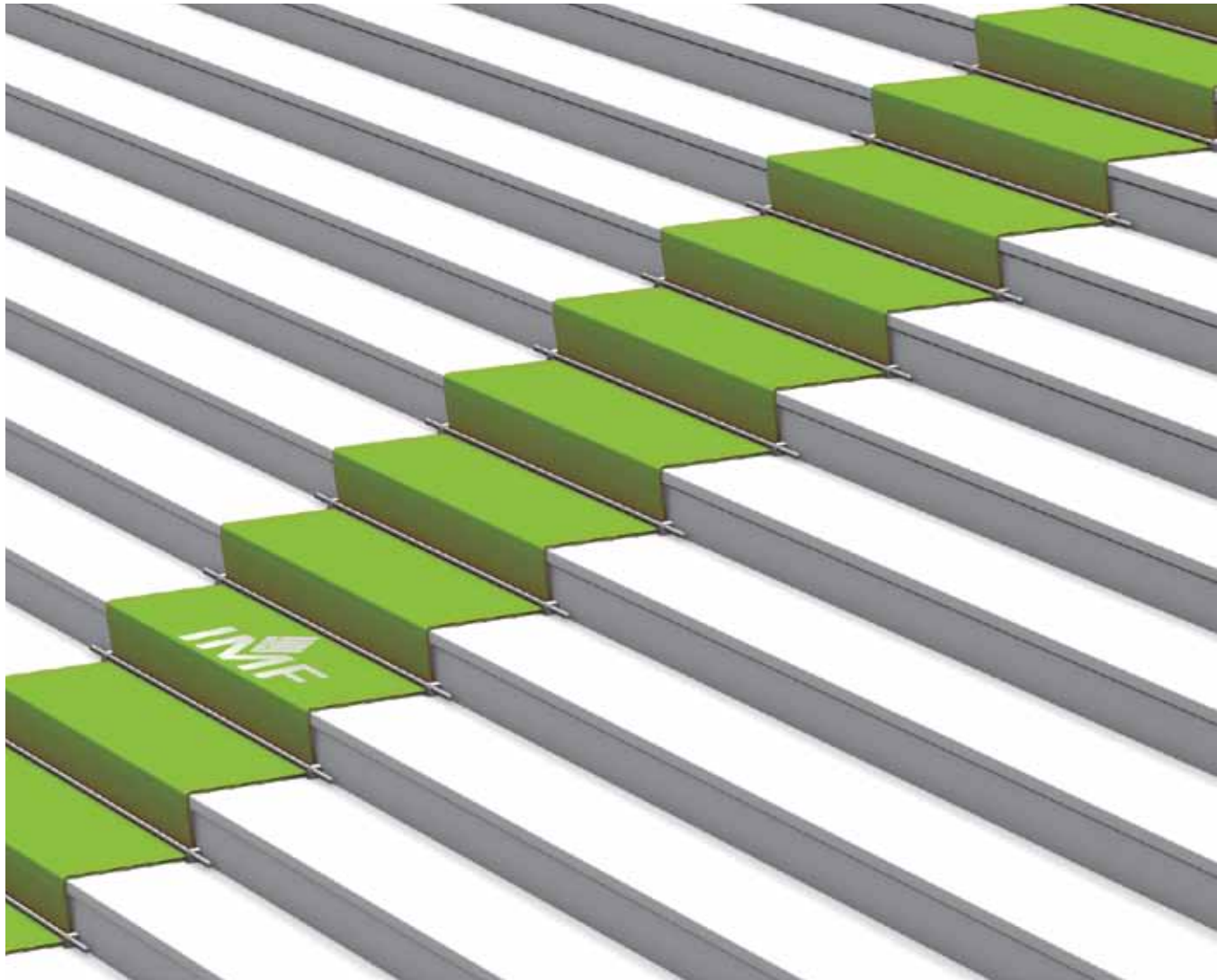




## **IMF (AUSTRALIA) LTD** ABN 45 067 298 088 **PROSPECTUS**

For a fully underwritten non-renounceable rights issue of approximately 12,187,034 Convertible Notes to be issued at a price of \$1.65 per Convertible Note on the basis of one (1) Convertible Note for every ten (10) Shares held as at 7:00 pm (ESDT) on the Record Date to raise approximately \$20,108,606 (Rights Issue) and a fully underwritten placement of approximately 11,515,152 Convertible Notes at an issue price of \$1.65 per Convertible Note to raise an additional \$19,000,000 (Placement Offer) (together raising a total of approximately \$39,108,607) (together the Offers).

### **SOLE LEAD MANAGER AND UNDERWRITER OF THE OFFERS**

**ORD MINNETT**

Ord Minnett Limited

The Underwriting Agreement is subject to terms and conditions. Refer to Section 9.3 for further details.

### **IMPORTANT NOTICE**

This document is important and should be read in its entirety. If after reading this Prospectus you have any questions about the securities being offered under this Prospectus or any other matter, then you should consult your stockbroker, accountant or other professional adviser.



## IMPORTANT NOTES AND INFORMATION (continued)

This Prospectus is dated 29 October 2010 and a copy of this Prospectus was lodged with ASIC on that date. ASIC and ASX take no responsibility for the content of this Prospectus.

3

The expiry date of this Prospectus is the date 13 months after the date this Prospectus was lodged with ASIC (**Expiry Date**). No Convertible Notes will be allotted or issued on the basis of this Prospectus after the Expiry Date.

No person is authorised to give information or to make any representation in connection with this Prospectus which is not contained in the Prospectus. Any information or representation not so contained may not be relied on as having been authorised by the Company in connection with this Prospectus.

No person named in this Prospectus, nor any other person, guarantees the performance of the Company, the repayment of the face value of the Convertible Notes or the payment of interest on the Convertible Notes.

Applications for Convertible Notes offered pursuant to this Prospectus can only be submitted on an original Application Form.

Application will be made to ASX within seven (7) days after the date of this Prospectus for Official Quotation of the Convertible Notes the subject of this Prospectus.

### TRANSACTION SPECIFIC PROSPECTUS

This Prospectus is a transaction specific prospectus for an offer of Convertible Notes convertible into continuously quoted securities (as defined in the Corporations Act) and has been prepared in accordance with section 713 of the Corporations Act as permitted by ASIC Class Order 00/195. This Prospectus does not contain the same level of disclosure as an initial public offering prospectus.

In making representations in this Prospectus regard has been had to the fact that the Company is a disclosing entity for the purposes of the Corporations Act and certain matters may reasonably be expected to be known to investors and professional advisers whom potential investors may consult.

### PLACE OF OFFERS

This Prospectus does not constitute an offer in any place in which, or to any person to whom, it would not be lawful to make such an offer.

The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any of these restrictions. Failure to comply with these restrictions may violate securities laws. Applicants who are resident in countries other than Australia should consult their professional advisers as to whether any governmental or other consents are required or whether any other formalities need to be considered and followed.

The Rights Issue is being made to Australian and New Zealand Shareholders. The Shortfall Offers (if any) and the Placement Offer may be extended to particular investors in Hong Kong and Singapore in accordance with applicable law. Shareholders and investors in those jurisdictions should take note of the following notices.

## IMPORTANT NOTES AND INFORMATION (continued)

4

### New Zealand

The Rights Issue to New Zealand investors is being made pursuant to the Securities Act (Overseas Companies) Exemption Notice 2002. No New Zealand specific disclosure is required.

As noted in the Prospectus in section 3.10, the Company will apply to the ASX for quotation of the Convertible Notes offered under this Prospectus. The Rights Issue is not being offered to New Zealand investors until the Company has made the application for quotation. If quotation is granted, the Convertible Notes offered under this Prospectus (and any Shares issued on conversion of the Convertible Notes) will be able to be traded on the ASX. If you wish to trade the Convertible Notes (or any Shares issued on conversion of the Convertible Notes) through that market, you will have to make arrangements for a participant in that market to sell the Convertible Notes (or any Shares issued on conversion of the Convertible Notes) on your behalf. As the ASX does not operate in New Zealand, the way in which the market operates, the regulation of participants in that market, and the information available about the Convertible Notes (or any Shares issued on conversion of the Convertible Notes) and trading may differ from securities markets operating in New Zealand.

### Hong Kong

The contents of this document have not been reviewed by any regulatory authority in Hong Kong. You are advised to exercise caution in relation to the offer. If you are in any doubt about any of the contents of this document, you should obtain independent professional advice.

This document does not constitute a prospectus (as defined in the Companies Ordinance (Chapter. 32 of the Laws of Hong Kong) (**CO**) or notice, circular, brochure or advertisement offering any Convertible Notes to the public for subscription or purchase, or calculated to invite such offers by the public to subscribe for, or purchase, any Convertible Notes, nor is it an advertisement, invitation or document containing an advertisement or invitation falling within the meaning of section 103 of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (**SFO**).

Accordingly, unless permitted by the securities laws of Hong Kong, no person may issue or cause to be issued this document in Hong Kong, other than to persons who are "professional investors" as defined in the SFO and any rules made thereunder, or in other circumstances which do not result in the document being a "prospectus", as defined in the CO, or which do not constitute an offer to the public within the meaning of the CO; and no person may issue or have in its possession for the purposes of issue, this document or any invitation or document relating to these Convertible Notes, whether in Hong Kong or elsewhere, which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to the Convertible Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the SFO and any rules made thereunder.

This document is for the exclusive use of the person to whom it is addressed (**the recipient**) in connection with the Offers, and no steps have been taken to register or seek authorisation for the issue of this Prospectus in Hong Kong.

This document must not be distributed, published, reproduced or disclosed (in whole or in part) by the recipient to any other person in Hong Kong or used for any purpose in Hong Kong other than in connection with the recipient's consideration of the Offers.

## Singapore

This document and any other materials relating to the Offers have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, this document and any other document or materials in connection with the offer or sale, or invitation for subscription or purchase, or the allotment and issuance of the Convertible Notes in connection with the Offers, may not be issued, circulated or distributed, nor may the Convertible Notes be offered or sold, or be made the subject of an invitation for subscription or purchase, or be allotted or issued, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with the exemption in Section 274, 275(1) and/or 275(1A) of the Securities and Futures Act, Chapter 289 of Singapore (**SFA**) or any other exemptions as set out in Part XIII, Division 1, Subdivision 4 of the SFA.

Any offer is not made to you with a view to the Convertible Notes being subsequently offered for sale to any other party. There are on-sale restrictions in Singapore that may be applicable to investors who acquire the Convertible Notes. As such, investors are advised to acquaint themselves with the SFA provisions relating to on-sale restrictions in Singapore and to comply accordingly.

## RISK FACTORS

Applicants should consider the risk factors described in Section 8 of this Prospectus, together with information contained elsewhere in this Prospectus, before deciding whether to apply for Convertible Notes. Some of the key risks in relation to the Offers are summarised below.

| Risk                                  | Summary                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
|---------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Share Market Risks</b>             | <p>The Company will apply to have the Convertible Notes traded on the ASX. Share market conditions may affect the price of the Company's listed securities regardless of operating performance. Market prices for Convertible Notes could be affected by changes in interest rates, general equity and debt market conditions, changes in credit spreads or movements in the price of Shares.</p> <p>Accordingly investors should recognise that the price of the Convertible Notes may fall as well as rise. In particular, the trading price of Convertible Notes at any given time may be higher or lower than the price paid under the Offers. Further, there can be no assurance that an active trading market will develop in the Convertible Notes.</p> |
| <b>Repayment of Convertible Notes</b> | <p>As set out in the Prospectus, the Convertible Notes are secured by a fixed and floating charge over the assets and undertaking of the Company excluding any Excluded Assets. They do not, however, carry any guarantee with respect to repayment of principal, payment of interest or the price at which the Convertible Notes will trade on the ASX.</p>                                                                                                                                                                                                                                                                                                                                                                                                   |
| <b>Liquidity</b>                      | <p>The market for Convertible Notes may be less liquid than the market for Shares, which may affect the value of the Convertible Notes and the ability of a Noteholder to sell their Convertible Notes on the ASX. There can be no assurance that an active trading market will develop in the Convertible Notes.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| <b>Taxation Considerations</b>        | <p>A general outline of the taxation consequences of investing in Convertible Notes is set out in Section 4 of this Prospectus. This discussion is in general terms and is not intended to provide specific advice in relation to the circumstances of any particular investor. Accordingly investors should seek independent advice in relation to their own individual position.</p>                                                                                                                                                                                                                                                                                                                                                                         |
| <b>General Economic Risks</b>         | <p>General economic conditions, movements in interest and inflation rates and currency exchange rates may have an adverse affect on the Company's activities, as well as on its ability to fund those activities.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |

## IMPORTANT NOTES AND INFORMATION (continued)

6

### RISK FACTORS (CONTINUED)

| Risk                                       | Summary                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
|--------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Reliance on Key Management</b>          | The Company depends substantially on its executive directors and senior management and key personnel to oversee the day-to-day operations and the strategic management of the Company. There can be no assurance given that there will be no detrimental impact on the Company if one or more of these directors or employees cease their employment.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| <b>Government Regulation</b>               | The Commonwealth and State governments have not indicated any present intention to further regulate the litigation funding industry but no assurance can be given that regulation will not change in the future and adversely affect the Company's business and financial performance.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| <b>Judicial Decisions</b>                  | To date, the Courts have generally found in favour of litigation funding arrangements in Australia but the Courts will continue to oversee the development of the litigation funding industry and adverse decisions may impact on the business of the Company.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| <b>Technology</b>                          | The Company is dependent on technological services for its Case Management System. These systems may fail or may not operate properly. The Company may fail to keep its technology up to date with the resultant loss of business opportunities.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| <b>Competition</b>                         | The Company currently has a handful of competitors in the Australian litigation funding market, including overseas based competitors. As time passes and litigation funding becomes more widespread in the Australian business community, competition will develop, and such competition may impact on the performance of the Company.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| <b>Growth</b>                              | The Company has been through a growth period over the last two years and it is currently pursuing a strategy of increasing its cases under management from \$1.65 billion to \$2 billion. There are always risks attendant upon growth strategies. There is a risk, for instance, that the Company may mismanage its growth program.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| <b>Additional Requirements for Capital</b> | <p>The Company must build its cash reserves to meet the financial commitments that go with increasing cases under management. While the funds raised under the Offers are considered sufficient to progress the Company's objective of increasing its cases under management from \$1.65 billion to \$2 billion, additional funds may be required to achieve this objective and to effectively implement its business and operational plans in the future, and to meet any unanticipated liabilities or expenses which the Company may incur.</p> <p>The Company may seek to raise further funds through equity or debt financing or other means. Failure to obtain sufficient financing for the Company's activities may affect the Company's growth plans and financial performance. There can be no assurance that additional finance will be available when needed or, if available, the terms of the financing might not be favourable to the Company and might involve substantial dilution to Shareholders.</p> |
| <b>Managed Investment Schemes</b>          | The Company may be required in the future to register the multi-party cases that it funds as managed investment schemes (MIS). The Company has obtained an Australian Financial Services Licence (AFSL) to enable it to provide advice and deal in managed investment schemes. While the Company anticipates the Corporations Act will be amended so that the MIS provisions do not apply to parties funding multi-party litigation, if the provisions are applied, the Company will need to rely on its AFSL and comply with the MIS requirements.                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| <b>Poor Case Selection</b>                 | The central task in the Company's business is to choose successful cases. If poor case selection occurs then this will cause loss to the Company through payment of the client's legal expenses and payment of the successful Defendant's costs.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |



## RISK FACTORS (CONTINUED)

| Risk                                            | Summary                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
|-------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Remaining in Unsuccessful Cases</b>          | It is sometimes the position that cases turn out to be less prospective as the litigation proceeds after the initial assessment. While the Company has a right of termination under its funding agreements, if the Company fails to terminate such funding then loss will occur to the Company.                                                                                                                                                                                                                                        |
| <b>Time/Expense</b>                             | If the Company fails to control expenditure on individual cases beyond the proposed budget or such cases take materially longer than originally indicated, then loss may be caused to the Company.                                                                                                                                                                                                                                                                                                                                     |
| <b>Lost Cases</b>                               | If selected cases are unsuccessful then this will result in the loss of funds paid on behalf of clients and will also result in costs being paid to the successful Defendant. The ratio of unsuccessful to successful cases depends upon the initial case selection and the oversight of the cases after that selection.                                                                                                                                                                                                               |
| <b>Inability of Defendants to Pay Judgments</b> | Part of the case selection process involves an assessment by the Company of the ability of the Defendant to pay a judgment if the case is successful. If the Company fails to properly carry out its assessment of the Defendant's ability to pay, or that ability deteriorates after funding is in place, then this will cause loss to the Company even if the cases is successful.                                                                                                                                                   |
| <b>Changes in the Law</b>                       | It is possible that statute law or the interpretation of the common law may change in a way which is adverse to the interests of the Company. There are now numerous Court decisions in Australia and the United Kingdom (both single Judge, Courts of Appeal and High Court) over the past six years supporting the business model of the Company, but it is possible that higher courts may disagree with existing authorities and such decisions may impact adversely on the Company's business model.                              |
| <b>Offshore Investment</b>                      | The Company has invested in litigation funding agreements in countries other than Australia. The Company is funding one case in the United Kingdom (jointly with Allianz), two cases in the United States, one case in New Zealand and one case in South Africa, and may invest in other cases in these and other jurisdictions such as Singapore, Hong Kong and Canada in the future. The management of such cases can be more difficult than the management of Australian cases and any mismanagement may cause loss to the Company. |

## TRUSTEE

The Trustee has not had any involvement in the preparation of any part of this Prospectus (other than particular references to the Trustee and the Trust Deed). The Trustee expressly disclaims and takes no responsibility for any other part of this Prospectus. It makes no statement in this Prospectus and has not authorised or caused the issue of it. The Trustee does not guarantee the performance of the Company, the success of the Convertible Notes or payment of any interest or other return on the Convertible Notes.

## ELECTRONIC PROSPECTUS

A copy of this Prospectus can be downloaded from the website of the Company at [www.imf.com.au](http://www.imf.com.au). Any person accessing the electronic version of this Prospectus for the purpose of making an investment in the Company must be an Australian resident and must only access the Prospectus from within Australia.

The Corporations Act prohibits any person passing onto another person an Application Form unless it is attached to a hard copy of this Prospectus or it accompanies the complete and unaltered version of this Prospectus. Any person may obtain a hard copy of this Prospectus free of charge by contacting the Company.

### EXPOSURE PERIOD

This Prospectus will be circulated during the Exposure Period. The purpose of the Exposure Period is to enable this Prospectus to be examined by market participants prior to the raising of funds. Potential investors should be aware that this examination may result in the identification of deficiencies in the Prospectus and, in those circumstances, any application that has been received may need to be dealt with in accordance with Section 724 of the Corporations Act.

Acceptances and applications for Convertible Notes under this Prospectus will not be accepted by the Company until after the expiry of the Exposure Period. No preference will be conferred on persons who lodge acceptances and applications prior to the expiry of the Exposure Period.

### ROLE OF THE UNDERWRITER

Neither the Underwriter nor any of its related bodies corporate, directors, officers or associates (**Underwriter Group**), in any way stands behind the capital value of the Company or gives any guarantee or provides any assurance as to the performance of an investment in or the underlying assets of the Company, the repayment of the face value of the Convertible Notes, the payment of interest on the Convertible Notes, or, in respect of any Shares issued on conversion of the Convertible Notes, any repayment of capital or any particular rate of capital or income return.

The Underwriter Group may also provide debt, treasury and other services to the Company or its controlled entities. These services may be provided in various capacities as third party providers and the Underwriter Group will act if necessary to protect their interests ahead of those of investors and other parties. In acting in its various capacities in connection with the Company, the Underwriter Group will have only, to the extent permitted by law, the duties and responsibilities expressly agreed to by them in their relevant capacities and will not, by virtue of acting in any other capacity, but only to the extent permitted by law, be deemed to have other duties or responsibilities or be deemed to owe a standard of care other than as expressly provided with respect to each such capacity.

To the extent permitted by law, the members of the Underwriter Group (whether in their individual capacities, as underwriter, as providers of any debt facilities or treasury services or in any other capacity) do not accept any responsibility for any information or errors contained in, or any omission from, this Prospectus and have not separately verified the information contained in this Prospectus and, to the extent permitted by law, make no representation, warranty or undertaking, express or implied, as to the accuracy or completeness or suitability of the information contained in this Prospectus.







## 1. CORPORATE DIRECTORY

10

### DIRECTORS

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

### SHARE REGISTRY\*

COMPUTERSHARE INVESTOR SERVICES PTY LTD  
GPO Box 253, Sydney NSW 2001

Phone: 1300 621 839 (within Australia)  
03 9938 4368 (outside Australia)

### COMPANY SECRETARY

Diane Jones

### PRINCIPAL REGISTERED OFFICE IN AUSTRALIA

Level 5, 32 Martin Place  
Sydney, NSW 2000

Phone: (02) 8223 3567  
Fax: (02) 8223 3555  
[www.imf.com.au](http://www.imf.com.au)

### AUDITORS

ERNST & YOUNG  
The Ernst & Young Building  
11 Mounts Bay Road  
Perth, WA 6000

### SOLE LEAD MANAGER AND UNDERWRITER OF THE OFFERS

ORD MINNETT LIMITED  
Level 8, NAB House  
255 George Street  
Sydney, NSW 2000

Phone: (02) 8216 6300  
Fax: (02) 8216 6311

### SOLICITORS TO THE COMPANY - PROSPECTUS

STEINPREIS PAGANIN

Level 4, The Reid Buildings  
16 Milligan Street  
Perth, WA 6000

### SOLICITORS TO THE COMPANY\*

HARDY BOWEN  
Level 1, Ord Street  
West Perth, WA 6005

### TRUSTEE\*

AUSTRALIAN EXECUTOR TRUSTEES LIMITED  
Level 22, 207 Kent Street  
Sydney, NSW 2000

\* This entity has not been involved in the preparation of this Prospectus and their name is included for information purposes only.

## 2. CHAIRMAN'S LETTER

Dear Shareholder

11

### RIGHTS ISSUE AND PLACEMENT – CONVERTIBLE NOTES

In conjunction with the other members of the Board of IMF (Australia) Ltd, I have much pleasure in inviting you to participate in a non renounceable rights issue of Convertible Notes, the issue to be on the basis of 1 Convertible Note for every 10 Shares in the Company held by you on the Record Date.

The Convertible Notes will be issued to Shareholders at \$1.65 per Convertible Note to raise approximately \$20,108,606 (**Rights Issue**).

In addition, the Company is offering a further 11,515,152 Convertible Notes on the same terms and conditions to raise an additional \$19,000,000 (**Placement Offer**).

The Offers are fully underwritten by Ord Minnett and will raise approximately \$39,108,607 (before expenses of the Offers).

The Directors of the Company have indicated they intend to subscribe for Convertible Notes with a total value of approximately \$2.9 million (either under Rights Issue or through partially Sub-underwriting any Rights Issue Shortfall).

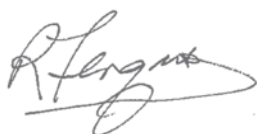
The Company will apply to ASX for quotation of the Convertible Notes.

The proceeds of these Offers will primarily be used to fund existing and new litigation funding agreements and to provide the increased cash reserves considered necessary to achieve the Company's objective of increasing cases under management from \$1.65 billion to \$2 billion.

Full details of the Rights Issue and the Placement Offer are contained in the Prospectus. I urge you to carefully consider the material contained in the Prospectus and to consult your stockbroker, accountant or independent financial advisor if you have any queries.

The Board recommends the Rights Issue and Placement Offer to you and looks forward to your continuing support of the Company.

Yours faithfully



ROBERT FERGUSON  
CHAIRMAN

### 3. DETAILS OF OFFERS

12

#### 3.1 OFFERS OF CONVERTIBLE NOTES

This Prospectus contains:

- (a) a fully underwritten non-renounceable rights issue of approximately 12,187,034 Convertible Notes to be issued at a price of \$1.65 per Convertible Note on the basis of one (1) Convertible Note for every ten (10) Shares held on the Record Date to raise approximately \$20,108,606 (before costs of the Offers) **(Rights Issue)**; and
- (b) a fully underwritten placement to investors of approximately 11,515,152 Convertible Notes at an issue price of \$1.65 each to raise \$19,000,000 **(Placement Offer)**.

The purpose of the Rights Issue and Placement Offer and the use of funds raised are set out in Sections 5 and 6 of this Prospectus.

The Company currently has 830,000 Options on issue as at the date of this Prospectus. The terms and conditions of these Options do not allow for the participation by those Option holders in new issues of securities. Those Option holders will, however, be entitled to exercise their Options during the time period set out in the ASX Listing Rules in order to participate in the Rights Issue.

#### 3.2 KEY TERMS OF THE CONVERTIBLE NOTES

The key terms and conditions of the Convertible Notes offered pursuant to the Rights Issue and Placement Offer are set out below. This information should be read in conjunction with other information contained in this Prospectus and, in particular, the Terms of Issue set out in the Appendix

|                                                                 |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
|-----------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Offer Price</b>                                              | \$1.65                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| <b>Conversion basis</b>                                         | One Share for every Convertible Note                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| <b>Expected Rights Issue and Placement Offer Allotment Date</b> | Fri 10 December 2010                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| <b>Expected quotation date on ASX</b>                           | Thur 16 December 2010                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| <b>Maturity Date</b>                                            | 4 years from the date of issue (rounded to the last day of the Quarter in which the date occurs, expected to be 31 December 2014).                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| <b>Interest Rate</b>                                            | 10.25% per annum payable on the face value of the Convertible Note and calculated daily.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| <b>Conversion rights</b>                                        | <p>Noteholders may convert Convertible Notes into Shares on the basis of 1 Share for each Convertible Note:</p> <ul style="list-style-type: none"><li>• by notice given during the period commencing 10 Business Days before the end of a Quarter and ending on the last day of the Quarter;</li><li>• following a declaration by the Company of a dividend;</li><li>• following an announcement by the Company of its intention to conduct a rights issue;</li><li>• following notification by the Company that it proposes to voluntarily redeem the Notes before their Maturity Date; and</li><li>• following notification by the Company that there has been a change in control of the Company (including by takeover) or that, subject to shareholder approval, the Company has agreed to dispose of its main undertaking.</li></ul> |
| <b>Ranking on Conversion</b>                                    | A Share issued on conversion of a Convertible Note will rank equally with existing Shares on issue.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |

### 3. DETAILS OF OFFERS (continued)

|                                   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
|-----------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Early Redemption</b>           | After 24 months from the date of issue, the Company may voluntarily redeem all (but not some) of the Convertible Notes with 60 days prior notice in writing but must pay the Early Redemption Penalty (see below).                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| <b>Early Redemption Penalty</b>   | <p>The early redemption penalty is that amount determined by multiplying the face value of the Convertible Note by 2.0% per annum compounded quarterly for the period commencing on the early redemption date and ending on the maturity date.</p> <p>The early redemption penalty is only payable on voluntary redemption by the Company and not on conversion or mandatory redemption.</p>                                                                                                                                                                                                                                                                                                                                                                                                              |
| <b>Mandatory Redemption</b>       | <p>The Company is required to redeem the unconverted Convertible Notes for the face value of the Convertible Note plus unpaid interest on the earlier of:</p> <ul style="list-style-type: none"> <li>• the Maturity Date;</li> <li>• within 10 Business Days of a demand by the Trustee on the occurrence of an Event of Default under the Trust Deed which has not been remedied within the prescribed time period set out in the Trust Deed;</li> <li>• within 10 Business Days of the Company suffering a liquidation event as defined in the Trust Deed; and</li> <li>• on a change in control of the Company (including by takeover) or the sale of the Company's main undertaking unless the Trustee or Noteholders elect to convert the Convertible Notes as set out in the Trust Deed.</li> </ul> |
| <b>Reconstruction</b>             | If there is a reconstruction (including consolidation, sub-division, reduction or return) of the issued capital of the Company, the basis for conversion of the Convertible Note will be reconstructed in the same proportion as the issued capital of the Company is reconstructed and in a manner which will not result in any additional benefits being conferred on a Noteholder which are not conferred on the Shareholders of the Company.                                                                                                                                                                                                                                                                                                                                                          |
| <b>Voting rights</b>              | Noteholders will be able to attend general meetings but not vote unless otherwise provided for in the ASX Listing Rules or the Corporations Act.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| <b>Buy-Back Option</b>            | The Company reserves the right to buy back Convertible Notes on market or by private sale subject to any necessary Shareholder or regulatory approvals being obtained.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| <b>Security and subordination</b> | The Company will be granting a fixed and floating charge over the assets of the Company (other than Excluded Assets).                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| <b>Dividend Stopper</b>           | If, for any reason, the Company's cash at bank falls below A\$40 million during a Quarter or interest on the Convertible Notes is not paid within 5 Business Days after the due date, the Company must not, without the consent of the Trustee, pay dividends or return capital on its Shares until such time as its cash at bank is at least A\$40 million or the outstanding interest is paid in full, as applicable.                                                                                                                                                                                                                                                                                                                                                                                   |

### 3. DETAILS OF OFFERS (continued)

14

#### 3.3 OPENING AND CLOSING DATES OF THE OFFERS\*

|                                                                                          |                        |
|------------------------------------------------------------------------------------------|------------------------|
| Announcement of Offers                                                                   | Fri 29 October 2010    |
| Lodgement of Prospectus with ASIC and ASX and lodgement of Appendix 3B at ASX            | Fri 29 October 2010    |
| Dispatch of notice to Option holders                                                     | Mon 1 November 2010    |
| Dispatch of notice to Shareholders                                                       | Wed 3 November 2010    |
| "Ex"-date                                                                                | Thurs 4 November 2010  |
| Exposure Period ends                                                                     | Fri 5 November 2010    |
| Record Date                                                                              | Wed 10 November 2010   |
| Rights Issue and Placement Offer Opening Date                                            | Thurs 11 November 2010 |
| Dispatch of Prospectus                                                                   | Mon 15 November 2010   |
| Rights Issue and Placement Offer Closing Date                                            | Fri 3 December 2010    |
| Securities quoted on deferred basis                                                      | Mon 6 December 2010    |
| Entity advises ASX of Entitlement Shortfall and Underwriter of Placement Shortfall       | Wed 8 December 2010    |
| Settlement Date of Rights Issue and Placement Offer (pursuant to Underwriting Agreement) | Fri 10 December 2010   |
| Deferred Settlement Trading Ends and Dispatch Date                                       | Mon 13 December 2010   |
| Expected Date of Quotation of Convertible Notes                                          | Thurs 16 December 2010 |

\*The Directors may extend the Closing Date for the Rights Issue by giving at least 6 Business Days notice to ASX prior to the Closing Date for the Rights Issue. As such, the date the Convertible Notes are expected to commence trading on ASX may vary. The Directors reserve the right, with the consent of the Underwriter, to vary the dates of the Placement Offer, including extending the Closing Date or accepting late applications, either generally or in particular cases.

#### 3.4 APPLICATION FOR CONVERTIBLE NOTES

##### ***Rights Issue***

Your acceptance of the Rights Issue must be made on the Entitlement and Acceptance Form accompanying this Prospectus. Your acceptance must not exceed your Entitlement as shown on that form. If it does, your acceptance will be deemed to be for the maximum Entitlement. In the calculation of any Entitlement, fractions will be rounded up to the nearest whole number.

You may participate in the Rights Issue as follows:

- a. if you wish to accept your Entitlement in full:
  - (i) complete the Entitlement and Acceptance Form, filling in the details in the spaces provided; and
  - (ii) attach your cheque for the amount indicated on the Entitlement and Acceptance Form or pay via Bpay by following the instructions set out on the Entitlement and Acceptance Form; or
- b. if you only wish to accept part of your Entitlement:
  - (i) fill in the number of Convertible Notes you wish to accept in the space provided on the Entitlement and Acceptance Form; and
  - (ii) attach your cheque for the appropriate application monies (at \$1.65 per Convertible Note) or pay via Bpay by following the instructions set out on the Entitlement and Acceptance Form; or
- c. if you do not wish to accept all or part of your Entitlement, you are not obliged to do anything.



### 3. DETAILS OF OFFERS (continued)

15

Completed Entitlement and Acceptance Forms and accompanying cheques made payable to **“IMF (Australia) Ltd – Entitlement Issue Account”** and crossed **“Not Negotiable”** must be forwarded in the enclosed envelope by no later than 5pm ESDT on the Rights Issue Closing Date to:

COMPUTERSHARE INVESTOR SERVICES PTY LTD  
GPO Box 253, Sydney NSW 2001, Australia

Alternatively, Shareholders may pay via BPAY by following the instructions set out on the Entitlement and Acceptance Form (Applicants should ensure they include their reference number if paying by BPAY).

The Rights Issue is non-renounceable so that a holder of Shares may not sell or transfer all or part of their Entitlement.

#### Placement Offer

The Placement will be placed by the Company in conjunction with the Underwriter. Only complete the Placement Offer Application Form if you are directed to do so by either the Company or the Underwriter.

The completed Placement Offer Application Form and application cheque (\$1.65 per Convertible Note) must be delivered by no later than 5pm ESDT on the Placement Offer Closing Date to:

ORD MINNETT  
GPO Box 2613, Sydney NSW 2001

The Directors reserve the right, in conjunction with the Underwriter, to accept or reject submitted Placement Offer Application Forms, and issue Convertible Notes under the Placement Offer, in their absolute discretion.

#### 3.5 SHORTFALL OFFERS

Any Entitlement not taken up under the Rights Issue will form the Entitlement Shortfall and any Convertible Notes not subscribed for under the Placement Offer will form the Placement Shortfall (together the **Shortfalls**).

The offer of Convertible Notes under the Entitlement Shortfall and the Placement Shortfall (together the **Shortfall Offers**) are separate offers under the Prospectus and will remain open after the Rights Issue and Placement Offer have closed for a period determined by the Company and the Underwriter in accordance with the terms of the Underwriting Agreement.

The Directors reserve the right to place the Shortfall Offers in conjunction with the Underwriter, in their absolute discretion in accordance with the terms of the Underwriting Agreement.

The issue price of any Convertible Notes the subject of the Shortfall Offers shall be \$1.65 per Convertible Note, being the price at which the Entitlement and Placement Offers are being offered to Shareholders pursuant to this Prospectus.

Subscribers should only complete a Shortfall Application Form if directed to do so by either the Company or the Underwriter.

If you are directed to participate in a Shortfall Offer, please forward the completed Shortfall Application Form and your cheque for the appropriate application monies (\$1.65 per Convertible Note) by such date as directed by the Company or the Underwriter (as the case may be) to:

ORD MINNETT  
GPO Box 2613, Sydney NSW 2001

### 3. DETAILS OF OFFERS (continued)

16

#### 3.6 APPLICATION FORMS ARE BINDING

A completed and lodged Application Form, together with the application monies for the number of Convertible Notes applied for, cannot be withdrawn (other than as permitted by law) and constitutes a binding application for the number of Convertible Notes specified in the Application Form on the terms set out in this Prospectus. The Application Form does not need to be signed to be binding.

If the Application Form is not completed correctly, the Company, in its absolute discretion, can reject it or treat it as valid. The Company's decision as to whether to accept or reject an Application Form or how to construe, amend or complete it, is final.

#### 3.7 MINIMUM SUBSCRIPTION

The Offers are fully underwritten and therefore the minimum subscription for the Offers is full subscription.

#### 3.8 UNDERWRITING OF OFFERS

The Offers are fully underwritten by Ord Minnett Limited on the terms and conditions set out in the Underwriting Agreement. Refer to Section 9.3 for a summary of the material terms of the Underwriting Agreement.

#### 3.9 ALLOTMENT OF CONVERTIBLE NOTES

Allotment of the Convertible Notes under the Rights Issue will take place in accordance with the requirements of the ASX Listing Rules.

Allotment of the Convertible Notes under the Placement Offer will take place as soon as practicable after the Placement Offer Closing Date.

Application moneys will be held in a separate subscription account until allotment. This account will be established and kept by or on behalf of the Company in trust for each applicant. Any interest earned on the application moneys will be for the benefit of the Company and will be retained by the Company irrespective of whether allotment takes place and each applicant waives the right to claim any interest.

In respect of the Placement Offer and the Shortfall Offers, the Directors will determine the allottees of all the Convertible Notes in conjunction with the Underwriter.

Where the number of Convertible Notes allotted under an Application Form is less than the number applied for, the surplus monies will be returned by cheque as soon as practicable after the relevant Offer Closing Date. Where no allotment is made, the amount tendered on application will be returned in full by cheque as soon as practicable after the relevant Offer Closing Date. Interest will not be paid on monies refunded.

### 3. DETAILS OF OFFERS (continued)

#### 3.10 ASX LISTING

The Company's Shares are currently traded on ASX.

Application will be made within 7 days after the date of issue of this Prospectus to ASX for permission for the Convertible Notes offered pursuant to this Prospectus to be listed for official quotation by ASX.

In the event that ASX does not admit the Convertible Notes to official quotation within 3 months after the date of this Prospectus (or an extended period as is varied by ASIC), the Company will not issue and allot any Convertible Notes (and any purported issue and allotment is void) and the Company will repay all application monies for the Convertible Notes within the time period set out under the Corporations Act, without interest.

#### 3.11 OVERSEAS SHAREHOLDERS

It is not practicable for the Company to comply with the securities laws of overseas jurisdictions having regard to the number of overseas Shareholders, the number and value of Convertible Notes those Shareholders would be offered and the costs of complying with the regulatory requirements in each relevant jurisdiction. Accordingly, the Rights Issue is not being extended to Shareholders with a registered address outside Australia or New Zealand.

Shareholders resident in New Zealand should consult their professional advisors as to whether any government or other consents are required, or other formalities need to be observed, to enable them to exercise their Entitlement under the Prospectus.

The Shortfall Offers (if any) and the Placement Offer may be extended to particular investors in the United State of America, Hong Kong and Singapore in accordance with applicable law.

#### 3.12 CLEARING HOUSE ELECTRONIC SUB-REGISTER SYSTEM (CHES) AND ISSUER SPONSORSHIP

The Company will not be issuing certificates in respect of the Convertible Notes. The Company is a participant in CHES, for those investors who have, or wish to have, a sponsoring stockbroker. Investors who do not wish to participate through CHES will be issuer sponsored by the Company. Because the sub-registers are electronic, ownership of securities can be transferred without having to rely upon paper documentation.

Electronic registers mean that the Company will not be issuing certificates to investors. Instead, investors will be provided with a statement (similar to a bank account statement) that sets out the number of Convertible Notes allotted to them under this Prospectus. The notice will also advise holders of their Holder Identification Number (**HIN**) or Security Holder Reference Number (**SRN**) and explain, for future reference, the sale and purchase procedures under CHES and issuer sponsorship.

Further monthly statements will be provided to holders if there have been any changes in their security holding in the Company during the preceding month.

#### 3.13 PRIVACY ACT

If you complete an application for Convertible Notes, you will be providing personal information to the Company (directly or to the Company's share registry). The Company collects, holds and will use that information to assess your application, service your needs as a Noteholder or Shareholder, facilitate distribution payments and corporate communications to you as a Noteholder or Shareholder and carry out administration.

### 3. DETAILS OF OFFERS (continued)

18

The information may also be used from time to time and disclosed to persons inspecting the register, bidders for your securities in the context of takeovers, regulatory bodies, including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the Company's share registry.

You can access, correct and update the personal information that we hold about you. Please contact the Company or its share registry if you wish to do so at the relevant contact numbers set out in this Prospectus.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the *Privacy Act 1988* (Cth) (as amended), the Corporations Act and certain rules such as the ASTC Settlement Rules. You should note that if you do not provide the information required on the application for Convertible Notes, the Company may not be able to accept or process your application.

#### 3.14 TRUSTEE AND TRUST DEED

Australian Executor Trustees Limited has agreed to act as the Trustee for the Noteholders. The Convertible Notes are issued subject to the terms and conditions contained in the Trust Deed. A summary of the Trust Deed is set out in Section 9.1.

#### 3.15 ENQUIRIES

Any questions concerning the Offer should be directed to Computershare at 1300 621 839 (within Australia) and 03 9938 4368 (outside Australia).

This section is a summary of the Australian income tax implications of the acquisition, holding, disposal, redemption and conversion of the Convertible Notes. The summary reflects the Australian income tax law at the date of this Prospectus. This summary does not include tax advice.

The income tax implications can vary depending on the nature and character of the circumstances affecting each particular investor. This summary describes the generic income tax implications that could be expected to arise for an investor who holds the Convertible Notes on capital account. This summary is not an exhaustive statement of the possible tax implications for each prospective investor. This summary is not applicable to an investor who:

- a. acquires the Convertible Notes by any means other than under this Prospectus, for example, through an on-market acquisition after quotation of the Convertible Notes; or
- b. is conducting a business of trading or dealing in shares or marketable securities or otherwise holds the Convertible Notes as trading stock or on revenue account; or
- c. is a non-resident and has a permanent establishment in Australia; or
- d. is subject to the Taxation of Financial Arrangements rules contained in Division 230 of the Income Tax Assessment Act 1997 (the '**1997 Act**').

Due to the complexity of the Australian tax legislation governing the acquisition, holding, disposal, redemption and conversion of Convertible Notes, each prospective investor is urged to seek independent taxation advice about the consequences of the acquisition, holding, disposal, redemption, conversion or sale of the Convertible Notes having regard to their specific personal circumstances. Neither the Company, its agents nor any of its officers accept any liability or responsibility in respect of the taxation consequences connected with the Offers or dealing with the Convertible Notes.

## 4. SUMMARY OF AUSTRALIAN INCOME TAX ISSUES

### 4.1 RIGHTS ISSUE

The value of the non-renounceable right received by a Shareholder pursuant to the Rights Issue should not be required to be included in the assessable income of the Shareholder. The right received should not be considered income from the Shareholder's existing shareholding on the basis that the right cannot be traded, assigned, or otherwise dealt with by the Shareholder.

### 4.2 INTEREST PAYABLE ON CONVERTIBLE NOTES

#### ***Australian Resident Investors***

The Convertible Notes should be classified as debt interests for the purposes of the Income Tax Assessment Act 1936 (the '**1936 Act**') and the 1997 Act. On this basis, investors should include the interest received on the Convertible Notes in their assessable income in the year of income in which the interest is derived by them.

#### ***Non-Resident Investors***

Interest payable to non-residents is generally subject to Australian interest withholding tax. The Convertible Notes issued under these Offers should however be exempt from Australian interest withholding tax pursuant to Section 128F of the 1936 Act, except where the issue is to an investor that is an associate of the Company. Accordingly, there should be no Australian interest withholding tax payable on interest received by non-resident investors on the Convertible Notes, except where the investor is an associate of the Company.

### 4.3 DISPOSAL OF CONVERTIBLE NOTES PRIOR TO CONVERSION OR REDEMPTION

#### ***Australian Resident Investors***

The Convertible Notes are likely to be considered to be "traditional securities" for the purposes of Sections 26BB and 70B of the 1936 Act.

Where an investor disposes of a Convertible Note prior to the conversion or redemption of that Convertible Note, any gain will be included in the investor's assessable income under Section 26BB of the 1936 Act. Section 26BB will operate to reduce any capital gain otherwise made under the capital gains tax (**CGT**) provisions such that individual, trust and complying superannuation fund investors will not be eligible for the CGT discount on any gains made in these circumstances.

Where an investor disposes of a Convertible Note prior to the conversion or redemption of that Convertible Note for less than its issue price, the loss will ordinarily be deductible under Section 70B of the 1936 Act. Whether the loss will be available on revenue or capital account will depend on the circumstances of the investor.

#### ***Non-Resident Investors***

Non-resident investors should not be subject to Australian tax on the disposal of the Convertible Notes provided the source of the income is not in Australia. Non-resident investors may be subject to tax on the disposal of the Convertible Notes in their respective tax jurisdictions. Non-resident investors should obtain their own independent advice as to the taxation consequences in their country of residence.

## 4. SUMMARY OF AUSTRALIAN INCOME TAX ISSUES (continued)

### 4.4 CONVERSION TO SHARES

#### ***Australian Resident Investors***

Where an investor elects to convert Convertible Notes that are considered to be “traditional securities” to Shares, no capital gain or loss should arise at the time of conversion. Nor should the conversion result in a gain or loss for income tax purposes.

#### ***Non-resident Investors***

Non-resident investors should not be subject to Australian tax on the conversion of the Convertible Notes to Shares. Non-resident investors may be subject to tax on the conversion of the Convertible Notes to Shares in their respective tax jurisdictions. Non-resident investors should obtain their own independent advice as to the taxation consequences in their country of residence.

### 4.5 COST BASE AND DISPOSAL OF THE SHARES RESULTING FROM THE CONVERSION OF CONVERTIBLE NOTES

#### ***Australian Resident Investors***

Investors will be deemed to have acquired the Shares at the time of conversion with a cost base and reduced cost base in the Shares for CGT purposes equal to the investor's cost base in the Convertible Notes (the issue price) plus the amount (if any) included in their assessable income as a result of the conversion (where that amount reduced a capital gain from the conversion) plus any incidental costs incurred in relation to the conversion.

On the subsequent disposal of a Share, a CGT event would occur which would give rise to a capital gain or capital loss for investors that hold the Shares on capital account. Broadly, a capital gain will arise if the capital proceeds from the disposal of the Shares by the investor exceed the cost base of the Shares.

An individual, complying superannuation entity or trustee investor may be entitled to discount the amount of the taxable capital gain (after application of any capital losses) arising from the disposal of Shares if certain conditions are satisfied. A resident corporate tax entity would not be able to obtain the CGT discount concession.

A capital loss would arise if the capital proceeds received on disposal were less than the reduced cost base of the Shares to the investor.

#### ***Non-Resident Investors***

The CGT implications, including cost base, reduced cost base and deemed timing of acquisition for non-residents is the same as outlined above for Australian resident investors.

However, non-resident investors will generally only be subject to Australian CGT provisions on the disposal of Shares where they hold 10% or more of the issued capital of the Company and the Shares are considered to be an “indirect Australian real property interest”. The determination of whether a Share is an indirect Australian real property interest is made at the time of the relevant CGT event. Accordingly, if a non-resident investor acquires 10% or more of the issued capital of the Company as a result of the conversion (or at any subsequent time) and the Shares are considered to be an indirect Australian real property interest they would be subject to Australian CGT upon disposal in broadly the same manner as for resident investors, subject to the operation of any relevant Double Tax Agreement.

## 4. SUMMARY OF AUSTRALIAN INCOME TAX ISSUES (continued)

### 4.6 REDEMPTION OF THE CONVERTIBLE NOTES UPON MATURITY

21

#### ***Australian Resident Investors***

In the situation where the investor does not convert the Convertible Notes prior to the Maturity date, the Company will be required to redeem the Convertible Notes for the issue price. Whilst the redemption of the Convertible Notes constitutes a disposal for the purposes of Sections 26BB and 70B of the 1936 Act, no taxation implications should arise for investors in this situation on the basis the redemption proceeds, excluding any accrued interest component, equal the amount paid to acquire the Convertible Notes.

#### ***Non-Resident Investors***

Non-resident investors should not be subject to Australian tax on the redemption of the Convertible Notes on the basis that the redemption proceeds, excluding any accrued interest component, equal the amount paid to acquire the Convertible Notes. Non-resident investors may be subject to tax on the redemption of the Convertible Notes in their respective tax jurisdictions. Non-resident investors should obtain their own independent advice as to the taxation consequences in their country of residence.

### 4.7 REDEMPTION OF THE CONVERTIBLE NOTES BY THE COMPANY

#### ***Australian Resident Investors***

Where the Company redeems the Convertible Notes and the combined redemption proceeds (including any redemption penalty applicable) exceed the issue price, the investor should realise an assessable gain on the redemption. The gain should be included in the investor's assessable income under Section 26BB of the 1936 Act.

#### ***Non-Resident Investors***

Non-resident investors should not be subject to Australian tax on the redemption of the Convertible Notes provided the source of income is not in Australia. Non-resident investors may be subject to tax on the redemption of the Convertible Notes in their respective tax jurisdictions. Non-resident investors should obtain their own independent advice as to the taxation consequences in their country of residence.

## 5. PURPOSE AND EFFECT OF THE OFFERS

22

### 5.1 PURPOSE OF THE OFFERS

The purpose of the Offers is to raise up to approximately \$39,108,607 before the expenses of the Offers.

The proceeds from the Offers will be used for the purposes set out below:

| Description            | Amount (\$)         |
|------------------------|---------------------|
| Working Capital        | \$37,482,806        |
| Expenses of the Offers | \$1,625,801         |
| <b>Total</b>           | <b>\$39,108,607</b> |

The funds raised from the Offers (less the expenses of the Offers) are to be used for working capital purposes. The Company intends to use the proceeds from the Offers primarily to fund existing and new litigation funding agreements and to provide the increased cash reserves considered necessary to achieve the Company's objective of increasing cases under management from \$1.65 billion to \$2 billion.

The Directors believe that the funds raised from the Rights Issue and Placement Offer will provide adequate funding for its current activities.

The issue of Convertible Notes is the preferred method of funding as it is long term, at competitive rates compared to other sources of finance and has the potential, if the Convertible Notes are converted, to supplement the equity base of the Company. The Rights Issue also gives all Shareholders an opportunity to participate in funding the Company's growth, with the potential to convert the Convertible Notes into an equity holding.

### 5.2 EFFECT OF THE OFFERS

The principal effect of the Offers (assuming the Offers are fully subscribed and no Options are exercised or other securities issued before the Record Date) will be to:

- increase cash reserves by approximately \$37,482,806 after completion of the Offers and after the payment of the expenses of the Offers; and
- increase the number of Convertible Notes on issue from nil Convertible Notes as at the date of this Prospectus to 23,702,186 Convertible Notes.

### 5.3 EFFECT ON CAPITAL STRUCTURE

The effect of the Offers on the capital structure of the Company is set out below, assuming the Offers are fully subscribed and no Options are exercised or other securities issued before the Record Date.

|                                                                                        | Ordinary<br>Shares | Options        | Convertible<br>Notes |
|----------------------------------------------------------------------------------------|--------------------|----------------|----------------------|
| Securities on issue as at the date of this Prospectus                                  | 121,870,342        | 830,000        | -                    |
| Securities offered pursuant to the Rights Issue under this Prospectus                  | -                  | -              | 12,187,034           |
| Securities offered pursuant to the Placement Offer under this Prospectus               | -                  | -              | 11,515,152           |
| <b>Total securities after completion of Offers</b>                                     | <b>121,870,342</b> | <b>830,000</b> | <b>23,702,186</b>    |
| Securities to be issued if all Convertible Notes issued under the Offers are converted | 23,702,186         | -              | -                    |
| <b>Total securities after Conversion of all Convertible Notes offered under Offers</b> | <b>145,572,528</b> | <b>830,000</b> | <b>-</b>             |



## 6. FINANCIAL INFORMATION

### 6.1 INTRODUCTION

23

This section sets out the financial information of the Company. The financial information is prepared on the assumption that the Offers proceed and are fully subscribed. The audited consolidated Balance Sheet of the Company as at 30 June 2010 and the unaudited pro forma consolidated Balance Sheet as at 30 June 2010 shown on the following page have been prepared on the basis of the accounting policies normally adopted by the Company and reflect the changes to its financial position.

They have been prepared assuming all Convertible Notes under the Prospectus are issued, no Options are exercised prior to the Record Date and after deducting the expenses of the Offer.

The financial information should be read in conjunction with the risk factors set out in section 8 and the terms and conditions of the Offers as set out in the Prospectus.

The financial information has been presented in an abbreviated form insofar as it does not include all of the disclosures required by Australian Accounting Standards applicable to annual financial reports prepared in accordance with the Corporations Act.



## 6. FINANCIAL INFORMATION (continued)

24

### 6.2 AUDITED AND PRO FORMA CONSOLIDATED BALANCE SHEETS AS AT 30 JUNE 2010

|                                      | Consolidated 2010<br>\$ | Pro-forma 2010<br>\$ |
|--------------------------------------|-------------------------|----------------------|
| <b>ASSETS</b>                        |                         |                      |
| Current Assets                       |                         |                      |
| Cash and cash equivalents            | 42,990,254              | 80,473,059           |
| Trade and other receivables          | 5,995,032               | 5,995,032            |
| Other assets                         | 311,301                 | 311,301              |
| <b>Total Current Assets</b>          | <b>49,296,587</b>       | <b>86,779,392</b>    |
| Non-Current Assets                   |                         |                      |
| Trade and other receivables          | 1,120,000               | 1,120,000            |
| Plant and equipment                  | 535,982                 | 535,982              |
| Financial assets                     | 854,175                 | 854,175              |
| Intangible assets                    | 40,487,439              | 40,487,439           |
| <b>Total Non-Current Assets</b>      | <b>42,997,596</b>       | <b>42,779,596</b>    |
| <b>TOTAL ASSETS</b>                  | <b>92,294,183</b>       | <b>129,779,988</b>   |
| <b>LIABILITIES</b>                   |                         |                      |
| Current Liabilities                  |                         |                      |
| Trade and other payables             | 5,833,691               | 5,833,691            |
| Income tax (receivable)/payable      | (359,590)               | (359,590)            |
| Provisions                           | 2,385,777               | 2,385,777            |
| <b>Total Current Liabilities</b>     | <b>7,859,878</b>        | <b>7,859,878</b>     |
| Non-Current Liabilities              |                         |                      |
| Interest bearing liabilities         | -                       | 32,803,825           |
| Provisions                           | 544,583                 | 544,583              |
| Deferred income tax liability        | 11,354,066              | 11,354,066           |
| <b>Total Non-Current Liabilities</b> | <b>11,898,649</b>       | <b>42,702,474</b>    |
| <b>TOTAL LIABILITIES</b>             | <b>19,758,527</b>       | <b>52,562,352</b>    |
| <b>NET ASSETS</b>                    | <b>72,535,656</b>       | <b>77,214,636</b>    |
| <b>EQUITY</b>                        |                         |                      |
| Contributed equity                   | 40,514,450              | 40,514,450           |
| Reserves                             | 4,503,939               | 10,808,720           |
| Retained Earnings                    | 27,517,267              | 25,891,466           |
| <b>TOTAL EQUITY</b>                  | <b>72,535,656</b>       | <b>77,214,636</b>    |

### 6.3 SUBSEQUENT EVENTS

Apart from the matters dealt with in this Prospectus, or as set out in the notes to the Company's 2010 Annual Report, there are no matters or circumstances that have arisen subsequent to the end of the financial year which have significantly affected the financial position of the Company as at 30 June 2010.

## 7. RIGHTS ATTACHING TO CONVERTIBLE NOTES AND SHARES

### 7.1 CONVERTIBLE NOTES

The rights attached to the key terms of the Convertible Notes are set out in the Terms of Issue, contained in the Appendix.

### 7.2 SHARES

Upon conversion, the Convertible Notes will convert into Shares. The following is a summary of the more significant rights and liabilities attaching to the Shares. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of shareholders in the Company. To obtain such a statement, persons should seek independent legal advice.

Full details of the rights and liabilities attaching to the Company's Shares are set out in the Company's Constitution, a copy of which is available for inspection at the Company's registered office during normal business hours.

#### General Meetings

Shareholders are entitled to be present in person, or by proxy, attorney or representative to attend and vote at general meetings of the Company.

Shareholders may requisition meetings in accordance with Section 249D of the Corporations Act and the Constitution of the Company.

#### Voting Rights

Subject to any rights or restrictions for the time being attached to any class or classes of shares, at general meetings of shareholders or classes of shareholders:

- a. each shareholder entitled to vote may vote in person or by proxy, attorney or representative;
- b. on a show of hands, every person present who is a shareholder or a proxy, attorney or representative of a shareholder has one vote; and
- c. on a poll, every person present who is a shareholder or a proxy, attorney or representative of a shareholder shall, in respect of each fully paid share held by him, or in respect of which he is appointed a proxy, attorney or representative, have one vote for the share, but in respect of partly paid shares shall have such number of votes as bears the same proportion to the total of such shares registered in the shareholder's name as the amount paid (not credited) bears to the total amounts paid and payable (excluding amounts credited).

#### Dividend Rights

The Directors may from time to time declare a dividend to be paid to shareholders entitled to the dividend. The dividend shall (subject to Clause 22 of the Company's Constitution and to the rights of any preference shareholders and to the rights of the holders of any shares created or raised under any special arrangement as to dividends) be payable on all shares in accordance with the Corporations Act. The Directors may from time to time pay to the shareholders such interim dividends as they may determine. No dividends shall be payable except out of profits. A determination by the Directors as to the profits of the Company shall be conclusive. No dividend shall carry interest as against the Company.

## 7. RIGHTS ATTACHING TO CONVERTIBLE NOTES AND SHARES (continued)

### **Winding-Up**

If the Company is wound up, the liquidator may, with the authority of a special resolution, divide among the shareholders in kind the whole or any part of the property of the Company, and may for that purpose set such value as he considers fair upon any property to be so divided, and may determine how the division is to be carried out as between the shareholders or different classes of shareholders. The liquidator may, with the authority of a special resolution, vest the whole or any part of any such property in trustees upon such trusts for the benefit of the contributories as the liquidator thinks fit, but so that no shareholder is compelled to accept any shares or other securities in respect of which there is any liability.

### **Transfer of Shares**

Generally, shares in the Company are freely transferable, subject to formal requirements, the registration of the transfer not resulting in a contravention of or failure to observe the provisions of a law of Australia and the transfer not being in breach of the Corporations Act or the Listing Rules.

### **Changes to Capital Structure**

The Company may by ordinary resolution and subject to the Corporations Act and the Listing Rules:

- a. increase its share capital by the issue of new shares of such amount as is specified in a resolution;
- b. consolidate and divide all or any of its share capital into shares of larger amounts than its existing shares;
- c. sub-divide all or any of its shares into shares of smaller amounts than is fixed by the Constitution, but so that in the sub-division the proportion between the amount paid and the amount (if any) unpaid on each such share of a smaller amount is the same as it was in the case of the share from which the share of a smaller amount is derived; and
- d. cancel shares that, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person or have been forfeited and reduce its share capital by the amount of the shares so cancelled.

### **Variation of Rights**

If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class), whether or not the Company is being wound up, may be varied or abrogated with the consent in writing of the holders of three-quarters of the issued shares of that class, or if authorised by a special resolution passed at a separate meeting of the holders of the shares of that class.

Whilst the Directors recommend the Offers, there are, however, numerous risk factors involved. Those risks are specific to the Convertible Notes, the market, the Company's business and the cases funded by the Company. The following is a summary of the more material matters to be considered. However, this summary is not exhaustive and potential investors should examine the contents of this prospectus in its entirety and consult their professional advisers before deciding whether to apply for the Convertible Notes.

The factors set out below may affect the Company's financial position, prospects and the price of its listed securities.

## 8. RISK FACTORS

### 8.1 RISKS SPECIFIC TO CONVERTIBLE NOTES

27

Convertible Notes have rights which differ substantially from those attached to Shares. Investors should therefore consider whether the Convertible Notes are a suitable investment in the light of their investment objectives, financial circumstances and the risk factors set out in this prospectus.

#### ***General Risks of Investing***

There are general risks associated with listed interest bearing securities such as the Convertible Notes. Market prices for Convertible Notes could be affected by changes in interest rates, general equity and debt market conditions, changes in credit spreads or movements in the price of shares.

#### ***Security Aspects of the Convertible Notes***

As set out in the Terms of Issue, the Convertible Notes are secured by a fixed and floating charge over the assets and undertaking of the Company excluding any Excluded Assets. They do not, however, carry any guarantee with respect to repayment of principal, payment of interest or the price at which the Convertible Notes will trade on ASX.

The Company believes that at all times the Charge will be over substantially the whole of the property of the Company on the basis that only a maximum of \$5,000,000 of assets of the Company securing any Permitted Finance Arrangement will be excluded at any time. If this is so then, in certain circumstances, the Trustee will have the power to appoint an Administrator to the Company under Section 436C(1) of the Corporations Act and pursuant to Section 441A(1) of the Corporations Act may enforce the Charge before or during the Decision Period (as defined in the Corporations Act) while the Company is under administration. If the Charge is found not to be over substantially the whole of the assets of the Company then there is a risk that the Trustee may not be in a position to appoint an administrator and may not be able to enforce the Charge during any period the Company may be under administration. Neither the validity of the Charge nor the priority afforded by the Charge to the Noteholders is in any way affected by the question of whether the Charge is over substantially the whole of the property of the Company.

#### ***Liquidity***

The market for Convertible Notes may be less liquid than the market for Shares. A lack of liquidity may affect the value investors receive for Convertible Notes sold on the ASX.

#### ***Taxation Considerations***

A general outline of the taxation consequences of investing in Convertible Notes is set out in Section 4. This discussion is in general terms and is not intended to provide specific advice in relation to the circumstances of any particular investor. Accordingly investors should seek independent advice in relation to their own individual position.

### 8.2 RISKS SPECIFIC TO THE SHARE MARKET

Share market conditions may affect the price of the Company's listed securities regardless of operating performance. Accordingly investors should recognise that the price of the Convertible Notes may fall as well as rise. In particular, the trading price of Convertible Notes at any given time may be higher or lower than the price paid under this Offer. Further, there can be no assurance that an active trading market will develop in the Convertible Notes.

## 8. RISK FACTORS (continued)

### 8.3 RISKS SPECIFIC TO THE IMF BUSINESS

#### ***Economic Risks***

General economic conditions, movements in interest and inflation rates and currency exchange rates may have an adverse affect on the Company's activities, as well as on its ability to fund those activities.

#### ***Reliance on Key Personnel***

The Company's prospects depend in part on the ability of its executive officers and senior management to operate effectively, both independently and as a group. To manage its growth the Company must attract and retain additional highly qualified management and personnel and continue to implement and improve operational, financial and management systems. In the event that the Company is unsuccessful in achieving these goals, this may have an adverse effect on the Company and its financial performance.

#### ***Government Regulation***

The Company has taken the view that litigation funders are required to be licensed under the Australian Financial Services regime. The Company is currently the only litigation funder licensed under this regime. Other regulatory decisions may impact adversely on the business of the Company. The Commonwealth and State governments have not indicated any present intention to further regulate the litigation funding industry but no assurance can be given that regulation will not change in the future and adversely affect the Company's business and financial performance.

#### ***Judicial Decisions***

To date, the Courts have generally found in favour of litigation funding arrangements. The Courts will continue to oversee the development of the litigation funding industry and adverse decisions may impact on the business of the Company. There has been a decision of the High Court supporting the validity of litigation funding.

#### ***Technology***

The Company is dependent on technological services for its Case Management System. These systems may fail or may not operate properly. The Company may fail to keep its technology up to date with a resultant loss of business opportunities.

#### ***Competition***

The Company currently has a handful of competitors in the Australian litigation funding market, including overseas based competitors. As time passes and litigation funding becomes more widespread in the Australian business community, competition will develop, and such competition may impact on the performance of the Company.

#### ***Growth***

The Company has been through a growth period over the last two years and it is currently pursuing a strategy of increasing its cases under management from \$1.65 billion to \$2 billion. There are always risks attendant upon growth strategies. There is a risk, for instance, that the Company may mismanage its growth program.

## 8. RISK FACTORS (continued)

### ***Additional Requirements for Capital***

The Company must build its cash reserves to meet the financial commitments that go with increasing cases under management. While the funds raised under the Offers are considered sufficient to progress the Company's objective of increasing its cases under management from \$1.65 billion to \$2 billion, additional funds may be required to achieve this objective and to effectively implement its business and operational plans in the future, and to meet any unanticipated liabilities or expenses which the Company may incur.

The Company may seek to raise further funds through equity or debt financing or other means. Failure to obtain sufficient financing for the Company's activities may affect the Company's growth plans and financial performance. There can be no assurance that additional finance will be available when needed or, if available, the terms of the financing might not be favourable to the Company and might involve substantial dilution to Shareholders.

### ***Managed Investment Scheme Exemption***

The recent Federal Court decision in *Brookfield Multiplex Ltd v International Litigation Funding Partners Pty Ltd* [2009] FCAFC 147 held that funded multi-party litigation is a managed investment scheme (**MIS**) and therefore requires registration under the Corporations Act.

The Federal Government has indicated it will amend the Corporations Act to override this decision. In the interim, ASIC has issued a Class Order [CO 10/0830] which allows parties such as the Company to fund multi-party actions without registering them as an MIS. The exemption applies until 1 March 2011.

While the Company is relying on this exemption, it has also obtained an Australian Financial Services Licence (**AFSL**) to enable it to provide advice and deal in managed investment schemes. In the event the Corporations Act is not amended by 1 March 2011, and the Class Order exemption is not extended, the Company will need to rely on its AFSL and will need to register each of its multi-party actions as an MIS.

## **8.4 RISKS SPECIFIC TO IMF CASES**

### ***Poor Case Selection***

The central task in the Company's business is to choose successful cases. If poor case selection occurs then this will cause loss to the Company through payment of the client's legal expenses and payment of the successful Defendant's costs.

### ***Remaining in Unsuccessful Cases***

It is sometimes the position that cases turn out to be less prospective as the litigation proceeds after the initial assessment. While the Company has a right of termination under its funding agreements, if the Company fails to terminate such funding then loss will occur to the Company.

### ***Time/Expense***

If the Company fails to control expenditure on individual cases beyond the proposed budget or such cases take materially longer than originally indicated, then loss may be caused to the Company.

### ***Lost Cases***

If selected cases are unsuccessful then this will result in the loss of funds paid on behalf of clients and will also result in costs being paid to the successful Defendant. The ratio of unsuccessful to successful cases depends upon the initial case selection and the oversight of the cases after that selection.

## 8. RISK FACTORS (continued)

30

### ***Inability of Defendants to Pay Judgments***

Part of the case selection process involves an assessment by the Company of the ability of the Defendant to pay a judgment if the case is successful. If the Company fails to properly carry out its assessment of the Defendant's ability to pay or that ability deteriorates after funding is in place, then this will cause loss to the Company even if the case is successful.

### ***Changes in the Law***

It is possible that statute law or the interpretation of the common law may change in a way which is adverse to the interests of the Company. There are now numerous Court decisions in Australia and the United Kingdom (both single Judge, Courts of Appeal and High Court) over the past six years supporting the business model of the Company, but it is possible that higher courts may disagree with existing authorities and such decisions may impact adversely on the Company's business model.

### ***Offshore Investment***

The Company has invested in litigation funding agreements in countries other than Australia. The Company is funding one case in the United Kingdom (jointly with Allianz), two cases in the United States, one case in New Zealand and one case in South Africa, and may invest in other cases in these and other jurisdictions such as Singapore, Hong Kong and Canada in the future. The management of such cases can be more difficult than the management of Australian cases and any mismanagement may cause loss to the Company.





## 9. MATERIAL CONTRACTS

### 9.1 THE TRUST DEED

31

As required by the Corporations Act, the Company has entered into a Convertible Note Trust Deed with the Trustee. The Trust Deed outlines the basis on which the Convertible Notes must be held. The Schedule of the Trust Deed sets out the terms and conditions of the Convertible Notes which are set out in full in the Schedule to this Prospectus.

Other aspects of the Trust Deed are summarised as follows.

#### **General**

A Noteholder is regarded as the beneficial owner and legal owner of the Convertible Notes he or she holds.

The Company must make payment of the outstanding moneys in respect of Convertible Notes to Noteholders directly as and when due in accordance with the terms of the Convertible Notes unless the Company, with the consent of the Trustee, or at the direction of the Trustee, pays to the Trustee the outstanding moneys as and when due in accordance with the terms of the Convertible Notes.

If the Trustee receives outstanding moneys as Trustee for Noteholders it must distribute those outstanding moneys to Noteholders by cheque mailed to the address of each Noteholder or electronically to the account as advised by the individual Noteholders to the Trustee.

The Trust Deed provides that the Trustee holds the Trust Fund on trust for the benefit of Noteholders, which includes:

- a. the right to enforce the Company's duty to repay the Convertible Notes;
- b. the right to enforce the Charge granted as security for repayment of the Convertible Notes. In this regard, Noteholders have an interest in the Charge proportionate to their holding of Convertible Notes secured by the Charge; and
- c. the right to enforce any other duties that the Company has under the terms of the Convertible Notes, the Trust Deed or Chapter 2L of the Corporations Act.

The Trustee may at any time or times, pursuant to any directions given by any meeting of Noteholders, represent the Noteholders and take any action or proceeding against the Company in the event of a breach by the Company of the Trust Deed or the terms of the Convertible Notes.

Except as required under Part 2L of the Corporations Act, the Trustee has no obligation to enquire as to the status or business of the Company or otherwise to take any action under or in respect of the convertible Notes.

The Company must provide a copy of the Trust Deed to a Noteholder upon request.

#### **Secured by Charge**

The repayment of the whole of the monies outstanding under the Convertible Notes issued by the Company is secured by the Charge (refer to Section 9.2 for a summary of the terms of the Charge). Noteholders have an interest in the Charge proportionate to their holding of Convertible Notes secured by the Charge.

## 9. MATERIAL CONTRACTS (continued)

### Covenants by the Company

The Company covenants with the Trustee that it will comply with covenants including:

- a. the Company must carry on and conduct the business of the Company in a proper and efficient manner and will procure that each of its subsidiaries will carry on and conduct their businesses in a proper and efficient manner;
- b. the Company must convene a meeting of Noteholders if called by Noteholders in accordance with clause 20.1 of the Trust Deed;
- c. the Company will not create or allow to exist a charge on the whole or any part of its present or future property, other than a Permitted Finance Arrangement, without the prior written consent of the Trustee (which consent must not be unreasonably withheld);
- d. if, for any reason, the Company's cash at bank falls below A\$40 million during a Quarter or interest is not paid within 5 Business Days after the Interest Payment Date when the interest becomes due and payable, the Company must not, without the consent of the Trustee, pay dividends or return capital on its Shares until such time as its cash at bank is at least A\$40 million or the outstanding interest is paid in full, as applicable;
- e. the Company will not set a record date for a dividend that is less than 30 days after the date the Company announces its intention to declare a dividend;
- f. the Company will not set a record date for a rights issue that is less than 10 days after the date the Company announces its intention to conduct a rights issue; and
- g. the Company will not settle any sale of its main undertaking until the period by which the Company must convert Convertible Notes in relation to such a sale, as set out in Term 4.1(c)(ii) of the Schedule, has expired.

Subject to the trustee's duties under the Corporations Act, the Trustee has no obligation to monitor compliance by the Company with its covenants and obligations under the Trust Deed or under the Charge.

### Trustee powers and duties

In addition to the powers arising under the Corporations Act, the Trustee may:

- a. delegate to any person any of the trusts, powers or discretions vested in the Trustee on such terms and conditions as the Trustee determines provided that if the Delegate is a Related Body Corporate of the Trustee, the Trustee remains liable for the actions of its delegate; and
- b. apply to the court for directions in relation to any question and assent to, approve of or oppose any application to the court made by or at the instance of any Noteholder.

The Trustee has the following duties under the Corporations Act and the Trust Deed:

- a. duties to exercise reasonable diligence to ascertain whether the Company has committed a breach of the terms of the Convertible Notes, the Trust Deed or Chapter 2L of the Corporations Act;
- b. duties to ensure that the Company remedies any breach of the terms of the Convertible Notes, the Trust Deed or Chapter 2L of the Corporations Act actually known to the Trustee unless the Trustee is satisfied that the breach will not materially prejudice the Noteholders' interests or any security for the Convertible Notes;

## 9. MATERIAL CONTRACTS (continued)

33

- c. duties to ensure the Company complies with Chapter 2K of the Corporations Act;
- d. notification to ASIC as soon as practicable after it becomes aware that the Company has not complied with sections 283BE, 283BF and 318 of the Corporations Act;
- e. notification to ASIC and the Company if the Trustee is unable to act as Trustee under section 283AC of the Corporations Act;
- f. duties to give Noteholders a statement explaining the effect of any proposal that the Company submits to the Noteholders before any meeting called by the court or the Trustee; and
- g. duties to comply with directions of a meeting of Noteholders called under sections 283EA, 283EB or 283EC of the Corporations Act unless:
  - (i) the Trustee is of the opinion that the direction is inconsistent with the terms of the Convertible Notes, the provisions of this Deed or the Corporations Act or is otherwise objectionable; and
  - (ii) has either obtained, or is in the process of obtaining, an order from the court under section 283HA of the Corporations Act setting aside or varying the direction.

### Trustee's Liability

To the maximum extent permitted by section 283DB of the Corporations Act, the Trustee's liability is limited to and can be enforced against the Trustee only to the extent to which it can be satisfied out of the Trust Fund out of which the Trustee is actually indemnified for the liability.

### Trustee's indemnity

The Trustee is entitled to be indemnified by the Company in respect of all costs, liabilities, demands or claims suffered or properly incurred by the Trustee in the execution of the Trust or the exercise or proported exercise of any of the powers, authorities or discretions vested in the Trustee under the Trust Deed and any or otherwise in connection with the Trust but this indemnity does not extend to:

- a. any such costs, liabilities, demands or claims to the extent arising out of a Trustee Default (as defined in the Trust Deed); or
- b. any taxes imposed on the Trustee's remuneration for its services as Trustee.

### Trustee's remuneration, costs and expenses

The Company must pay to the Trustee as remuneration for its services under the Trust Deed such fees as agreed between the Company and the Trustee in writing from time to time. As at the date of this Prospectus, the fees payable by the Company to the Trustee to act as trustee are governed by terms of a fee letter dated 8 September 2010 (**Fee Letter**).

Additional fees will be payable by the Company if an event of default occurs under the Trust Deed or Charge.

In addition, the Company must pay to the Trustee on demand all reasonable costs, charges and expenses properly incurred, payable, or paid by or on behalf of the Trustee in relation to the Trustee performing its duties under the Trust Deed.

## 9. MATERIAL CONTRACTS (continued)

34

### Reporting to Trustee

The Company must give to the Trustee and lodge with ASIC quarterly reports reporting on the affairs of the Company and on any matters that may materially prejudice the interests of the holders of the Convertible Notes.

The Company must notify the Trustee of an Event of Default under the Trust Deed.

### Events of default

If an Event of Default occurs then the Trustee may, amongst other things, issue Redemption Notices requiring the Company to redeem the Convertible Notes provided that the Trustee has first given the Company notice of the Event of Default and the Company has not remedied the Event of Default within 10 days of receipt of the Trustee's notice.

### Retirement, Removal and Appointment of New Trustee

The Trustee may retire at any time after giving the Company 60 days notice in writing. The retirement will not take effect until a new trustee who complies with the requirements in the Corporations Act has been appointed and has taken office as the new trustee.

The Company may remove the Trustee from office by notice in writing if:

- a. the Trustee ceases to comply with the requirements under the Corporations Act;
- b. a special resolution of Noteholders determines that the Trustee should be removed;
- c. the Trustee ceases to carry on business or goes into liquidation or an administrator or receiver is appointed or the Trustee enters into a scheme of arrangement (other than for the purposes of or in connection with a solvent reconstruction or amalgamation) or goes into liquidation, provisional liquidation or administration or has a receiver or receiver and manager appointed over any part of the assets or undertakings of the Trustee (not being assets or undertakings of the Trustee held in its capacity as trustee of another trust) which is not removed or withdrawn within 30 days after the date of the appointment; or
- d. the Trustee defaults in performance or observing any of its obligations under the Trust Deed and:
  - (i) that default is incapable of remedy and has had or is likely to have a material adverse effect on the ability of the Company to perform or observe its obligations to Noteholders; or
  - (ii) if that default is a material default and is capable of remedy, that default has not been remedied within 10 Business Days of receiving written notice of the default from the Company requiring that default to be remedied.

### Amending Trust Deed

The Company and the Trustee are entitled without any authority or assent on the part of the Noteholders to amend or add to this Deed if in the opinion of the Trustee such amendment or addition:

- a. made to correct a manifest error or is of a formal, minor or technical nature;
- b. expedient or requisite to enable the Convertible Notes to be listed or remain listed for quotation on the ASX or to be offered for subscription or sale under the laws for the time being in force in any place;

## 9. MATERIAL CONTRACTS (continued)

35

- c. in the opinion of the Trustee is not likely (taken as a whole and in conjunction with all other modifications, if any, to be made contemporaneously therewith) to be materially prejudicial to the interests of the Noteholders and two directors of the Company on behalf of the board of directors of the Company have so certified to the Trustee. The Trustee in determining whether or not such amendment or addition is materially prejudicial to the interests of the Noteholders may act upon the advice or the opinion of or any information obtained from an expert (at the expense of the Company) and will not be responsible for any loss occasioned by its acting or declining to act on such advice, opinion or information; or
- d. necessary or expedient to enable the Company to claim any deduction or rebate for income tax purposes in respect of interest payable on any Convertible Notes provided that the amendment is not in the opinion of the Trustee prejudicial to the interests of the Noteholders as a whole.

The Company and the Trustee may, with the authority of a Special Resolution (as defined in the Trust Deed), make any amendment or addition to the Trust Deed.

### Meetings

Each registered Noteholder is entitled to at least 14 days notice of, and to attend and vote at, meetings of Noteholders in which an ordinary resolution is proposed, and at least 21 days notice of, and to attend and vote at, meetings of Noteholders in which a special resolution is proposed.

Noteholders with at least 10% of the principal amount outstanding of the Convertible Notes may give a written direction to the Company to convene a meeting of Noteholders, and the Company must convene a meeting.

There will be a quorum for a meeting of Noteholders if two or more Noteholders are present (in person or by proxy or attorney) and the Noteholders who are present hold at least 10% of the principal amount outstanding of the Convertible Notes.

Each Noteholder (or proxy or attorney of a Noteholder) present at the meeting is entitled to one vote on a show of hands, and on a poll is entitled to one vote for each Convertible Note held.

The meeting of Noteholders has the following powers exercisable by Special Resolution only:

- a. power to sanction any modification or compromise or arrangement in respect of the rights of Noteholders against the Company;
- b. power to assent to any modification of the Trust Deed, any supplemental deed, or the conditions of issue of the Convertible Notes;
- c. power to give any sanction, direction or request which is required to be given with the consent of the Noteholders;
- d. power to release the Trustee from anything done or omitted to be done; and
- e. power to remove the Trustee.

## 9. MATERIAL CONTRACTS (continued)

### 9.2 CHARGE

The Company charges all of the Secured Property (as that term is defined in the Charge) as security for payment of all moneys owing or remaining unpaid to the Trustee in any respect including in respect of the Convertible Note Trust Deed (**Secured Moneys**) and performance of all of the Company's obligations under the Trust Deed and the Convertible Notes.

#### Secured Property

The Secured Property is all of the present and future rights, assets and undertakings of the Company other than Excluded Assets.

#### Nature of the Charge

The Charge is:

- a. a fixed charge on all present and future:
  - (i) goodwill;
  - (ii) land;
  - (iii) marketable securities, other than those marketable securities which are acquired for disposal in the ordinary course of the Company's ordinary business;
  - (iv) records;
  - (v) intellectual property rights;
  - (vi) negotiable instruments, securities and documents of title of the Company;
  - (vii) insurance policies and all proceeds from those policies; and
  - (viii) engines, machinery, fixtures, fittings, furniture, plant and equipment having a value greater than \$50,000; and
- b. a floating charge on the rest of the Secured Property.

#### Restricted Dealings with Secured Property

Except as permitted by the Trust Deed, the Company must not, without the consent of the Trustee:

- a. create any charge, mortgage or other security interest over the Secured Property, with the exception of any Collateral Security (as defined in the Charge);
- b. sell or dispose of any of the Secured Property over which the Charge is fixed; or
- c. sell or dispose of any of the Secured Property over which the Charge is floating, other than disposals of assets in the ordinary course of the ordinary business of the Company.

#### Excluded Assets and Permitted Finance Arrangements

The Charge does not apply to Excluded Assets, being any bank account held by the Company, and cash deposits in those accounts, that secure a Permitted Finance Arrangement.

## 9. MATERIAL CONTRACTS (continued)

A Permitted Finance Arrangement is defined as any bank facilities obtained from time to time by the Company that entitle a bank providing a bank guarantee or other facility to the Company to a lien over cash deposited by the Company with the bank up to a maximum aggregate of \$5,000,000 at any one time.

The Company has two bank facilities that allow it to obtain bank guarantees and other banking facilities totalling, in aggregate, \$5,000,000 from National Australia Bank and HSBC. The Company currently has bank guarantees and other facilities totalling approximately \$2.0 million from these banks. The Company maintains accounts at each of these banks in which it has deposited, in aggregate, \$5,000,000 to support these facilities. Each bank has a lien over the cash in the Company's bank account at that bank as security to offset any bank guarantees and other facilities.

The Company warrants and undertakes to ensure that its Excluded Assets will not exceed \$5,000,000 in aggregate at any one time.

### Interest

The Company agrees to pay the Trustee interest on any part of the Secured Moneys that remains unpaid in the manner and at the time as set out in the Trust Deed.

### Indemnities

The Company indemnifies the Trustee against any liability or loss arising from omission or delay by the Company in making payment, or an Event of Default (as defined in the Charge) occurring.

### Representation and Warranties

The Charge contains the standard representations and warranties from the Company of a kind commonly contained in deeds of this type with respect to the Company's authority to enter into the deed, the Company's title to the Secured Property, and the state of the Company's business.

### Undertakings

The Deed of Charge contains a number of undertakings given by the Company to the Trustee including undertakings regarding the protection of the Charge, maintenance of the Company's business and corporate existence, and maintenance, protection and insurance of the Secured Property. These include that the Company must notify the Trustee of:

- a. an Event of Default or event which with the giving of notice or lapse of time would be likely to become an Event of Default; and
- b. all litigation, arbitration or similar proceedings to which it is a party the adverse determination of which would affect its ability to fulfil its obligations under the Charge.

### Event of Default

The Events of Default under the Charge include:

- a. the Company defaulting in the payment of any moneys to the Trustee or any Noteholder at the time and in the manner specified in the Charge or the Trust Deed, and such default is not remedied within the period specified in the Trust Deed;

## 9. MATERIAL CONTRACTS (continued)

38

- b. the Company defaulting in respect of any other obligation contained in the Charge, the Trust Deed or the Convertible Notes if the default is not remedied within five (5) days of notice being given by the Trustee to the Company of the default;
- c. any representation or warranty made by the Company under the Charge or Trust Deed not being complied with, or proving to be false or misleading, and which:
  - (i) in the reasonable opinion of the Trustee, would have a material adverse effect on the ability of the Company to perform its obligations under the Charge, the Trust Deed or the Convertible Notes; and
  - (ii) if the circumstance giving rise to the misleading statement is capable of being remedied, that circumstance not being remedied within five (5) days' notice from the Trustee;
- d. without the prior consent of the Trustee, the Company ceasing or threatening to cease carrying on its business, or resolving to be wound up, or appointing a liquidator, receiver or administrator or similar person, or entering into a compromise or arrangement with creditors or members;
- e. the Company becoming insolvent or failing to pay its debts as and when they fall due; and
- f. an event of default occurring under the Trust Deed, or any other document, agreement or security entered into from time to time by the Company and the Trustee.

### **Powers of Trustee upon Event of Default**

If an Event of Default occurs, the Trustee may exercise various powers in relation to the Secured Property, including the power to:

- a. take possession of the Secured Property;
- b. receive rents and profits derived from the Secured Property;
- c. exercise the rights of the Company over the Secured Property;
- d. manage the Secure Property;
- e. carry on any business which forms part of the Secured Property;
- f. sell the Secured Property;
- g. institute, conduct, defend or settle proceedings in the name of the Company in connection with the Secured Property;
- h. call in unpaid capital of the Company;
- i. grant leases or licences over the Secured Property;
- j. develop the Secured Property;
- k. secure money borrowed by an encumbrance over the Secured Property; and
- l. exercise all powers in relation to the transfer of shares held by any person in the Company.



## 9. MATERIAL CONTRACTS (continued)

39

### Payment upon Default

If an Event of Default occurs and continues, the Secured Moneys become immediately payable by the Company to the Trustee, and the Trustee will be entitled immediately to exercise or enforce any of its powers.

### Assignment by Company

The Company must not, without the consent of the Trustee, assign any of its rights under the Charge or Trust Deed.

### Assignment by Trustee

The Trustee may assign any of the Trustee's rights under the Charge and Trust Deed without the consent of the Company.

### Discharge

The Trustee agrees to execute a release of the Secured Property from the Charge at the cost of the Company when the Trustee has received payment of the Secured Moneys in full.

## 9.3 UNDERWRITING AGREEMENT

The Company has entered into an Underwriting Agreement with Ord Minnett (**Underwriter**), pursuant to which the Underwriter agrees to:

- a. fully underwrite the Offers on the material terms and conditions set out below. The Underwriter may enter into sub-underwriting agreements in respect of the whole of the underwritten amount; and
- b. act as sole Lead Manager to the Offers.

### Fees

In consideration for the Underwriter agreeing to:

- a. fully underwrite the Offers, the Company must pay to the Underwriter an underwriting fee equal to 2.5% of the proceeds of the Offers, less 2.5% of the portion of those proceeds from certain parties agreed between the Company and the Underwriter; and
- b. act as lead manager to the Offers, the Company must pay to the Underwriter a management fee of 1% of the gross proceeds raised under the Offers.

### Representation and Warranties

The Underwriter and the Company provide each other with standard representations and warranties typical of an agreement of this type.

### Shortfall Offers

Within 3 business days of the Company advising the Underwriter of the Shortfalls, the Underwriter will provide Shortfall Application Forms and monies to the Company for the Shortfalls.

## 9. MATERIAL CONTRACTS (continued)

40

### Termination Events

The Underwriter may, by giving notice to the Company, terminate its underwriting obligations if any of the following termination events occur:

- a. **(ASX Indices Fall)** The S&P All Ordinaries Index is, at the close of trading on four consecutive Business Days during Offer Period or on the Rights Issue Closing Date or the Placement Offer Closing Date, at a level which is 90% or less than the level at the close of trading on the date of the Underwriting Agreement.
- b. **(Change in Law)** Any of the following occur which does or is likely to prohibit, restrict or materially adversely regulate the Rights Issue or materially reduces the level or likely level of valid acceptances under the Offers:
  - (i) the introduction of legislation into the parliament of the Commonwealth of Australia or of any State or Territory of Australia;
  - (ii) the public announcement of prospective legislation or policy by the Federal Government or the Government of any State or Territory; or
  - (iii) the adoption by ASIC or its delegates or the Reserve Bank of Australia of any regulations or policy.
- c. **(Breach of Significant Contracts)** A contract referred to in the Prospectus is, without the prior written consent of the Underwriter (not to be unreasonably withheld):
  - (i) breached by the Company or a Related Body Corporate in a material respect and, in respect of which breach, the counterparty has given a notice of termination or a notice to remedy the breach;
  - (ii) terminated (whether by breach or otherwise);
  - (iii) altered or amended in a material way; or
  - (iv) found to be void or voidable.
- d. **(Listing)**
  - (i) ASX makes any official statement to any person, or indicates to the Company or the Underwriter that:
    - (A) an ASX approval for quotation of the Convertible Notes on the ASX (**ASX Approval**) will not be given (or will be given but subject to non-customary conditions); or
    - (B) an ASX Approval has not been given before the expected date of quotation; or
    - (C) a condition of the ASX Approval is not satisfied to enable the Convertible Notes issued under the Rights Issue to be admitted to quotation by ASX on the date set out in the Prospectus or such later date as the Underwriter approves in writing and before the expiry of the period set out in section 723(3)(b) of the Corporations Act.
- e. **(Default)** The Company is in default of any of the terms and conditions of the Underwriting Agreement or breaches any warranty or covenant given or made by it under the Underwriting Agreement and that default or breach is either incapable of remedy or is not remedied within 5 Business Days after the Underwriter gives a written notice requiring it to be remedied.

## 9. MATERIAL CONTRACTS (continued)

41

- f. **(Prospectus)** Without limiting any other termination rights:
  - (i) there is an omission from the Prospectus of required information;
  - (ii) the Prospectus contains a misleading or deceptive statement;
  - (iii) a statement in the Prospectus becomes misleading or deceptive;
  - (iv) a forecast in the Prospectus becomes incapable of being met or unlikely to be met in the projected time;
  - (v) the Prospectus does not comply with section 713 of the Corporations Act or ASIC Class Order 00/195; or
  - (vi) a matter referred to in section 719 of the Corporations Act occurs in respect of the Prospectus.
- g. **(Fails to Comply)** The Company or any of their respective Related Bodies Corporate fails materially to comply with any of the following:
  - (i) a clause of its constitution;
  - (ii) a statute;
  - (iii) any policy or guideline of ASIC or any other requirement, order or request made by or on behalf of ASIC or any governmental agency; or
  - (iv) any agreement entered into by it referred to in the Prospectus.
- h. **(Capital Structure)** The Company or a Related Body Corporate alters its capital structure without the prior written consent of the Underwriter, other than as contemplated by the Prospectus or as disclosed to the Underwriter before the date of the Underwriting Agreement.
- i. **(Constitution Altered)** The constitution or any other constituent document of the Company or a Related Body Corporate is amended without the prior written consent of the Underwriter, which consent must not be unreasonably withheld.
- j. **(Corporations Act)** Without limiting any other termination rights:
  - (i) ASIC applies for an order under sections 1324B or 1325 of the Corporations Act in relation to the Prospectus and the application is not dismissed, withdrawn or permanently stayed before the Rights Issue Closing Date;
  - (ii) a person gives a notice under section 730 of the Corporations Act in relation to the Prospectus;
  - (iii) ASIC gives notice of intention to hold a hearing in relation to the Prospectus under section 739(2) of the Corporations Act or makes an interim order under section 739(3) of the Corporations Act that is not dismissed, withdrawn or permanently stayed before the closing date of the Rights Issue; or
  - (iv) ASIC commences any investigation, examination or hearing under Part 3 of the *Australian Securities and Investments Commission Act 2001* in relation to the Rights Issue that is not withdrawn or satisfied before the Rights Issue Closing Date; or
  - (v) ASIC gives an infringement notice to the Company under section 1317DAC of the Corporations Act.
- k. **(Business)** The Company:
  - (i) disposes, or agrees to dispose, of the whole, or a substantial part, of its business or property; or
  - (ii) ceases or threatens to cease to carry on business,in either case without the prior written consent of the Underwriter.

## 9. MATERIAL CONTRACTS (continued)

42

- l. **(Hostilities)** There is an outbreak of hostilities (whether or not war has been declared) not presently existing, or a major escalation in existing hostilities occurs (whether or not war has been declared), involving any one or more of the following:
- (i) Australia;
  - (ii) the United Kingdom;
  - (iii) the United States of America;
  - (iv) any member State of the European Union;
  - (v) the People's Republic of China;
  - (vi) any of the republics formerly comprising the Union of Soviet Socialist Republics;
  - (vii) Japan;
  - (viii) North Korea;
  - (ix) South Korea;
  - (x) Israel;
  - (xi) Indonesia; or
  - (xii) any member country of the Organisation of Petroleum Exporting Countries.
- m. **(Act of Terrorism)** There is an act of terrorism in Australia, the United Kingdom or the United States of America or any diplomatic, military, commercial or political establishment of any of those countries elsewhere in the world which causes loss of life or significant loss or damage to property, or a national emergency is declared in any of those countries.
- n. **(Disruption in Financial Markets)** Either of the following occurs:
- (i) an unscheduled general moratorium on commercial banking activities in Australia, the United Kingdom or the United States of America is declared by the relevant central banking authority in any of those countries, or there is a material disruption in commercial banking or security settlement or clearance services in any of those countries; or
  - (ii) trading in all securities quoted or listed on ASX, the London Stock Exchange or the New York Stock Exchange is suspended or limited in a material respect for two consecutive business days on which the exchange is scheduled to open for trading,
- the effect of which is such as to make it in the reasonable judgment of the Underwriter, impractical to promote the Offers or to enforce contracts to issue the Convertible Notes.
- o. **(Market conditions)** Any change or disruption in the national or international political, financial or economic conditions which has or is likely to have an adverse effect on the Offers including without limitation any significant epidemic or pandemic.
- p. **(Financial Position)** A materially adverse change occurs in the financial or trading position of the Company or a Related Body Corporate.
- q. **(Supplementary Prospectus)** The Underwriter reasonably forms the view that a supplementary or replacement document must be lodged with ASIC under section 719 of the Corporations Act and the Company does not lodge a supplementary or replacement document in the form, with the content and within the time reasonably required by the Underwriter.

## 9. MATERIAL CONTRACTS (continued)

43

- r. **(Consent)** Any person whose consent to the issue of Prospectus is required by section 720 of the Corporations Act who has previously consented to the issue of the Prospectus withdraws such consent or any person otherwise named in the Prospectus with their consent (other than the Underwriter) withdraws such consent.
- s. **(Prosecution)** Any of the following occur:
  - (i) a director (or, if he is not a director, the Chief Executive Officer, the Chief Financial Officer or the Chief Operating Officer) of the Company or any of its respective Related Bodies Corporate is charged with an indictable offence relating to a financial or corporate matter;
  - (ii) any government agency commences any public proceedings against the Company or any of the directors or senior management of the Company, or announces that it intends to take such action, and such proceedings are not dismissed, withdrawn or permanently stayed before the Rights Issue Closing Date; or
  - (iii) any director of the Company is disqualified from managing a corporation under Part 2D.6 of the Corporations Act.
- t. **(Change in management)** A change in the board of directors of the Company occurs without the prior written consent of the Underwriter, such consent not to be unreasonably withheld.
- u. **(Insolvency Event)** An Insolvency Event occurs with respect to the Company or any of its respective Related Bodies Corporate.
- v. **(Charge)** The Company or any of its respective Related Bodies Corporate charges or agrees to charge, the whole, or a substantial part of its business or property (other than by operation of a charge in contemplated by the Prospectus) without the prior written consent of the Underwriter, such consent not to be unreasonably withheld.

The Underwriter may only terminate its underwriting obligations in relation to events specified in subclauses (l) to (v) above if the Underwriter determines reasonably that the event has or would have had a material adverse effect on the Offers or could create a liability for the Underwriter under the Corporations Act.



## 10. ADDITIONAL INFORMATION

### 10.1 CONTINUOUS DISCLOSURE OBLIGATIONS

The Company is a “disclosing entity” (as defined in Section 111AC of the Corporations Act) for the purposes of Section 713 of the Corporations Act and, as such, is subject to regular reporting and disclosure obligations. Specifically, as a listed company, the Company is required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Company's securities. The Shares that will be issued on conversion of the Convertible Notes the subject of Prospectus will be in the same class of Shares that have been quoted on the official list of ASX during the 12 months prior to the issue of this Prospectus.

In general terms “transaction specific prospectuses” are only required to contain information in relation to the effect of the issue of securities on the Company and the rights attaching to the securities and, where the convertible securities are issued, the rights attaching to the securities to be issued on conversion of the convertible securities. It is not necessary to include general information in relation to all of the assets and liabilities, financial position, profits and losses or prospects of the issuing company.

Having taken such precautions and having made such enquires as are reasonable, the Company believes that it has complied with the general and specific requirements of the ASX as applicable from time to time throughout the 12 months before the issue of this Prospectus which required the Company to notify the ASX of information about specified events or matters as they arise for the purpose of the ASX making that information available to the stock market conducted by the ASX.

Information that is already in the public domain has not been reported in this Prospectus other than that which is considered necessary to make this Prospectus complete.

The Company, as a disclosing entity under the Corporations Act, states that:

- a. it is subject to regular reporting and disclosure obligations;
- b. copies of documents lodged with the ASIC in relation to the Company (not being documents referred to in Section 1274(2)(a) of the Corporations Act) may be obtained from, or inspected at, the offices of ASIC; and
- c. it will provide a copy of each of the following documents, free of charge, to any person on request between the date of issue of this Prospectus and the Closing Date:
  - (i) the 2010 annual financial report, being the most recently lodged by the Company with ASIC;
  - (i) any half year financial report lodged with ASIC by the Company after the lodgement of the annual financial report referred to in (i) and before the lodgement of this Prospectus with ASIC; and
  - (i) any documents used to notify the ASX of information relating to the Company during that period in accordance with the ASX Listing Rules as referred to in Section 674(1) of the Corporations Act.

Copies of all documents lodged with ASIC in relation to the Company can be inspected at the registered office of the Company during normal office hours.

For details of documents lodged with the ASX since the date of lodgement of the Company's latest annual financial report refer to the table set

## 10. ADDITIONAL INFORMATION (continued)

45

| Date       | Description of Announcement                  |
|------------|----------------------------------------------|
| 25/10/2010 | Appendix 4C - quarterly                      |
| 21/10/2010 | Napier Lane Update                           |
| 18/10/2010 | Centro Update                                |
| 13/10/2010 | Company Update                               |
| 11/10/2010 | Case Investment Portfolio 30 September 2010  |
| 06/10/2010 | Update - Local Government Financial Services |
| 01/10/2010 | Notice of Annual General Meeting/Proxy Form  |
| 22/09/2010 | Bank Fees Class Action                       |
| 20/09/2010 | New Funding Agreement - Seana Constructions  |
| 24/08/2010 | Investor Presentation                        |

ASX maintains files containing publicly available information for all listed companies. The Company's file is available for inspection at [asx.com.au](http://asx.com.au)

### 10.2 SUB-UNDERWRITING

The Company has been advised by the Underwriter that it has entered into sub-underwriting agreements with sub-underwriters in relation to the Rights Issue Shortfall. Four sub-underwriters are associated with Directors of the Company (Related Sub-underwriters).

The Related Sub-underwriters are:

- a. Rob Ferguson, Jenny Ferguson and Rachel Ferguson as trustees for the Torryburn Superfund, associated with Mr Rob Ferguson, a Director of the Company, in respect of up to 356,060 Convertible Notes;
- b. Halse Holdings Pty Limited as trustee for the Alden Halse Superfund, associated with Mr Alden Halse, a Director of the Company in respect of up to 118,087 Convertible Notes;
- c. Minturn Pty Limited, associated with Mr Michael Bowen, a Director of the Company in respect of up to 39,837 Convertible Notes;
- d. Namangi Pty Limited as trustee for the Mary Walker Superfund, associated with Mr John Walker, a Director of the Company, in respect of up to 150,727 Convertible Notes.

## 10. ADDITIONAL INFORMATION (continued)

46

The voting power of the Related Sub-underwriters (and their associates) as at the date of this Prospectus and the maximum voting power they would obtain under the Rights Issue Offer and Rights Issue Shortfall if all Convertible Notes issued under the offers were converted into Shares is set out below.

| Sub-underwriter                                                                                                                      | Current Voting Power | Maximum Voting Power |
|--------------------------------------------------------------------------------------------------------------------------------------|----------------------|----------------------|
| Rob Ferguson, Jenny Ferguson and Rachel Ferguson as trustees for the Torryburn Superfund, and interests associated with Rob Ferguson | 2%                   | 2%                   |
| Halse Holdings Pty Limited as trustee for the Alden Halse Superfund, and interests associated with Alden Halse                       | 1%                   | 1%                   |
| Minturn Pty Limited, and interests associated with Michael Bowen                                                                     | 1%                   | 1%                   |
| Namangi Pty Limited as trustee for the Mary Walker Superfund, and interests associated with John Walker                              | 6%                   | 5%                   |

Notes: The maximum voting power assumes that the Offers are fully subscribed, that a Related Sub-underwriter subscribes for its entire sub-underwriting commitment and that the Related Sub-underwriter's controller subscribes for their full Entitlement under the Offer.

The Underwriter will allocate any Rights Issue Shortfall in conjunction with the Company. The Related Sub-underwriters may be allocated Rights Issue Shortfall in priority to other applicants, which could be seen as a financial benefit.

### 10.3 CONSENTS

The following consents have been given in accordance with the Corporations Act and have not been withdrawn as at the date of lodgement of this Prospectus with ASIC.

Steinepreis Paganin has given its written consent to being named as solicitors to the Company and has not withdrawn its consent prior to lodgement of this Prospectus with ASIC.

Australian Executor Trustees Limited has given its written consent to act as, and be named as, Trustee and has not withdrawn its consent prior to lodgement of this Prospectus with ASIC. This consent is given on the basis that statements or references to the Trustee appear in the Prospectus in the form and context in which they are included in the Prospectus and to the effect that the Trustee:

- a. has not made any statement or proposed to make any statement in this Prospectus or any statement on which a statement in this Prospectus is based, other than as specified above;
- b. to the maximum extent permitted by law, expressly disclaims all liability in respect of, makes no representation or any statement regarding, and takes no responsibility for, any part of this Prospectus, or any statements in, or omissions from the Prospectus, other than the references to its name and the statement(s) and/or report(s) (if any) specified above and included in this Prospectus with its written consent; and
- c. has given and has not, before the lodgement of this Prospectus with ASIC, withdrawn its written consent;
  - (i) to be named in this Prospectus in the form and context in which it is named; and
  - (ii) to the inclusion in this Prospectus of the statement(s) and/or report(s) (if any) by that person in the form and context in which they appear in this Prospectus'.



## 10. ADDITIONAL INFORMATION (continued)

47

Computershare Investor Services Pty Limited has given its written consent to being named as the Company's share registry and has not withdrawn its consent prior to the lodgement of this Prospectus with ASIC.

Ord Minnett Limited has given its written consent to act as Underwriter to the Offers and Sole Lead Manager to the Offers and has not withdrawn its consent prior to the lodgement of this Prospectus with ASIC.

Ernst & Young has given its written consent to being named as auditor to the Company and the inclusion of the audited financial information set out in Section 7 of this Prospectus and has not withdrawn its consent prior to lodgement of this Prospectus with ASIC.

None of the entities referred to in this Section 10.3:

- a. have authorised or caused the issue of this Prospectus;
- b. has made any statement in this Prospectus or any statement on which a statement in this Prospectus is based; and
- c. to the maximum extent permitted by law, accept any liability to any persons in respect of any false or misleading statement in, or omission from, any part of this Prospectus.

### 10.4 DIRECTORS' INTERESTS

Other than as set out below or elsewhere in this Prospectus, no Director nor any organisation in which such a Director is a partner or director, has or had within 2 years before the lodgement of this Prospectus with ASIC, any interest in:

- a. the promotion or formation of the Company;
- b. property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offers of Convertible Notes pursuant to this Prospectus; or
- c. the Offers of Convertible Notes pursuant to this Prospectus,

and no amounts have been paid or agreed to be paid (in cash or shares or otherwise) to any Director or to any organisation in which any such Director is a partner or director, either to induce him to become, or to qualify him as, a Director or otherwise for services rendered by him or by the firm in connection with the promotion or formation of the Company.

Each Directors' interests in Shares and Options at the date of this Prospectus, and their Entitlement under the Rights Issue, are:

| Director        | Shares    | Options | Entitlement |
|-----------------|-----------|---------|-------------|
| Robert Ferguson | 2,500,000 | Nil     | 250,000     |
| John Walker     | 7,074,537 | Nil     | 707,454     |
| Hugh McLernon   | 9,708,592 | Nil     | 970,859     |
| Alden Halse     | 891,251   | Nil     | 89,125      |
| Michael Bowen   | 813,751   | Nil     | 81,375      |

The Constitution of the Company provides that the Non Executive Directors may be paid for their services as Non Executive Directors, a sum not exceeding such fixed sum per annum as may be determined by the Company in general meeting, where notice of the amount of the suggested increase and the maximum sum that may be paid shall have been given to shareholders in the notice convening the meeting.

## 10. ADDITIONAL INFORMATION (continued)

48

In the financial year ended 30 June 2009 \$7,702,343 was paid, in the financial year ended 30 June 2010 \$3,022,424 was paid and in the period 30 June 2010 until the date of this Prospectus, \$450,731 was paid by the Company, by way of remuneration for services provided by the Directors, companies associated with the Directors or their associates in their capacity as directors, consultants or advisers (including superannuation and bonuses). In the previous two financial years, the Company paid Hardy Bowen, a legal firm associated with Mr Michael Bowen, a Director, a total of \$21,533 for provision of legal services to the Company.

Directors, companies associated with the Directors or their associates are also reimbursed for all reasonable expenses incurred in the course of conducting their duties which include, but are not in any way limited to, out of pocket expenses, travelling expenses, disbursements made on behalf of the Company and other miscellaneous expenses.

### 10.5 INTERESTS OF EXPERTS AND ADVISERS

Other than as set out below or elsewhere in this Prospectus, no expert, underwriter, promoter or any other person named in this Prospectus as performing a function in a professional advisory or other capacity in connection with the preparation or distribution of this Prospectus, nor any firm in which any of those persons is or was a partner, nor any company with which any of those persons is or was associated, has or had within 2 years before the lodgement of this Prospectus with the ASIC, any interest in:

- a. the formation or promotion of the Company; or
- b. property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offers of Convertible Notes pursuant to this Prospectus; or
- c. the Offers of Convertible Notes pursuant to this Prospectus,

and no amounts have been paid or agreed to be paid (in cash or Shares or otherwise) to any expert, underwriter, promoter or any other person named in this Prospectus as performing a function in a professional advisory or other capacity in connection with the preparation or distribution of this Prospectus, or to any firm in which any of those persons is or was a partner, or to any company with which any of those persons is or was associated, for services rendered by that person, or by the firm or the company, in connection with the formation or promotion of the Company or the Offer pursuant to this Prospectus.

Steinepreis Paganin act as solicitors to the Company. Steinepreis Paganin will be paid approximately \$70,000 for services provided in relation to this Prospectus. In the last 2 years before lodgement of this Prospectus at the ASIC, Steinepreis Paganin has not been paid any amounts in fees for services to the Company.

Ernst & Young has prepared the audited financial information set out in Section 7 of this Prospectus. In the last 2 years before lodgement of this Prospectus at the ASIC, Ernst & Young has been paid \$498,093 in fees for other services to the Company.

Australian Executor Trustees Limited act as Trustee and will be paid the fees set out in Section 9.1 of this Prospectus.

Ord Minnett act as Sole Lead Manager of the Offers and Underwriter to the Placement Offer and will be paid such fees as set out in Section 9.3 of this Prospectus for its services.

### 10.6 LEGAL PROCEEDINGS

Other than the cases that the Company is funding, there is no litigation, arbitration or proceedings pending against or involving the Company as at the date of this Prospectus.

## 10. ADDITIONAL INFORMATION (continued)

49

### 10.7 ESTIMATED EXPENSES OF OFFERS

The estimated expenses of the Offers (assuming the Offers are fully subscribed and excluding GST) are as follows:

| Expense               | Rights Issue     | Placement        | Total              |
|-----------------------|------------------|------------------|--------------------|
| Underwriting Fee      | \$502,715        | \$475,000        | \$977,715          |
| Offer Management Fees | \$201,086        | \$190,000        | \$391,086          |
| Legal                 | \$50,000         | \$50,000         | \$100,000          |
| Printing and Despatch | \$10,000         | \$10,000         | \$20,000           |
| ASIC and ASX Fees     | \$32,500         | \$32,500         | \$65,000           |
| Registry Fees         | \$26,000         | \$26,000         | \$52,000           |
| Accounting            | \$10,000         | \$10,000         | \$20,000           |
| <b>Total</b>          | <b>\$832,301</b> | <b>\$793,500</b> | <b>\$1,625,801</b> |

The underwriting fees included above in respect of the Offers assume that the Underwriter places all of the Convertible Notes under the Offers.

### 10.8 MARKET PRICE SECURITIES

The Company is a disclosing entity for the purposes of the Corporations Act and its Shares are enhanced disclosure securities quoted on the ASX.

There are no Convertible Notes issued by the Company currently listed on the ASX. Application will be made to the ASX within 7 days after the date of this Prospectus for Official Quotation of the Convertible Notes offered pursuant to this Prospectus.

The highest and lowest market sale prices of the Company's Shares on ASX during the 3 months immediately preceding the date of lodgement of this Prospectus with the ASIC and the respective dates of those sales were:

**Highest:** \$1.50 per Share on 22 October 2010.

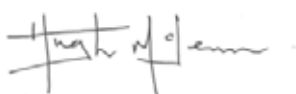
**Lowest:** \$1.33 per Share on 2 September 2010.

The latest available closing sale price of the Company's Shares on ASX prior to the lodgement of this Prospectus with the ASIC was \$1.43 on 27 October 2010.

### 10.9 DIRECTORS' CONSENT

This Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

In accordance with Section 720 of the Corporations Act, each Director has consented to the lodgement of this Prospectus with the ASIC.



**HUGH MCLERNON**

For and on behalf of  
IMF (Australia) Ltd

## GLOSSARY

50

**Applicant** means an investor that applies for Convertible Notes using an Application Form pursuant to this Prospectus.

**Application Form** means an Entitlement and Acceptance Application Form accompanying this Prospectus, a Shortfall Application Form or Placement Application Form, or all of them, as the case requires.

**ASIC** means the Australian Securities and Investments Commission.

**ASX** means ASX Limited (ABN 98 008 624 691).

**Business Day** means a day on which trading takes place on the stock market of ASX.

**Charge** means the fixed and floating charge between the Company and the Trustee securing the repayment of the Convertible Notes as summarised in Section 9.2 of this Prospectus.

**Company** or **IMF** means IMF (Australia) Ltd (ABN 45 067 298 088).

**Constitution** means the Company's Constitution as at the date of this Prospectus.

**Convertible Note** means a Convertible Note to be issued pursuant to this Prospectus in accordance with the Terms of Issue.

**Corporations Act** means the *Corporations Act 2001* (Cth).

**Directors** mean directors of the Company at the date of this Prospectus.

**Dollar** or **"\$"** means Australian dollars.

**Entitlement** means the entitlement of a Shareholder who is eligible to participate in the Rights Issue.

**Entitlement and Acceptance Form** means the entitlement and acceptance form accompanying this Prospectus in respect of the Rights Issue.

**Entitlement Shortfall** means the number of Convertible Notes comprising the difference between the Convertible Notes, the subject of the Rights Issue, and the number of Convertible Notes for which valid Entitlement and Acceptance Forms have been received and accepted by the Company on or before the Rights Issue Closing Date.

**ESDT** means Eastern Standard Daylight Savings Time.

**Event of Default** means an event of default under the Trust Deed.

**Excluded Asset** means any bank account held by the Company, and any cash deposited in such bank account by the Company, that secures a Permitted Finance Arrangement.

**Exposure Period** means the period of 7 days after the date of lodgement of this Prospectus, which period may be extended by the ASIC by not more than 7 days pursuant to Section 727(3) of the Corporations Act.

**Insolvency Event** has the meaning given in the Underwriting Agreement.

**Listing Rules** or **ASX Listing Rules** means the Listing Rules of ASX.

**Maturity Date** means the maturity date of the Convertible Notes, being 4 years from the date of issue (rounded to the last day of the Quarter in which the date occurs).

**Noteholder** means a holder of Convertible Notes.

**Offer Period** means the period during which the Offers are open for acceptance.

**Offers** mean the Rights Issue and the Placement Offer.

**Option** means an option to acquire a Share.

**Permitted Finance Arrangement** means any bank facilities obtained from time to time by the Company that entitle a bank providing a bank guarantee or other facility to the Company to a lien over cash deposited by the Company with the bank up to a maximum aggregate of \$5,000,000 at any one time.

**Placement Offer** means the offer of approximately 11,515,152 Convertible Notes at \$1.65 each as detailed in Section 3.1 of this Prospectus.

**Placement Offer Application Form** means the placement offer application form accompanying this Prospectus in respect of the Placement Offer.

**Placement Offer Closing Date** means the closing date for receipt of Application Forms under this Prospectus as set out in Section 3.3.

**Placement Offer Opening Date** means the opening date for receipt of Placement Offer Application Forms under this Prospectus as set out in Section 3.3.

**Placement Shortfall** means the difference between the maximum number of Convertible Notes that may be subscribed for under the Placement Offer and the number of Convertible Notes for which valid Placement Offer Acceptance Forms have been received and accepted by the Company on or before the Placement Offer Closing Date.

**Prospectus** means this Prospectus.

**Quarter** means each period of 3 calendar months (ending on 31 December, 31 March, 30 June and 30 September in each year).

**Record Date** means 7pm (ESDT) on Wed 10 November 2010.

**Related Body Corporate** has the meaning given in the Corporations Act.

**Rights Issue** means the fully underwritten non-renounceable rights issue of Convertible Notes offered pursuant to this Prospectus the terms of which are set out in Section 3.1.

**Rights Issue Closing Date** means the closing date for receipt of Entitlements Acceptance Forms under this Prospectus as set out in Section 3.3.

**Rights Issue Opening Date** means the opening date for receipt of Entitlement and Acceptance Forms under this Prospectus as set out in Section 3.3.

**Share** means a fully paid ordinary share in the capital of the Company.

**Shareholder** means the holder of a Share.

**Shortfalls** means the Entitlement Shortfall and the Placement Shortfall.

**Shortfall Application Form** means a shortfall application form for the Entitlement Shortfall or the Placement Shortfall, as applicable, as provided by the Company in conjunction with the Underwriter.

**Shortfall Offers** means the offers of Convertible Notes comprising the Entitlement Shortfall and the Placement Shortfall, or one of them, as the context requires.

**Terms of Issue** means the terms on which the Convertible Notes will be issued, details of which are set out in the Appendix to this Prospectus and **Term** means a term contained in the Terms of Issue.

**Trustee** means Australian Executor Trustees Limited (ACN 007 869 794).

**Trust Deed** means the trust deed summarised in Section 9.1 of this Prospectus.

**Underwriter** or **Ord Minnett** means Ord Minnett Limited (ACN 002 733 048).

**Underwriting Agreement** means the underwriting agreement between the Company and the Underwriter pursuant to which the Underwriter agrees to manage the Offers and fully underwrite the Offers, as summarised in Section 9.3.

## APPENDIX – TERMS OF ISSUE

52

### 1. THE NOTE ISSUE

#### 1.1 Terms

The Convertible Notes will:

- a. have a face value representing a principal amount of \$1.65;
- b. bear interest at a rate of 10.25%;
- c. be convertible into Shares at a rate of 1 Share for each Convertible Note; and
- d. where the Convertible Notes have not been converted in accordance with Term 4, be redeemed in accordance with Term 3.

#### 1.2 Charge

The Convertible Notes will be secured by the Charge in accordance with the terms of the Trust Deed.

#### 1.3 Quotation

The Company will apply for official quotation by the ASX of all Convertible Notes. Such application will be made within 7 days of the date of the Prospectus.

#### 1.4 Withholding Tax

- a. All payments or credits to, or to the account of Noteholders (including payment of, and credits in respect of interest) will be made net of any tax in respect thereof required by law to be withheld, deducted or paid by the Company except to the extent that the Company is satisfied that the Noteholder is exempt from any such tax or is a person in respect of whom any such withholding, deduction or payment is not required to be made. Any Noteholder claiming any such exemption or to be such a person will provide the Company with such evidence as the Company may from time to time require to satisfy itself as to the validity of such claim.
- b. The Company may make any deduction or withholding from any amount payable to a Noteholder in respect of Convertible Notes for or on account of withholding or other tax required by law to be deducted or withheld, and, where any such deduction or withholding has been made and the amount thereof accounted for by the Company to the Commissioner of Taxation or other appropriate taxing authority and the balance of the amount payable has been paid to the Noteholder concerned, the full amount payable to such Noteholder will be deemed to have been duly paid and satisfied by the Company.

#### 1.5 Entry in Register

The Company must ensure that each Noteholder's details are entered in a register of Noteholders as required pursuant to the Corporations Act.

## 2. INTEREST

### 2.1 Interest Rate

- a. Interest will be payable on the Convertible Note at the rate of 10.25% per annum.
- b. Interest will accrue daily prior to the Maturity Date and subject to Term 2.2 and Term 3.2, will be payable in arrears on 31 March, 30 June, 30 September and 31 December in each year (**Interest Payment Date**) commencing on the end of the first full quarter after the date of issue of the Convertible Notes until maturity.
- c. Interest payable will be paid no later than 10 Business Days after the relevant Interest Payment Date.
- d. Interest on the Convertible Notes not paid when due shall compound.

### 2.2 Payment following Conversion

If a Noteholder elects to convert a Convertible Note in accordance with Term 4 after an Interest Payment Date but before the next Interest Payment Date then, because interest is payable in arrears, on the next Interest Payment Date being a date following the date of conversion of the Convertible Notes the Company will pay to the Noteholder on the next Interest Payment Date an amount of interest calculated in accordance with the following formula:

**Where:** 
$$R = \left( \frac{I}{90} \times MP \right)$$

**R** = the amount of interest to be paid by the Company;

**I** = the total amount of interest which would have been payable to that Noteholder in respect of the Convertible Notes held by that Noteholder in arrears on the Interest Payment Date following the date of conversion, had the Convertible Notes not been converted; and

**MP** = the number of days commencing on the Interest Payment Date which immediately preceded the date of conversion and ending on the date of conversion.

## 3. REDEMPTION

### 3.1 Redemption

Subject to Terms 4 and 5, a Convertible Note is required to be redeemed on the first to occur of the following:

- a. the receipt by the Company of a redemption notice in respect of the Convertible Note as a result of the exercise by the Trustee of its rights under clause 9.2 (Event of Default clause) or 9.6 (Liquidation clause) of the Trust Deed or by the Noteholder under clause 9.7 (Actions by Noteholders) of the Trust Deed; or
- b. the receipt by the Company of a redemption notice in respect of the Convertible Note as a result of the exercise by the Noteholder of its rights under Term 5(e)(ii); or
- c. the Company voluntarily redeeming the Convertible Notes in accordance with Term 3.5; or
- d. if the Noteholder has not elected to convert the Convertible Note prior to the Maturity Date, the Maturity Date.

### 3.2 Timing of redemption

Subject to Terms 4 and 5, a Convertible Note is required to be redeemed:

- a. in the event of the occurrence of an event in accordance with Term 3.1(a), within 10 Business days after that event; or
- b. in the event of a takeover in accordance with Term 5(a), within 10 Business Days after the later of the close of the takeover offer, and the date that the Company's shareholders receive their consideration under the takeover bid;
- c. in the event of a change of control of 50% or more of the shares in accordance with Term 5(b), within 10 Business Days after the transfer of the shares to the new shareholder;
- d. in the event of a sale of the main undertaking of the Company in accordance with Term 5(c), within 10 Business Days after completion of the transfer of the main undertaking;
- e. in the event of a voluntary redemption by the Company in accordance with Term 3.5, on the date specified by the Company in accordance with that clause; or
- f. in the case of redemption on the Maturity Date, on the Maturity Date,

and the Company will deliver to the Noteholder a cheque or draft or electronic transfer in favour of the Noteholder or such other person as the Noteholder will have directed the Company in writing, for the face value of the Convertible Note plus accrued and owing interest (**Redemption Amount**) including the amount of any accrued but unpaid interest calculated in accordance with the following formula:

**Where:** 
$$R = \left( \frac{I}{90} \times MP \right)$$

**R** = the amount of interest to be added to the Redemption Amount.

**I** = the total amount of interest which would have been payable to that Noteholder in respect of the Convertible Notes held by that Noteholder in arrears on the Interest Payment Date immediately following the date of the redemption notice (had the redemption notice not been given); and

**MP** = the number of days commencing on the Interest Payment Date which immediately preceded the Date of Redemption and ending on the Date of Redemption.

For the avoidance of doubt, the Early Redemption Penalty (2.0%) referred to in Term 3.6 will not be paid if a Convertible Note is redeemed in accordance with this Term (other than clause 3.2(e)).

### 3.3 Redemption of the Note

The Trustee or a Noteholder will only be entitled to issue a notice of redemption (**Redemption Notice**) pursuant to an exercise of their respective rights under clauses 9.2, 9.6 or 9.7 of the Trust Deed or Term 5(e)(ii), and only in respect of all of the Notes:

- a. then on issue - in the case of the issue of a Redemption Notice by the Trustee under clause 9.2 or 9.6 of the Trust Deed; or
- b. held by that Noteholder - in the case of the issue of a Redemption Notice by a Noteholder under clause 9.7 (Actions by Noteholders) of the Trust Deed or Term 5(e)(ii),

and only in respect of the whole of the face value of those Convertible Notes.



### 3.4 Exclusion

The Noteholder will not be entitled to require redemption of any Convertible Notes held by him otherwise than pursuant to this Term 3.

### 3.5 Early Redemption

The Company may redeem all (but not some) of the Convertible Notes with 60 days prior notice in writing (**Company Redemption Notice**) for the face value plus interest accrued and owing and the early redemption penalty referred to in Term 3.6:

- a. during the period commencing on that date which is 24 months after the issue date; and
- b. ending on the Maturity Date.

Despite the Company issuing a Company Redemption Notice, a Noteholder can elect to convert their Convertible Notes into Shares in accordance with Term 4.

### 3.6 Early Redemption Penalty

The early redemption penalty is that amount determined by multiplying the face value of each Convertible Note by 2.0% per annum compounded quarterly for the period commencing on the date the voluntary redemption takes effect and ending on the Maturity Date. The Early Redemption Penalty is only payable on voluntary redemption by the Company in accordance with Term 3.5 and not on conversion or mandatory redemption.

## 4. CONVERSION

### 4.1 Conversion

- a. A Noteholder will be entitled to convert all of the Convertible Notes held by that Noteholder in accordance with this Term 4, by delivering a Conversion Notice:
  - (i) during the period commencing 10 Business Days before the end of a Quarter and ending on the last day of the Quarter;
  - (ii) during the period commencing on the date the Noteholder receives a Company Redemption Notice in relation to a voluntary redemption of the Convertible Notes by the Company and ending on the Business Day before the voluntary redemption takes effect;
  - (iii) in accordance with Schedule 1 clause 5(e); or
  - (iv) in accordance with Schedule 1 clause 6.
- b. A Noteholder may only convert:
  - (i) in respect of all the Convertible Notes held by that Noteholder and not in respect of a portion only of the Convertible Notes held by that Noteholder; and
  - (ii) in respect of the whole of the face value of the Convertible Notes held by that Noteholder and not in respect of a portion only of the face value of the Convertible Notes held by that Noteholder.

c. Within:

(i) 10 Business Days of the end of a Quarter in which a Conversion Notice is received in accordance with Term 4.1(a)(i); and

(ii) 10 days of receipt of a Conversion Notice in accordance with Terms 4.1(a)(ii), (iii) or (iv),

the Company will proceed to issue and allot to the Noteholder that number of Shares as calculated in accordance with Term 4.2, and will notify the Trustee accordingly.

- d. The issue and allotment of Shares as fully paid on conversion pursuant to this clause will be and be deemed for all purposes to be in full satisfaction and discharge of the principal amount owing to the Noteholder pursuant to the Convertible Notes the subject of the Conversion Notice but the conversion pursuant to this clause will in no way affect any liability of the Company for unpaid interest accrued up to the date of conversion which the Company will pay to the Noteholder in accordance with Term 2.2.
- e. The Shares issued and allotted upon the conversion pursuant to this clause will rank equally in all respects with all issued ordinary shares in the capital of the Company at the date of conversion.
- f. The Company will make application for Official Quotation by the ASX of all Shares issued and allotted upon the conversion pursuant to this clause. Such application will be made as soon as reasonably practicable after Shares are so issued and allotted.
- g. Within 10 Business Days of the issue and allotment of Shares to a Noteholder upon the conversion pursuant to this clause, the Noteholder will be issued with a holding statement from the registry detailing the number of Shares issued.

### 4.2 Conversion Rate

Subject to this Term 4, the number of Shares to which a Noteholder will be entitled on conversion will be 1 Share for each Convertible Note.

### 4.3 No other rights of conversion

A Convertible Note will only be converted to Shares as set out in this Term 4.

### 4.4 Shares allotted on conversion

The Shares to be allotted on conversion will be shares with respect to which no provision is made (whether by the Constitution of the Company or other instrument constituting or defining the constitution of the Company or otherwise) for changing or converting them into shares of another class, except for the purpose of enabling, in accordance with any law relating to companies, the consolidation and division of all or any of the share capital of the Company or of another company or the subdivision of all or any of the shares in the capital of the Company or of another company.

### 4.5 Reconstruction

- a. If there is a reconstruction (including, consolidation, subdivision, reduction or return) of the issued capital of the Company, the basis for conversion of the Notes set out in the Conversion Rate will be reconstructed in the same proportion as the issued capital of the Company is reconstructed and in a manner which will not result in any additional benefits being conferred on the Noteholder which are not conferred on the shareholders of the Company, (subject to the same provisions with respect to rounding of entitlements as sanctioned by the meeting of shareholders approving the reconstruction of capital) but in all other respects the terms for conversion of the Notes will remain unchanged.
- b. The adjustments in this Term 4.5 will, subject to the ASX Listing Rules, be determined by the Company.

### 5. TAKEOVER, CHANGE IN CONTROL OR SALE OF MAIN UNDERTAKING

If:

- a. a takeover bid (as defined in the Corporations Act) is made for 50% or more of the Shares and that bidder is successful in acquiring a relevant interest in 50% or more of the Shares; or
- b. there is a change in control of 50% or more of the Shares; or
- c. there is a sale of the main undertaking of the Company that would require approval of the ordinary shareholders of the Company in accordance with Listing Rule 11.2,

at any time after the issue of the Convertible Notes and prior to the issue of a Conversion Notice in respect of such Convertible Notes, then:

- d. the Company will give to each Noteholder written notice (“a **Sale Notice**”) of the takeover bid, change of control, or sale of main business undertaking within 10 Business Days of receiving notice of it (or entering into an agreement in respect of the proposed disposal); and
- e. the Noteholder must within 10 Business Days after the Sale Notice is sent to Noteholders either:
  - (i) elect to convert all the Convertible Notes held by that Noteholder to fully paid ordinary Shares in accordance with Term 4.1 by providing the Company with a Conversion Notice; or
  - (ii) require the Company to redeem all the Convertible Notes held by that Noteholder in accordance with Term 3 by providing the Company with a Redemption Notice.
- f. If a Noteholder does not comply with Term 5(e), within the time period specified in that clause, then the Company will redeem all the Convertible Notes held by that Noteholder in accordance with Term 3.

### 6. CONVERSION FOLLOWING ANNOUNCEMENT OF A DIVIDEND OR RIGHTS ISSUE

- a. If the Company declares a dividend at any time after the issue of the Convertible Notes and prior to the issue of a Conversion Notice in respect of such Convertible Notes, then each Noteholder may elect to convert all the Convertible Notes held by that Noteholder into fully paid ordinary Shares in accordance with Term 4.1 by providing the Company with a Conversion Notice within 10 days of the date the dividend is declared.
- b. If the Company announces its intention to conduct a rights issue at any time after the issue of the Convertible Notes and prior to the issue of a Conversion Notice in respect of such Convertible Notes, then each Noteholder may elect to convert all the Convertible Notes held by that Noteholder into fully paid ordinary Shares in accordance with Term 4.1 by providing the Company with a Conversion Notice within 10 days of the date the Company announces its intention to conduct a rights issue.

### 7. BONUS ISSUES

If a bonus share allotment is made by the Company to its ordinary shareholders, at any time during the period subsequent to the issue of a Convertible Note to a Noteholder and prior to the Date of Conversion, and if the Noteholder elects to convert on that Date of Conversion, the Company will issue and allot to that Noteholder:

- a. shares in the capital of the Company of the same class as the shares the subject of the bonus share allotment; and
- b. the number of shares so issued will be equal to the number of shares in the capital of the Company to which that Noteholder would have been entitled, if the face value of the Convertible Notes held by that Noteholder in respect of which the Conversion Option has been exercised by that Noteholder, had been converted immediately prior to the making of the bonus share allotment, on terms and conditions that are the same as or correspond with or are no more favourable to the Noteholder than the terms and conditions on which such shares are allotted to any ordinary shareholder of the Company.

### 8. RIGHT TO ATTEND MEETINGS

A Noteholder is entitled to attend any shareholder meeting of the Company. A Note does not carry a right to vote at any shareholder meeting unless provided for by the ASX Listing Rules or the Corporations Act.

### 9. FOREIGN HOLDERS

Where Convertible Notes are held by or on behalf of a person resident outside Australia, then, despite any other terms or conditions applicable to such Convertible Notes, it will be a condition precedent to the right of the Noteholder to receive payment of any amount payable under these terms or to obtain shares on conversion that the requirements of all applicable laws of the Commonwealth of Australia or any of its States or Territories and of the country of residence of the Noteholder in respect of such payment or conversion are satisfied so that such payment or conversion will not result in a breach of any such applicable law by the Company.

### 10. CONVERSION TO VOTING SHARES PRECLUDED

#### 10.1 Breaches of law

Notwithstanding any other term of the Trust Deed or these Terms, a Noteholder is not entitled to convert (and the Company is entitled to refuse to Convert) such number of Convertible Notes that would result in:

- a. a person acquiring Voting Shares in the Company in breach of section 606 of the Corporations Act (or any equivalent provision); or
- b. a person acquiring Shares where a notification or consent being required to be sent to, or consent is required under, any legislation by which the Company and its Related Bodies Corporate are bound has not been obtained.

#### 10.2 Statutory Declaration

The Company may in its discretion require a Noteholder to provide a statutory declaration confirming that the circumstances referred to in Term 10.1 do not exist in respect of any Conversion by that Noteholder.

### 11. REGISTRATION OF TRANSFERS

#### 11.1 Transfer

The Company will not be issuing certificates in respect of the Convertible Notes. The Company participates in CHES for those investors who have, or wish to have, a sponsoring broker. Investors who do not wish to participate through CHES will be issuer sponsored by the Company. Because the sub-registers are electronic, ownership of securities can be transferred without having to rely upon paper documentation.

Accordingly, Convertible Notes may be transferred, and transfers may be registered, in any manner required or permitted by the ASX Listing Rules applying in relation to that system. Additionally, transfers can occur off market.

Subject to the terms of the Trust Deed, the Noteholder may transfer all or any of the Convertible Notes that it holds:

- a. by an instrument in writing in any usual form or in any other form that the directors of the Company approve (in respect of an off market transfer) or
- b. in accordance with the ASX Listing Rules (for on market transfers).

#### 11.2 Recording transfers

The Company and/or the Company's share registry will promptly upon being satisfied that a transfer has been properly effected, accept the transfer by making an inscription in the register recording the transfer of the relevant Convertible Note.

Monthly statements will be provided by the Company or Share Registry to Note holders in circumstances in which there have been changes in their security holding in the Company during the preceding month.

### 11.3 Administration

- a. The Company's share registry will register the transfer of a Convertible Note notwithstanding that the transfer form (in respect of an off market transfer) to which the transfer relates has not been marked by the Company.
- b. The Company or the share registry will procure that all transfer forms (in respect of off-market transfers) which are registered will be retained by the Company for a period of 7 years after receipt but any transfer form which the Company declines to register will (except in the case of fraud or suspected fraud) be returned on demand to the person depositing the same.
- c. The Company and the Company's share registry will not register the transfer of a Convertible Note on or after its Maturity Date.

### 11.4 Directions

- a. Subject to the Trust Deed and Terms, and any conditions proposed by the Company at the time the Convertible Notes are issued and any notations on the Register, the Company will comply with any payment or distribution direction made by a transferee:
  - (i) in an application for transfer of Convertible Notes on and from the time of registration of that transfer; and
  - (ii) at any subsequent time in such form as the Company will from time to time determine.
- b. A direction from any one or more joint holders of a Convertible Note will bind all the joint holders. If more than one direction is received from joint holders of a Convertible Note the direction of the senior is to be accepted to the exclusion of the other directions and for this purpose seniority is determined by the order in which the names appear in the Register of Noteholders in respect of the joint holding.

### 11.5 Transmission

Subject to Term 10.1, a person becoming entitled to Convertible Notes as a consequence of the death or bankruptcy of a Noteholder or of a vesting order or a person administering the estate of a Noteholder may, upon producing such evidence as to that entitlement or status as the Company consider sufficient, transfer the Convertible Notes of that Noteholder or, if so entitled, become registered as the holder of the Convertible Notes.

### 11.6 Non-Registration of Third Party Interests

Convertible Notes will be registered by name only without reference to any trusteeships. Any entry in the Register of the name and address of a Noteholder and the amount owed to that Noteholder is conclusive evidence of title subject to rectification for fraud or error.

### 11.7 Person registered

The person registered as a Noteholder of an amount of Convertible Notes will be treated by the Company as the absolute owner of that amount of Convertible Notes. Neither the Company, nor the Trustee will, except as ordered by a Court or as required by statute, be obliged to take notice of any claim to a Convertible Note. Entry in the Register of the name and address of a Noteholder and the number of Convertible Notes held by that Noteholder is conclusive evidence of title subject to rectification for fraud or error.

PIN CHEQUE(S) HERE

## PLACEMENT OFFER APPLICATION FORM

### IMF (AUSTRALIA) LTD ABN 45 067 298 088

Fill out this Application Form if you want to apply for Convertible Notes ("Notes") in IMF (Australia) Ltd.

- Follow the instructions to complete this Application Form (see reverse).
- Print clearly in capital letters using black or blue pen.

Broker Reference – Stamp Only

Broker Code (PID) / Advisor Code

Applicants under the Placement Offer must contact their broker for information on how to submit this Application Form and application monies.

This Application Form relates to the Placement Offer of Notes in IMF (Australia) Ltd pursuant to the prospectus dated 29 October 2010 issued by IMF (Australia) Ltd ("Prospectus"). The Prospectus was lodged with the Australian Securities and Investments Commission on that date. This Placement Offer Application Form should be read in conjunction with the Prospectus. This Application Form is important. If you are in doubt as to how to deal with it, please contact your stockbroker or professional adviser without delay. You should read the entire Prospectus carefully before completing this Placement Offer application form.

The closing date of the Placement Offer is 5.00pm (ESDT) on 3 December 2010. Applications must be received by the broker in sufficient time for the broker to process that application by the closing date.

#### A Number of Notes you are applying for

x \$1.65 per Note =

#### B Total amount payable

#### C Write the name(s) you wish to register the Notes in (see reverse for instructions)

Applicant 1

Name of Joint Applicant 2 or < Account Name>

Name of Joint Applicant 3 or < Account Name>

#### D Write your postal address here

Number / Street / PO Box / Locked Bag/ Care of (c/-)

Suburb/Town

State

Postcode

#### E Enter your Tax File Number(s), ABN or exemption category

Applicant #1

Joint Applicant #2

Joint Applicant #3

#### F CHESS participant – Holder Identification Number (HIN)

X

#### G Cheque payment details – Please enter details of the cheque(s) that accompany this application

(please note that account details below are required for processing purposes only – we are unable to directly debit funds from your account).

Name of drawer of cheque

Cheque No.

BSB No.

Account No.

Cheque Amount A\$

#### H Contact telephone number (daytime/work/mobile)

#### I Email address

#### IMPORTANT NOTICE

The Australian *Corporations Act 2001* prohibits any person from passing onto another person an Application Form in relation to the offer of Convertible Notes, unless the Application Form is attached to or accompanies a complete and unaltered copy of the Prospectus. A person who gives another person access to the Application Form must at the same time and by the same means give the other person access to the Prospectus, and any supplementary or replacement prospectus. A paper copy of the Prospectus, any supplementary or replacement prospectus and the Application Form will be provided to you, at no charge, upon request by telephoning the IMF (Australia) Ltd Offer Information Line on 1300 621 839 (within Australia) or +61 3 9938 4368 (outside Australia). Applications for Notes will only be accepted if made on an Application Form that was attached to or accompanied the Prospectus. **YOU SHOULD READ THE PROSPECTUS CAREFULLY BEFORE COMPLETING THIS PLACEMENT OFFER APPLICATION FORM. NO SIGNATURE IS REQUIRED.**

# HOW TO COMPLETE THIS FORM

## A Convertible Notes Applied for

Enter the number of Notes you wish to apply for.

## B Application Monies

Enter the total amount payable. To calculate the amount, multiply the number of Notes by the price per Note.

## C Applicant Name(s)

Enter the full name you wish to appear on the statement of noteholding. This must be either your own name or the name of a company. Up to 3 joint Applicants may register. You should refer to the table below for the correct forms of registrable title. Applications using the wrong form of names may be rejected. Clearing House Electronic Subregister System

(CHESS) participants should complete their name identically to that presently registered in the CHESS system.

## D Postal Address

Enter your postal address for all correspondence. All communications to you from the Registry will be mailed to the person(s) and address as shown. For joint Applicants, only one address can be entered.

## E Tax File Number

Enter your Australian tax file number ("TFN") or ABN or exemption category, if you are an Australian resident. Where applicable, please enter the TFN/ABN of each joint Applicant. Collection of TFN's is authorised by taxation laws. Quotation of your TFN is not compulsory and will not affect your Application Form.

## F CHESS

IMF (Australia) Ltd (the Company) will apply to the ASX to participate in CHESS, operated by ASX Settlement and Transfer Corporation Pty Ltd, a wholly owned subsidiary of Australian Stock Exchange Limited. In CHESS, the Company will operate an electronic CHESS Subregister of security holdings and an electronic Issuer Sponsored Subregister of security holdings. Together the two Subregisters will make up the Company's principal register of securities. The Company will not be issuing certificates to applicants in respect of Notes allotted. If you are a CHESS participant (or are sponsored by a CHESS participant) and you wish to hold Notes allotted to you under this Application on the CHESS Subregister, enter your CHESS HIN. Otherwise, leave this section blank and on allotment, you will be sponsored by the Company and allocated a Securityholder Reference Number (SRN).

## G Payment

Placement Offer Applicants must contact their broker from whom they received their Placement Offer for instructions on how to submit their Applicant Form and Application Monies.

## E Contact Details

Enter your contact details. These are not compulsory but will assist us if we need to contact you.

**Cheques will be processed on the day of receipt and as such, sufficient cleared funds must be held in your account as cheques returned unpaid may not be re-presented and may result in your Application being rejected. Pin (do not staple) your cheque(s) to the Application Form where indicated. Cash will not be accepted. Receipt for payment will not be forwarded.**

Before completing the Application Form the applicant(s) should read the prospectus to which this application relates. By lodging the Application Form, the applicant agrees that this application for Notes in IMF (Australia) Ltd is upon and subject to the terms of the Prospectus and the Constitution of IMF (Australia) Ltd, agrees to take any number of Notes that may be allotted to the Applicant(s) pursuant to the Prospectus and declares that all details and statements made are complete and accurate. It is not necessary to sign the Application Form.

## Lodgement of Application

Application Forms must be received at the Sydney office of Ord Minnett Limited by no later than 5.00pm (ESDT) on 3 December 2010. Return the Application Form with cheque(s) attached to:

ORD MINNETT LIMITED  
GPO Box 2613, Sydney NSW 2001

## Privacy Statement

Personal information is collected on this form by Computershare Investor Services Pty Limited ("CIS"), as registrar for securities issuers ("the issuer"), for the purpose of maintaining registers of securityholders, facilitating distribution payments and other corporate actions and

communications. Your personal information may be disclosed to CIS's related bodies corporate, to external service companies such as print or mail service providers, or as otherwise required or permitted by law. If you would like details of your personal information held by CIS, or you would like to correct information that is inaccurate, incorrect or out of date, please contact CIS. In accordance with the Corporations Act

2001, you may be sent material (including marketing material) approved by the issuer in addition to general corporate communications. You may elect not to receive marketing material by contacting CIS. You can contact CIS using the details provided on the front of this form or E-mail [privacy@computershare.com.au](mailto:privacy@computershare.com.au)

## Correct forms of registrable title(s)

Note that ONLY legal entities are allowed to hold Notes. Applications must be made in the name(s) of natural persons, companies or other legal entities in accordance with the Corporations Act. At least one full given name and the surname is required for each natural person. The name of the beneficial owner or any other registrable name may be included by way of an account designation if completed exactly as described in the examples of correct forms of registrable title(s) below.

| Type of Investor                                                                                                                      | Correct Form of Registration                               | Incorrect Form of Registration         |
|---------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------|----------------------------------------|
| <b>Individual</b><br>- Use given name(s) in full, not initials                                                                        | Mr John Alfred Smith                                       | J.A Smith                              |
| <b>Joint</b><br>- Use given name(s) in full, not initials                                                                             | Mr John Alfred Smith & Mrs Janet Marie Smith               | John Alfred & Janet Marie Smith        |
| <b>Company</b><br>- Use company title, not abbreviations                                                                              | ABC Pty Ltd                                                | ABC P/L ABC Co                         |
| <b>Trusts</b><br>- Use trustee(s) personal name(s)<br>- Do not use the name of the trust                                              | Ms Penny Smith<br><Penny Smith Family A/C>                 | Penny Smith Family Trust               |
| <b>Deceased Estates</b><br>- Use executor(s) personal name(s)<br>- Do not use the name of the deceased                                | Mr Michael Smith<br><Est John Smith A/C>                   | Estate of Late John Smith              |
| <b>Minor (a person under the age of 18)</b><br>- Use the name of a responsible adult with an appropriate designation                  | Mr John Alfred Smith<br><Peter Smith A/C>                  | Peter Smith                            |
| <b>Partnerships</b><br>- Use partners personal name(s)<br>- Do not use the name of the partnership                                    | Mr John Smith & Mr Michael Smith<br><John Smith & Son A/C> | John Smith & Son                       |
| <b>Clubs/Unincorporated Bodies/Business Names</b><br>- Use office bearer(s) personal name(s)<br>- Do not use the name of the club etc | Mrs Janet Smith<br><ABC Tennis Association A/C>            | ABC Tennis Association                 |
| <b>Superannuation Funds</b><br>- Use the name of trustee of the fund<br>- Do not use the name of the fund                             | John Smith Pty Ltd<br><Super Fund A/C>                     | John Smith Pty Ltd Superannuation Fund |



PIN CHEQUE(S) HERE

## SHORTFALL OFFER APPLICATION FORM

IMF (AUSTRALIA) LTD ABN 45 067 298 088

Broker Reference – Stamp Only

Fill out this Application Form if you want to apply for Convertible Notes ("Notes") in IMF (Australia) Ltd.

- Follow the instructions to complete this Application Form (see reverse).
- Print clearly in capital letters using black or blue pen.

Broker Code (PID) / Advisor Code

Applicants under the Shortfall Offer must contact their broker for information on how to submit this Application Form and application monies.

This Application Form relates to the Shortfall Offer of Notes in IMF (Australia) Ltd pursuant to the prospectus dated 29 October 2010 issued by IMF (Australia) Ltd ("Prospectus"). The Prospectus was lodged with the Australian Securities and Investments Commission on that date. This Shortfall Offer Application Form should be read in conjunction with the Prospectus. This Application Form is important. If you are in doubt as to how to deal with it, please contact your stockbroker or professional adviser without delay. You should read the entire Prospectus carefully before completing this Shortfall Offer application form.

The closing date of the Shortfall Offer is 5.00pm (ESDT) on 10 December 2010. Applications must be received by the broker in sufficient time for the broker to process that application by the closing date.

### A Number of Notes you are applying for

x \$1.65 per Note =

### B Total amount payable

### C Write the name(s) you wish to register the Notes in (see reverse for instructions)

Applicant 1

Name of Joint Applicant 2 or < Account Name>

Name of Joint Applicant 3 or < Account Name>

### D Write your postal address here

Number / Street / PO Box / Locked Bag/ Care of (c/-)

Suburb/Town

State

Postcode

### E Enter your Tax File Number(s), ABN or exemption category

Applicant #1

Joint Applicant #2

Joint Applicant #3

### F CHESS participant – Holder Identification Number (HIN)

X

### G Cheque payment details – Please enter details of the cheque(s) that accompany this application

(please note that account details below are required for processing purposes only – we are unable to directly debit funds from your account).

Name of drawer of cheque

Cheque No.

BSB No.

Account No.

Cheque Amount A\$

### H Contact telephone number (daytime/work/mobile)

### I Email address

### IMPORTANT NOTICE

The Australian *Corporations Act 2001* prohibits any person from passing onto another person an Application Form in relation to the offer of Convertible Notes, unless the Application Form is attached to or accompanies a complete and unaltered copy of the Prospectus. A person who gives another person access to the Application Form must at the same time and by the same means give the other person access to the Prospectus, and any supplementary or replacement prospectus. A paper copy of the Prospectus, any supplementary or replacement prospectus and the Application Form will be provided to you, at no charge, upon request by telephoning the IMF (Australia) Ltd Offer Information Line on 1300 621 839 (within Australia) or +61 3 9938 4368 (outside Australia). Applications for Notes will only be accepted if made on an Application Form that was attached to or accompanied the Prospectus. **YOU SHOULD READ THE PROSPECTUS CAREFULLY BEFORE COMPLETING THIS PLACEMENT OFFER APPLICATION FORM. NO SIGNATURE IS REQUIRED.**

# HOW TO COMPLETE THIS FORM

## A Convertible Notes Applied for

Enter the number of Notes you wish to apply for.

## B Application Monies

Enter the total amount payable. To calculate the amount, multiply the number of Notes by the price per Note.

## C Applicant Name(s)

Enter the full name you wish to appear on the statement of noteholding. This must be either your own name or the name of a company. Up to 3 joint Applicants may register. You should refer to the table below for the correct forms of registrable title. Applications using the wrong form of names may be rejected. Clearing House Electronic Subregister System

(CHESS) participants should complete their name identically to that presently registered in the CHESS system.

## D Postal Address

Enter your postal address for all correspondence. All communications to you from the Registry will be mailed to the person(s) and address as shown. For joint Applicants, only one address can be entered.

## E Tax File Number

Enter your Australian tax file number ("TFN") or ABN or exemption category, if you are an Australian resident. Where applicable, please enter the TFN/ABN of each joint Applicant. Collection of TFN's is authorised by taxation laws. Quotation of your TFN is not compulsory and will not affect your Application Form.

## F CHESS

IMF (Australia) Ltd (the Company) will apply to the ASX to participate in CHESS, operated by ASX Settlement and Transfer Corporation Pty Ltd, a wholly owned subsidiary of Australian Stock Exchange Limited. In CHESS, the Company will operate an electronic CHESS Subregister of security holdings and an electronic Issuer Sponsored Subregister of security holdings. Together the two Subregisters will make up the Company's principal register of securities. The Company will not be issuing certificates to applicants in respect of Notes allotted. If you are a CHESS participant (or are sponsored by a CHESS participant) and you wish to hold Notes allotted to you under this Application on the CHESS Subregister, enter your CHESS HIN. Otherwise, leave this section blank and on allotment, you will be sponsored by the Company and allocated a Securityholder Reference Number (SRN).

## G Payment

Shortfall Offer Applicants must contact their broker from whom they received their Shortfall Offer for instructions on how to submit their Applicant Form and Application Monies.

## E Contact Details

Enter your contact details. These are not compulsory but will assist us if we need to contact you.

**Cheques will be processed on the day of receipt and as such, sufficient cleared funds must be held in your account as cheques returned unpaid may not be re-presented and may result in your Application being rejected. Pin (do not staple) your cheque(s) to the Application Form where indicated. Cash will not be accepted. Receipt for payment will not be forwarded.**

Before completing the Application Form the applicant(s) should read the prospectus to which this application relates. By lodging the Application Form, the applicant agrees that this application for Notes in IMF (Australia) Ltd is upon and subject to the terms of the Prospectus and the Constitution of IMF (Australia) Ltd, agrees to take any number of Notes that may be allotted to the Applicant(s) pursuant to the Prospectus and declares that all details and statements made are complete and accurate. It is not necessary to sign the Application Form.

## Lodgement of Application

Application Forms must be received at the Sydney office of Ord Minnett Limited by no later than 5.00pm (ESDT) on 3 December 2010. Return the Application Form with cheque(s) attached to:

ORD MINNETT LIMITED  
GPO Box 2613, Sydney NSW 2001

## Privacy Statement

Personal information is collected on this form by Computershare Investor Services Pty Limited ("CIS"), as registrar for securities issuers ("the issuer"), for the purpose of maintaining registers of securityholders, facilitating distribution payments and other corporate actions and

communications. Your personal information may be disclosed to CIS's related bodies corporate, to external service companies such as print or mail service providers, or as otherwise required or permitted by law. If you would like details of your personal information held by CIS, or you would like to correct information that is inaccurate, incorrect or out of date, please contact CIS. In accordance with the Corporations Act

2001, you may be sent material (including marketing material) approved by the issuer in addition to general corporate communications. You may elect not to receive marketing material by contacting CIS. You can contact CIS using the details provided on the front of this form or E-mail [privacy@computershare.com.au](mailto:privacy@computershare.com.au)

## Correct forms of registrable title(s)

Note that ONLY legal entities are allowed to hold Notes. Applications must be made in the name(s) of natural persons, companies or other legal entities in accordance with the Corporations Act. At least one full given name and the surname is required for each natural person. The name of the beneficial owner or any other registrable name may be included by way of an account designation if completed exactly as described in the examples of correct forms of registrable title(s) below.

| Type of Investor                                                                                                                      | Correct Form of Registration                               | Incorrect Form of Registration         |
|---------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------|----------------------------------------|
| <b>Individual</b><br>- Use given name(s) in full, not initials                                                                        | Mr John Alfred Smith                                       | J.A Smith                              |
| <b>Joint</b><br>- Use given name(s) in full, not initials                                                                             | Mr John Alfred Smith & Mrs Janet Marie Smith               | John Alfred & Janet Marie Smith        |
| <b>Company</b><br>- Use company title, not abbreviations                                                                              | ABC Pty Ltd                                                | ABC P/L ABC Co                         |
| <b>Trusts</b><br>- Use trustee(s) personal name(s)<br>- Do not use the name of the trust                                              | Ms Penny Smith<br><Penny Smith Family A/C>                 | Penny Smith Family Trust               |
| <b>Deceased Estates</b><br>- Use executor(s) personal name(s)<br>- Do not use the name of the deceased                                | Mr Michael Smith<br><Est John Smith A/C>                   | Estate of Late John Smith              |
| <b>Minor (a person under the age of 18)</b><br>- Use the name of a responsible adult with an appropriate designation                  | Mr John Alfred Smith<br><Peter Smith A/C>                  | Peter Smith                            |
| <b>Partnerships</b><br>- Use partners personal name(s)<br>- Do not use the name of the partnership                                    | Mr John Smith & Mr Michael Smith<br><John Smith & Son A/C> | John Smith & Son                       |
| <b>Clubs/Unincorporated Bodies/Business Names</b><br>- Use office bearer(s) personal name(s)<br>- Do not use the name of the club etc | Mrs Janet Smith<br><ABC Tennis Association A/C>            | ABC Tennis Association                 |
| <b>Superannuation Funds</b><br>- Use the name of trustee of the fund<br>- Do not use the name of the fund                             | John Smith Pty Ltd<br><Super Fund A/C>                     | John Smith Pty Ltd Superannuation Fund |

## NOTES

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|                  |                                                                |                           |
|------------------|----------------------------------------------------------------|---------------------------|
| <b>Sydney</b>    | Level 5, 32 Martin Place, Sydney NSW 2000                      | Phone: +61 (0)2 8223 3567 |
| <b>Perth</b>     | Level 6, Citibank House, 37 St George's Terrace, Perth WA 6000 | Phone: +61 (0)8 9225 2300 |
| <b>Melbourne</b> | Level 3, 480 Collins Street, Melbourne VIC 3000                | Phone: +61 (0)3 9629 1211 |
| <b>Brisbane</b>  | Suite 60, Level 7, 320 Adelaide Street, Brisbane QLD 4000      | Phone: +61 (0)7 3221 7651 |
| <b>Adelaide</b>  | 250 Flinders Street, Adelaide SA 5000                          | Phone: +61 (0)8 8232 4600 |