



Annual General Meeting

Radisson Plaza Hotel Sydney
5 November 2010



Annual General Meeting

Welcome to IMF's Annual General Meeting

Rob Ferguson - Non-Executive Chairman



Agenda

- Introduction
- Overview of FY2009 – Diane Jones, COO
 - Highlights
 - Income
 - Recent Financial Performance
 - Balance Sheet
 - Investment Portfolio
 - Track Record as at June 2010
 - New Agreements in FY2010
- Possible Completions in FY2011
- Capital Management – Convertible Notes
- Resolutions
- Questions



Overview of FY2010 Highlights

- 7 major cases resolved including:
 - Sons of Gwalia
 - AWB
 - Westpoint PIS
 - Westpoint Quantum
- Net income from litigation funding was \$18.7M
- IMF's investment portfolio grew by 33% – from \$1,057M to \$1,403M



Overview of FY2010 – Income

Matter	Gross Income	Gross Profit (before tax) ¹
Sons of Gwalia	\$45M	\$13.2M
AWB	\$60M	\$7.3M
Westpoint PIS	\$10M	\$1.5M
Peninsula Shipping	\$1M	(\$0.2M)
Opes	\$10M	\$0.5M
Westpoint Quantum	\$5M	\$1.1M
NEIB	\$10M	\$0.2M
Others ²	\$0.5M	(\$4.8M)
Total	\$141.5M	\$18.7M

¹ Income less cost of case and capitalised overheads relating to concluded cases.

² Includes the costs of Kingstream which was written-off during 2010 and a provision for adverse costs relating to the Kingstream matter of \$2M and cases where the Group withdrew funding during 2010.



Overview of FY2010

Recent Financial Performance

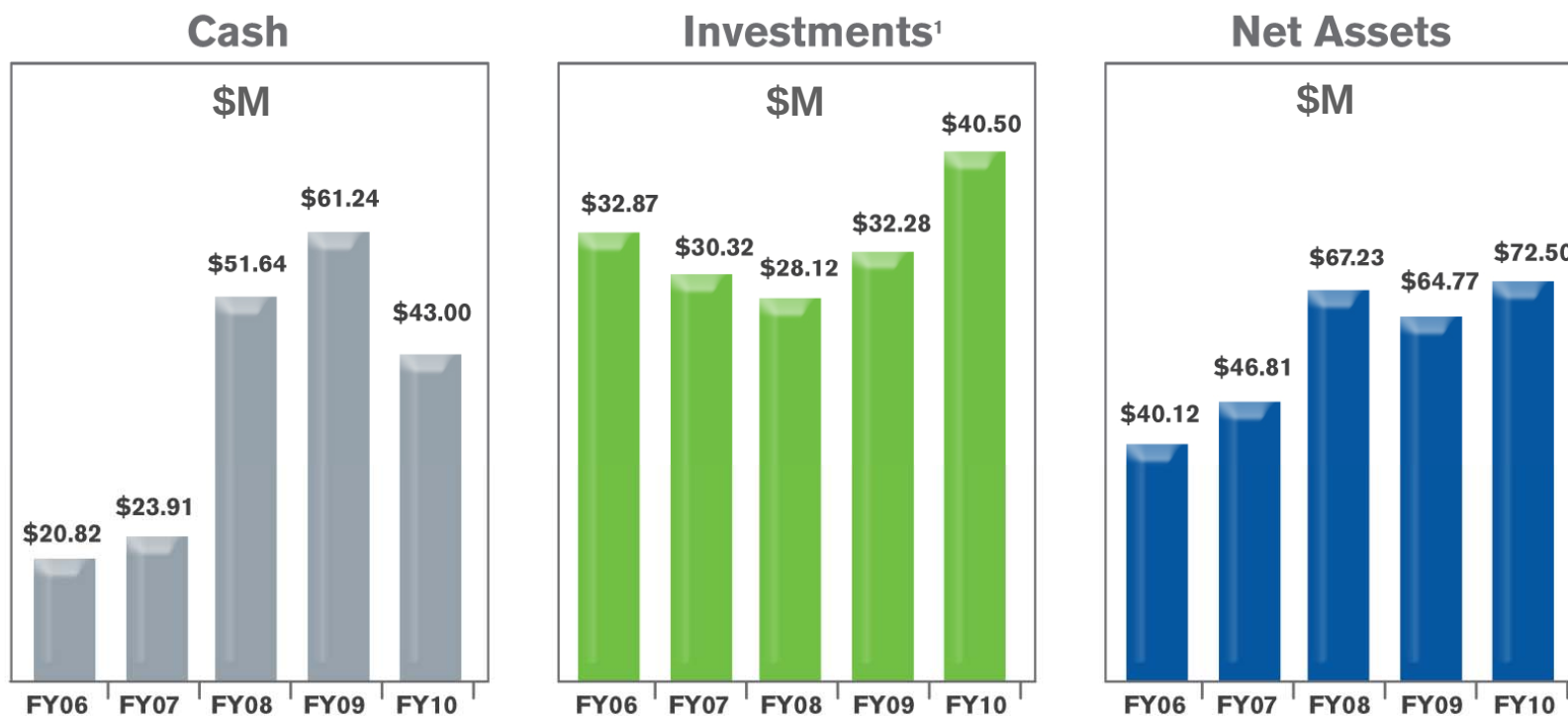
IMF's financial performance remains strong:

	FY10	FY09	FY08
Gross Income (from cases)	\$46.1M	\$63.2M	\$55.2M
Net Income (from cases)	\$18.7M	\$35.1M	\$33.8M
NPBT	\$16.8M	\$30.4M	\$24.8M
NPAT	\$11.9M	\$20.8M	\$17.2M
Dividend (cents per share)	5.0 Franked	15.0 Franked	5.0 Franked
EPS (cents per share)	9.77	17.35	15.04
Net Asset Backing (cents per share)	59.52	53.91	56.42



Overview of FY2010 - Balance Sheet

A strong balance sheet



¹ Investments includes capitalised overheads relating to the funded litigation.



Investment Portfolio

As at 30 September 2010:

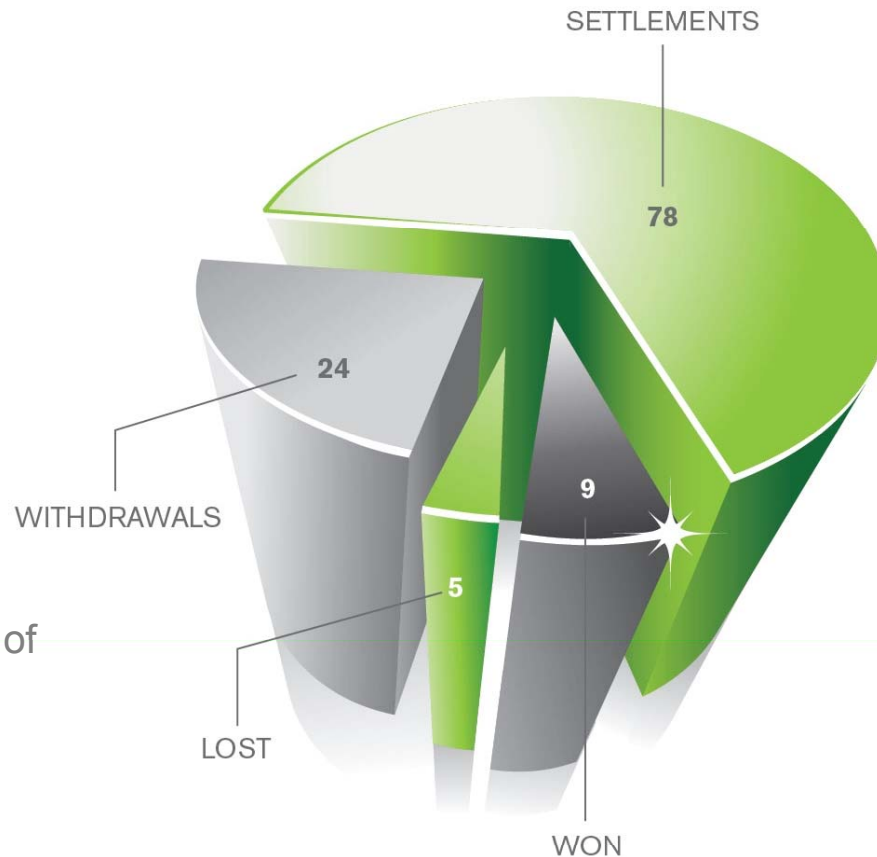
Claim Value Range	Est. Claim Value	No of Cases	% of Total Value	Expected Completion FY2011	Expected Completion FY2012	Expected Completion FY2013+
<\$10M	\$62.5M	12	4%	\$38M	\$14.5M	\$10M
\$10M - \$50M	\$498M	17	30%	\$68M	\$300M	\$130M
>\$50M	\$1,085M	10	66%	\$395M	\$390M	\$300M
Total Portfolio	\$1,645.5M	39	100%	\$501M	\$704.5M	\$440M

- IMF aims to have an investment portfolio of around \$2B by 30 June 2011.



IMF's Track Record as at Oct 2010

- **116** cases commenced and completed since listing.
- Generated \$230M for IMF on investment of \$84M (Recovered over \$760M for clients)
- Average time to completion of 2.3 years.



78 Settlements

- 67% of cases
- \$204M income (88% of total)
- ROI 285%
- Avg 2.6 years

14 Judgments

- Won 9 cases. Lost 5 cases
- \$27M income (8% of total)
- ROI 259% (including losses)
- Avg 2.7 years

Withdrawals

- Cost \$1.8M (2% of total case costs)
- Avg 1.2 years



New Cases in FY10

Matter	Maximum Claim Value
Uniloc	\$150M
Bank Fees	\$100M
Collyer Bristow (joint funding with Allianz)	\$Confidential
ABC Learning Centres – Liquidator's Investigations	\$Unknown
Transpacific Industries Ltd	>\$30M
Haskins	\$10M
Babcock & Brown – US claim	\$9M
Others (Bauxite / Bank of Queensland / WDS / Gunns)	\$232M
Total	>\$531M



OVERCHARGED BY BANKS...



Bank Fees Class Action

- Launched 12 May 2010
- First proceeding filed against ANZ Bank on 22 September 2010
- Exception fees over the last 6 years
 - Honour fees
 - Dishonour fees
 - Over limit fees
 - Late payment fees
- Targeting 12 Banks
- 230,000 account holders signed funding agreement
- Expect claim size >\$200M
- Electronic registration



Possible Completions in FY2011

Matter	Gross Income	Description
Sons of Gwalia	\$18M	Interim dividend declared by the Administrator. Payment expected prior to 31 December 2010
National Potato	\$70M	Proceedings are expected to be completed in October 2010 and judgment is expected in early calendar 2011.
Uniloc	\$150M	The appeal in this matter was heard in September 2010 and judgment is expected in early calendar 2011.
Pan	\$150M	A Court ordered mediation is to occur before 31 December 2010. If this case does not settle at mediation it will proceed to trial which is due to commence in March 2011.
Lehmans	\$75M	It is anticipated that a mediation of this matter will be held in December 2010. If this case does not settle at mediation it will proceed to trial which is due to commence in early 2011



Possible Completions in FY2011

Matter	Gross Income	Description
ION	\$10M	First dividend expected to be declared by the Liquidator prior to 31 December 2010
Hydrocool	\$7M	This case was completed in August 2010. Judgment is expected prior to 31 December 2010.
Confidential	\$100M	It is anticipated that a mediation of this matter will be held in February 2011.
LGFS	\$20M	It is anticipated that a mediation of this matter will be held in December 2010.
Babcock & Brown	\$9M	It is likely this matter will be resolved either by mediation or judgment before 30 June 2011
Total	\$609M*	

* Announcement made on 12 October 2010 included Napier at \$5M. IMF announced that this case was lost on 21 October 2010.



Capital Management – Convertible Notes

IMF Redeemable Convertible Notes	Notes are redeemable convertible notes which are secured debt obligations with fixed and floating charges over the assets of IMF (Australia) Ltd
Offer Size	Approximately \$39.1m, comprising: - \$20.1m 1 Note for 10 IMF shares non-renounceable rights issue to existing shareholders -\$19m placement to sophisticated and professional investors
Face Value	\$1.65 per Note
Underwriting	Fully underwritten by Ord Minnett
Interest	10.25% p.a mandatory interest payments payable quarterly in arrears and at redemption or conversion, calculated on a daily basis on the paid-up face value of Notes
Interest Payable	Interest will be payable to holders at the end of each calendar quarter ending 31 March, 30 June, 30 September or 31 December, and at redemption or conversion dates
Principal Repayment	Notes have a maturity date of 4 years from the issue date (rounded to the nearest calendar quarter ending 31 March, 30 June, 30 September or 31 December) expected to be 31 December 2014. On maturity, Note holders receive \$1.65 per Notes plus the final interest payment
Ranking	Notes will rank ahead of equity. IMF does not have any secured or unsecured debt instruments currently on its balance sheet
Covenants	Covenants include: - no granting of security over assets. The only exception is for IMF to secure bonds or other security for court actions up to \$5M as a first ranking security; - no sales of assets or changes to business direction; and - change of control



Capital Management – Convertible Notes

Key Investor Protections	Holders may require that all Notes be redeemed if an Event of Default occurs If an Event of Default occurs IMF must redeem all notes that have not been converted for the Face Value plus accrued but unpaid interest
Events of Default	Events of Default include the following: - Failure to pay Interest within 20 days of its due date; - an external administrator has been appointed over any of the assets of IMF and has not retired or been removed; - IMF is in liquidation or under administration; - change to the constitution of IMF; and - others typical of this type of transaction
Voting Rights	The Notes will carry the right to attend general meetings of IMF but do not carry a right to vote unless provided for in the ASX Listing Rules or the Corporations Act
Listing	To be listed on the ASX – expected code “IMFG”
Trustee	Australian Executor Trustees Limited. The Trustee of the trust will hold and administer the fixed and floating charge over the assets of IMF



Outlook

- No NPAT Forecast FY2011
- Target Portfolio of \$2B by 30 June 2011:
 - Marketing plans;
 - US opportunities; and
 - UK opportunities.
- Economic Environment:
 - Effective litigation lag;
 - Regulatory environment clarified; and
 - Expect opportunities.



Resolution 1

“That, Mr Hugh McLernon, being a director of the Company, retires by rotation in accordance with Clause 13.2 of the Constitution and, being eligible, is hereby re-elected as a director of the Company.”



Resolution 2

“That, Mr John Walker, being a director of the Company, retires by rotation in accordance with Clause 13.2 of the Constitution and, being eligible, is hereby re-elected as a director of the Company.”



Resolution 3

“That, for the purposes of Section 250R(2) of the Corporations Act, the Remuneration Report be adopted.”



Resolution 4

“Pursuant to Chapters 2D.2 and 2E of the Corporations Act and for all other purposes approval be given to the Company, to:

- (a) indemnify each Director, during the period of directorship and after the cessation of directorship, in respect of certain claims should any be made against that Director whilst acting in his or her capacity as a Director;
- (b) use its reasonable endeavours to procure an insurance policy and pay the premiums of insurance as assessed at market rates applicable from time to time for each such Director in respect of certain claims made against that Director acting in his or her capacity of a Director (except to the extent such insurance cannot be procured at a reasonable cost or is otherwise unavailable to the Company);
- (c) use its reasonable endeavours to ensure that an insurance policy for the Director is at all times covered under an insurance policy for the period of 7 years from the date a director ceases to be a Director (“Insurance Run-Off Period”), which will be on terms not materially less favourable to each Director than the terms of insurance applicable at the date of termination of his or her directorship and to continue to pay those premiums during that Insurance Run-Off Period (except to the extent such insurance cannot be procured at a reasonable cost or is otherwise unavailable to the Company); and
- (d) provide the Director with access, upon the cessation for any reason of his directorship and for a period of not less than 7 years following that cessation, to any Company records which are either prepared or provided to the Director during the period of his directorship,

and on the terms and conditions in the Explanatory Memorandum accompanying this Notice.”



Resolution 5

"That, for the purposes of section 195(4) of the Corporations Act and for all other purposes, Shareholders approve and authorise the Directors to complete the transactions as contemplated in Resolutions 1, 2, 3 and 4 of this Notice."



Questions and Answers

