IMF (AUSTRALIA) LTD

RELEASE TO AUSTRALIAN SECURITIES EXCHANGE ("ASX")

TUESDAY, 12 OCTOBER 2010

COMPANY UPDATE

1. On 24 August the Company advised the market, through its annual report, that it would not then provide a forecast of its financial position through to 30 June 2011.

2. To enable shareholders and other market participants to assess that financial position, the Company will provide regular updates of pending mediations and judgements relating to cases funded by the Company.

3. Set out below are the cases likely to come to mediation and or judgement during the period to 30 June 2011.

4. The total of matters likely to be mediated or to receive judgment up to 30 June 2011 (referred to below) does not coincide with the yearly total of cases referred to in the Company's most recent quarterly announcement due to the necessity to agree further mediations and the possibility of appeals from judgements. In general the total of likely mediations and judgments in any given period will be higher than the total of matters expected to be completed during that period.

5. The Company will provide updates to this initial list as the year progresses.

Matter Name	Estimated Claim Value (a) $'000s	Court	Description of Completion Event
Sons of Gwalia	18,000	WA Supreme	Final dividend expected to be declared by the Administrator prior to 31 December 2010
ION	10,000	NSW Supreme	First dividend expected to be declared by the Liquidator prior to 31 December 2010
National Potato	70,000	South Africa	Proceedings are expected to be completed in October 2010 and judgment is expected in early calendar 2011.
Pan	150,000	Federal Court (NSW)	A Court ordered mediation is to occur before 31 December 2010. If this case does not settle at mediation it will proceed to trial which is due to commence in March 2011.
Hydrocool	7,000	Federal Court (WA)	This case was completed in August 2010. Judgment is expected prior to 31 December 2010.
Napier	5,000	New Zealand	This case was completed in March 2010. Judgment is expected prior to 31 December 2010.

IMF#397524v1

IMF (Australia) Ltd

GPO Box 5457
Sydney NSW 2001

Freecall 1800 016 464

Matter Name	Estimated Claim Value (a) $'000s	Court	Description of Completion Event
Confidential	100,000	Federal Court (NSW)	It is anticipated that a mediation of this matter will be held in February 2011.
Local Government Financial Services	20,000	Federal Court (NSW)	It is anticipated that a mediation of this matter will be held in December 2010.
Uniloc	150,000	United States	The appeal in this matter was heard in September 2010 and judgment is expected in early calendar 2011.
Lehmans	75,000	NSW Supreme	It is anticipated that a mediation of this matter will be held in December 2010. If this case does not settle at mediation it will proceed to trial which is due to commence in early 2011
Babcock and Brown	9,000	United States	It is likely this matter will be resolved either by mediation or judgment before 30 June 2011
Total	**614,000**		

a) This is IMF's current best estimate of the claims recoverable amount (or remaining recoverable amount if there has been a partial recovery). It considers, where appropriate, the perceived capacity of the defendant to pay the amount claimed. It is not necessarily the same as the amount being claimed by IMF's client/s in the matter. It is also not the estimated return to IMF from the matter if it is successful. The actual recovery in each case may differ significantly from these estimates.

b) The dates noted above are IMF's current best estimate of when a matter will be finalised. The case may finalise earlier or later than this date.

c) Mediations often, but not always, result in settlement either at or after the mediation but the fact of the mediation of itself means nothing more than the parties will discuss settlement in good faith normally with the assistance of a professional mediator. Court judgments can, of course, go either way.

Diane Jones
Chief Operating Officer