash flows used in operating activities	**(5,832,261)**	(2,612,263)	**(1,266,055)**	(2,612,263)

(b) Reconciliation of cash

Cash balances comprise				
Cash at bank	6,504,585	4,653,106	5,704,737	4,653,106

(c) Non cash financing and investing activities

There were no non-cash financing and investing activities during the year other than the item disclosed in note 15(e) below.

(d) Financing facilities available

At balance date, the following financing facilities had been negotiated and were available:

Total facilities				
- Deposit funding facility	1,377,139	-	1,377,139	-
- Convertible notes	-	2,600,000	-	2,600,000
	1,377,139	2,600,000	1,377,139	2,600,000

	Notes	Consolidated		Insolvency Management Fund Ltd	
		2002 $	2001 $	2002 $	2001 $
15. STATEMENT OF CASH FLOWS (cont'd)					
Facilities used at balance date:					
- Deposit funding facility		1,377,139	-	1,377,139	-
- Convertible notes		-	2,600,000	-	2,600,000
		1,377,139	2,600,000	1,377,139	2,600,000
Facilities unused at balance date					
- Deposit funding facility		-	-	-	-
- Convertible notes		-	-	-	-
		-	-	-	-

e) Acquisition of Controlled Entity
On 1 July 2001, Insolvency Management Fund Ltd acquired 100% voting share capital of Insolvency Litigation Fund Pty Ltd. An unlisted Australian company that specialises in identifying and pursuing high value litigation opportunities around Australia. The components of the acquisition cost are:

	$
Consideration	
- shares issued	1,500,000

	$
Net Assets of Insolvency Litigation Fund Pty Ltd at 1 July 2001	
- Cash	2,000
- Other assets – deferred litigation costs	2,135,395
- Bank overdraft	(288,516)
- Trade payables	(348,879)
	1,500,000
Net cash effect	
Cash	2,000
Bank overdraft	(288,516)
Cash included in net assets acquired	(286,516)

	Notes	Consolidated		Insolvency Management Fund Ltd	
		2002 $	2001 $	2002 $	2002 $
16. EXPENDITURE COMMITMENTS					
(a) Capital expenditure commitments					
Estimated capital expenditure contracted for at balance date, but not provided for payable					
-not later than one year		-	795,000	-	795,000
-later than one year but not later than five years		-	949,000	-	949,000
		-	1,744,000	-	1,744,000

	Notes	Consolidated		Insolvency Management Fund Ltd	
		2002 $	2001 $	2002 $	2001 $
16. EXPENDITURE COMMITMENTS (Cont'd)					
(b) Lease expenditure commitments Operating leases (non-cancellable)					
Minimum lease payments					
-not later than one year		178,747	114,840	101,853	114,840
-later than one year and not later than five years		247,766	47,140	118,829	47,140
Aggregate lease expenditure comprise:		426,513	161,980	220,682	161,980
Amounts provided for:					
-surplus lease space: current		-	5,940	-	5,940
non-current		-	4,950	-	4,950
Amounts not provided for:					
-rental commitments current	17(c)	178,747	108,900	101,853	108,900
non-current	17(c)	247,766	42,190	118,829	42,190
Aggregated lease expenditure contracted for at balance date		426,513	161,980	220,682	161,980

16. EXPENDITURE COMMITMENTS (Cont'd)

(c) These commitments represent payments due for leased premises under a non-cancellable operating lease. The average remaining lease term is 26 months.

17. EARNINGS PER SHARE

The following reflects the income and share data used in the calculations of basic and diluted earnings per share

Net loss	(762,764)	(3,735,167)
	Number of shares	**Number of shares**
Weighted average number of ordinary shares on issue used in the calculation of basic and diluted EPS	50,663,929	46,509,726
Share options	24,655,680	50,000

	Notes	Consolidated		Insolvency Management Fund Ltd	
		2002 $	2001 $	2002 $	2001 $
18. EMPLOYEE ENTITLEMENTS AND SUPERANNUATION COMMITMENTS					
Employee Entitlements					
The aggregate employee entitlements liability is comprised of:					
Provisions (current)	12	102,807	-	102,807	-
Provisions (non-current)	12	41,245	-	41,245	-
Accrued salaries and wages		64,634	-	64,634	-
		208,686	-	208,686	-

Employee Share Scheme – post reconstruction

The company has an employee share option scheme where employees of the company may be granted options over the shares in the capital of Insolvency Management Fund Ltd. The options are granted for nil consideration in accordance with prescribed goals as determined by the directors. The options will not be quoted on the ASX and the granting of Options under the Plan does not entitle any Participant to any dividend or voting rights or any other rights held by a Shareholder until exercise of the Options. At balance date, there were nil employees eligible to participate in the scheme.

During the year no options over ordinary shares in Insolvency Management Fund Ltd were granted under this scheme. Since the date of the last report, 280,000 employee options were reported as having been forfeited of the original 290,000 options granted to employees.

At the date of this report, there were 10,000 employee share options remaining over ordinary shares as follows:

- 10,000 free options over ordinary shares in Insolvency Management Fund Ltd all exercisable at $0.20 and all expiring on 4 April 2004.

Superannuation Commitments

Employees contribute to their own superannuation plans at various percentages of their wages and salaries and the end benefit is determined by accumulation of contributions and earnings of the fund.
The company also contribute to these plans at the rate of 8% of gross salaries and wages. These contributions are legally enforceable in Australia.

	Consolidated		Insolvency Management Fund Ltd	
	2002 $	2001 $	2002 $	2001 $
19. REMUNERATION OF DIRECTORS				
Income paid or payable, otherwise made available, in respect of the financial year, to all directors of the consolidated entity and of Insolvency Management Fund Ltd, directly or indirectly, form the entity or any related party.	710,260	742,096	710,260	742,096
	No.	No.	No.	No.
The number of directors of Insolvency Management Fund Ltd whose remuneration (including superannuation contributions) falls within the following bands:				
$0 -$9,999	2	3	2	3
$20,000 -$29,999	2	-	2	-
$150,000 -$159,999	-	-	-	-
$160,000 -$169,999	-	1	-	1
$260,000 -$269,999	-	1	-	1
$270,000 -$279,999	1	-	1	-
$310,000 -$319,999	-	1	-	1
$380,000 -$389,999	1	-	1	-

	Consolidated		Insolvency Management Fund Ltd	
	2002 $	2001 $	2002 $	2001 $
19. REMUNERATION OF EXECUTIVES Remuneration received or due and receivable by executive officers of the company and consolidated entity whose remuneration is $100,000 or more, from entities in the consolidated entity or a related party, in connection with the management of the affairs of the entity in the consolidated entity whether as an executive officer or otherwise:.	990,836	1,010,532	990,836	1,010,532

	Consolidated		Insolvency Management Fund Ltd	
	No.	No.	No.	No.
The number of executive officers of Insolvency Management Fund Ltd whose remuneration (including superannuation contributions) falls within the following bands:				
$100,000 -$109,999	-	-	-	-
$110,000 -$119,999	1	-	1	-
$150,000 -$159,999	-	-	-	-
$160,000 -$169,999	1	1	1	1
$260,000 -$269,999	-	1	-	1
$270,000 -$279,999	1	-	1	-
$310,000 -$319,999	-	1	-	1
$390,000 -$399,999	1	-	1	-

	Consolidated		Insolvency Management Fund Ltd	
	2002 $	2001 $	2002 $	2001 $
20. AUDITOR'S REMUNERATION				
Amounts received or due and receivable by Ernst & Young for				
- an audit or review of the financial report of the entity	20,000	30,000	20,000	30,000
- other services in relation to the entity	1,500	-	1,500	-
	21,500	30,000	21,500	30,000

21 RELATED PARTY DISCLOSURES

(a) The directors of Insolvency Management Fund Ltd during the financial year were:

A Halse;	(Appointed 5 September 2001)
M Bowen	(Appointed 5 September 2001)
T.R Gepp	(Resigned 5 September 2001)
T.G Lyons	(Resigned 5 September 2001)
H McLernon	
J Walker	(Appointed 5 September 2001)

(b) The following related party transaction occurred during the year:

On 3rd August 2001, the Company, Expectation Pty Ltd, Legal Precedents Pty Ltd and Hugh McLernon entered into a deposit funding facility agreement. H McLernon was a director of Expectation Pty Ltd. J Walker was a director and had a financial interest in Legal Precedents Pty. The details of the agreement are as follows:

i. Expectation Pty Ltd agreed to make available to the Company up to $2,000,000 of the cash flow Expectation Pty Ltd is to receive pursuant to the Shareholders Deed:

ii. Legal Precedents Pty Ltd and Mr McLernon agreed to make to the Company up to $500,000 each on the basis that Legal Precedents Pty Ltd and Mr McLernon will each deposit a sum of money with the Company equal to 25% of that sum of money deposited with the Company by Expectation Pty Ltd at any point in time:

iii. Interest is payable on the funds deposited with the Company by Expectation Pty Ltd, Legal Precedents and Mr McLernon at a rate of 8% per annum;

iv. The term of the facility is five (5) years; and

v. Expectation Pty Ltd, Legal Precedents Pty Ltd and Mr McLernon may withdraw the funds they have deposited with the Company at any time on demand and these funds may be used by those parties to exercise their IMF Options within 7 days of those funds being withdrawn.

At the balance sheet date, $867,192 was owed to Expectation Pty Ltd, $364,698 to Legal Precedents Pty Ltd and $145,339 to Hugh McLernon. During the year $25,035 interest was charged on the outstanding balance owed to Expectation Pty Ltd, $12,168 to Legal Precedents Pty Ltd and $5339 to Hugh McLernon.

(c) Equity instruments of directors

(i) Interests in the equity instruments of the company held by directors of the reporting entity and their director-related entities at balance date:

		Ordinary Shares Fully Paid		**Options**	
		2002 No.	**2001 No.**	**2002 No.**	**2001 No.**
A Halse	(Appointed 5 September 2001)	585,001	-		-
M Bowen	(Appointed 5 September 2001)	507,501	-		-
H McLernon		5,858,077	1,570,120	6,749,280	-
J Walker	(Appointed 5 September 2001)	3,150,000	-	4,949,280	-
		8,928,079	**7,850,600**	**11,698,560**	**-**

		Ordinary Shares Fully Paid		**Options**	
		2002 No.	**2001 No.**	**2002 No.**	**2001 No.**
A Halse	(Appointed 5 September 2001)	585,001	-		-
M Bowen	(Appointed 5 September 2001)	507,501	-		-
H McLernon		5,858,077	1,570,120	6,749,280	-
J Walker	(Appointed 5 September 2001)	3,150,000	-	4,949,280	-
		8,928,079	**7,850,600**	**11,698,560**	**-**

(ii) Movements in directors' equity holdings:

		Ordinary Shares Fully Paid 2002
A Halse	(Appointed 5 September 2001)	585,001
M Bowen	(Appointed 5 September 2001)	507,501
H McLernon		4,122,957
J Walker	(Appointed 5 September 2001)	2,187,500

All equity dealings with directors have been entered into with terms and conditions no more favourable than those that the entity would have adopted if dealing at arms length. All equity movements were made for cash at $0.20 per share with the exception of 1,875,000 shares acquired by H McLernon and 1,687,500 shares acquired by J Walker as part of the acquisition of Insolvency Litigation Fund Pty Ltd

Directors' options were issued on 5 September 2001, with an exercise price of $0.20 and an average option life of 4.1 years. No options lapsed, were forfeited or were exercised during the year.

22. EXPECTATION PTY LTD

Prior to the acquisition of Insolvency Litigation Fund Pty Ltd by the Company, the then shareholders in Insolvency Litigation Fund Pty Ltd entered into a shareholders deed pursuant to which Expectation Pty Ltd ("Expectation") agreed to pay all of Insolvency Litigation Fund Pty Ltd funding expenses ("Funding Arrangement"). in return for accepting the financial obligations of Insolvency Litigation Fund Pty Ltd, Expectation became entitled to receive 100% of any proceeds received by Insolvency Litigation Fund Pty Ltd on the settlement of any litigation dispute that had been funded by Expectation until such time as Expectation had been repaid an amount equivalent to 133.33% of Expectation's largest level of funding at any one time during the Funding Arrangement.

As at 30 June 2001 (the time at which the Funding Arrangement terminated), Expectation's maximum level of funding was approximately $2.25 million, entitling Expectation to approximately the first $3,000,000 in future settlement proceeds received by Insolvency Litigation Fund Pty Ltd as and when monies are collected from the cases in place as at 30 June 2001.

During the financial year ended 30 June 2002, Insolvency Litigation Fund Pty Ltd repaid approximately $1,569,823 of the total outstanding debt owing to Expectation. It is probable that the balance of $1,430,177 will be repaid to Expectation during the first six months of the 2002/2003 financial year and accordingly a provision has been raised.

23. FINANCIAL INSTRUMENTS

(a) Interest rate risk

The consolidated entity's exposure to interest rate risks and the effective interest rates of financial assets and financial liabilities, both recognised and unrecognised at the balance date, are as follows:

			Fixed interest rate maturing in:							
Financial Instruments	**Floating interest rate**		**1 year or less**		**Non-Interest Bearing**		**Total**		**Weighted average effective interest rate**	
	2002 $	**2001 $**	**2002 $**	**2001 $**	**2002 $**	**2001 $**	**2002 $**	**2001 $**	**2002 %**	**2001 %**
(i) Financial assets										
Cash	6,504,585	4,653,106	-	-	-	-	6,504,585	4,653,106	3.2	5.5
Receivables – current	-	-	-	-	20,906	41,571	20,906	41,571	N/A	N/A
Receivables – non-current	-	-	-	-	-	11,408	-	11,408	N/A	N/A
Total Financial Assets	6,504,585	4,653,106	-	-	20,906	52,979	6,524,791	4,706,085		
(ii) Financial liabilities										
Trade creditors	-	-	-	-	342,667	371,171	342,667	371,171	N/A	N/A
Payable to directors and director related entities	509,947	-	-	-	-	-	509,947	-	8	N/A
Secured Convertible Notes	-	-	-	2,600,000	-	-	-	2,600,000	N/A	10
Finance lease liability	-	-	-	-	-	-	-	-	N/A	N/A
Other loan – related party	867,192	-	-	-	-	-	867,192	-	8	N/A
Total Financial Liabilities	1,377,139	-	-	2,600,000	342,667	371,171	1,719,806	2,977,171		

(b) Net fair values

The carrying amounts of financial assets and financial liabilities, both recognised and unrecognised, at balance date, approximate their aggregate net fair values

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(i) The following methods and assumptions are used to determine the net fair values of financial assets and liabilities

23. FINANCIAL INSTRUMENTS (cont'd)

Recognised financial instruments

Cash and cash equivalents and Short-term borrowings: The carrying amount approximates fair value because of their short-term
to maturity.

Trade receivables and payables, Dividends and Short-term loans: The carrying amount approximates fair value.

Long-term borrowings and convertible notes: The fair values of long-term borrowings are estimated using discounted cash flow analysis, based on current incremental borrowing rates for similar types of borrowing arrangements.

Credit risk exposures

The consolidated entity's maximum exposures to credit risk at reporting date in relation to each class of recognised financial asset is the carrying amount of those assets as indicated in the statement of financial position.

Concentrations of credit risk

The consolidated entity has minimal credit risk due to the nature of its business.

24. SEGMENT INFORMATION

The consolidated entity operates in one business segment, being the provision of litigation funding. In the prior year revenue was derived by the company from the information technology sector.

Geographically, the group operates in Australia only.

DIRECTORS' DECLARATION
30 JUNE 2002

In accordance with a resolution of the directors of Insolvency Management Fund Ltd, I state that:

1) In the opinion of the directors:

(a) the financial statements and notes of the company and of the consolidated entity are in accordance with the Corporations Act 2001 including:

(i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2002 and of their performance for the year ended on that date: and

(ii) complying with Accounting Standards and Corporations Regulations 2001; and

(b) there are reasonable grounds to believe the company will be able to pay its debts as and when they become due and payable.

On behalf of the Board

Hugh McLernon
Managing Director

Perth 27 September 2002

ERNST & YOUNG

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INDEPENDENT AUDIT REPORT

To the members of Insolvency Management Fund Ltd

Scope

We have audited the financial report of Insolvency Management Fund Ltd for the financial year ended 30 June 2002, as set out on pages 10 to 37, including the Directors' Declaration. The financial report includes the financial statements of Insolvency Management Fund Ltd, and the consolidated financial statements of the consolidated entity comprising the company and the entities it controlled at year's end or from time to time during the financial year. The company's directors are responsible for the financial report. We have conducted an independent audit of the financial report in order to express an opinion on it to the members of the company.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the financial report is free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with Accounting Standards, other mandatory professional reporting requirements and statutory requirements, in Australia, so as to present a view which is consistent with our understanding of the company's and the consolidated entity's financial position and performance as represented by the results of their operations and their cash flows.

The audit opinion expressed in this report has been formed on the above basis.

Audit Opinion
In our opinion, the financial report of Insolvency Management Fund Ltd is in accordance with:

(a) the Corporations Act 2001 including:

   (i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2002 and of their performance for the year ended on that date; and

   (ii) complying with Accounting Standards in Australia and the Corporations Regulations 2001; and

(b) other mandatory professional reporting requirements in Australia.

Ernst & Young

G H Meyerowitz
Partner
Perth

Date: 27 September 2002

Liability limited by the Accountants Scheme, approved under the Professional Standards Act 1994 (NSW)

GHM:SSO:IMF:034

CORPORATE GOVERNANCE STATEMENT

The Board of Directors of Insolvency Management Fund Limited is responsible for the corporate governance of the consolidated entity. Its purpose is to guide and monitor the business and affairs of Insolvency Management Fund Limited on behalf of the shareholders by whom the Board was elected and accountable to.

To ensure the Board can discharge its responsibilities it has adopted the following guidelines for the nomination and selection of Directors and for the operation of the Board.

Composition of the Board

The composition of the board is determined in accordance with the following principles and guidelines:

- The Board should comprise of at least three Directors and should maintain a majority of non-executive Directors;
- The chairperson should be a non-executive Director;
- The Board should comprise Directors with an appropriate range of qualifications and expertise; and
- The Board shall meet regularly and follow usual meeting procedures and guidelines to ensure Directors are made aware of and have necessary information to participate in informed discussions of agenda items.

The Directors in office at the date of this report are:

Name	Position
A Halse	Non-Executive Director
M Bowen	Non-Executive Director
H McLernon	Managing Director
J Walker	Executive Director

Remuneration Committee

The Board has not established an ongoing remuneration committee in view of the size of the Company and that all former executives had service agreements which prescribed remuneration reviews by the Board.

Audit Committee

The Company has a formal audit committee which meets once every two months. Meetings are held between the audit committee and the external auditor to discuss the findings of the half year review and the year end audit.

Internal Control

The Company's financial management procedures provide for the separation of functional responsibilities for purchasing, invoicing and payment processes.

Board Responsibilities

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

Monitoring of the Board's Performance and Communication to Shareholders

In order to ensure that the Board continues to discharge its responsibilities in an appropriate manner, the performance of Directors is to be reviewed annually by the chairperson.

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

- the annual report which is distributed to all shareholders;
- the half yearly report circulated to the Australian Stock Exchange Limited and the Australian Securities Investment Commission; and
- the annual general meeting and other meetings so called to obtain approval of Board action as appropriate.

ASX ADDITIONAL INFORMATION

Additional information required by the Australian Stock Exchange Ltd and not disclosed elsewhere in this report as follows. The information is current as at 27 September 2002.

(a) Statement of shareholders – Twenty largest shareholders

Holding range	*Names of the 20 largest shareholders of quoted shares are:*	**Ordinary Shares** *Fully paid*				**Unquoted Options Over Ordinary Shares**			
		No. of holders	No. of shares held	% held	No. of shares escrow	No. of holders	No. of Options held	% held	Options in escrow
100,001 or more	Redsummer Pty Ltd		12,280,147	18.41					
	Expectation Pty Ltd		5,127,000	7.69	3,750,000	1	12,597,120	51.09	12,597,120
	Hugh McLernon		3,875,000	5.81	1,875,000	1	6,749,280	27.37	6,749,280
	Thorney Holdings Pty Ltd		3,600,000	5.40					
	Invia Custodian Pty Ltd <5456 A/C>		3,350,000	5.02					
	Mr Robert Alexander Ferguson		2,500,000	3.75					
	Legal Precedents Pty Ltd		1,687,500	2.53	1,687,500	1	3,149,280	12.77	3,149,280
	McLernon Group Superannuation		1,600,000	2.40					
	Ark Promotions Pty Ltd		1,500,000	2.25					
	Invia Custodian Pty Ltd <Thirty Five A/C>		1,400,000	2.10					
	Ocean View WA Pty Ltd		1,200,000	1.80					
	Classicist Pty Limited		969,600	1.45					
	Flue Holdings Pty Ltd		750,000	1.12					
	Mr Abdul Aziz Bin Mohamed Hussain		750,000	1.12					
	Hopetoun Nominees Pty Ltd		550,000	0.82					
	Bouchi Pty Ltd		507,501	0.76					
	Halse Holdings Pty Ltd		500,001	0.75					
	Banksmeadow Pty Ltd		500,000	0.75					
	Bayonet Investments Pty Ltd		500,000	0.75					
	Blueknight Corporation Pty Ltd		750,000	0.75					
Total			43,646,749	65.43	7,312,500	3	22,495,680	91.24	22,495,680

ASX ADDITIONAL INFORMATION (cont'd)

(b) Distribution of equity securities

Holding range	*Name of 20 largest shareholders in each class of share*	**Ordinary Shares** *Fully paid*				**Unquoted Options Over Ordinary Shares**			
		No. of holders	No. of shares held	% held	No. of shares escrow	No. of holders	No. of Options held	% held	Options in escrow
100,001 or more	Top 20	20	43,646,749	65.43	7,312,500	3	22,495,680	91.24	22,495,680
	Various Others	52	11,580,902	17.37			2,000,000	8.11	
10,001 – 100,000	Various	273	9,448,509	14.17		1	150,000	0.61	
5,001 – 10,000	Various	117	976,283	1.47					
1,001 – 5000	Various	332	861,724	1.30		1	10,000	0.04	
1 – 1,000	Various	349	185,567	0.28					
Total		1,139	66,699,734	100	7,312,500	5	24,655,680	100	22,495,680
Number of shareholders holding less than a marketable parcel		1,851	1,851						

ASX ADDITIONAL INFORMATION (cont'd)

(b) Substantial Shareholders

The names of substantial shareholders who have notified the Company in accordance with section 671B of the Corporation Act 2001 are:

	Number of Shares
Expectation	17,398,483
H McLernon	5,650,360

(c) Voting Rights

All ordinary shares carry one vote per share without restriction.

(d) Restricted Securities

There are 7,312,500 restricted ordinary shares which come out of escrow on 18 October 2003.

(e) Market buy-back

There is no current on-market buy-back.

(f) Use of Funds

In the time between admission to the ASX and the balance date, the Company used the cash that it had at the time of admission in a way which was consistent with its business objectives and in accordance with announcements made to the market through the year.