



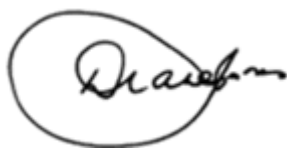
RELEASE TO AUSTRALIAN SECURITIES EXCHANGE (“ASX”)

FRIDAY, 13 MAY 2011

COMPANY UPDATE

1. We refer to our company updates dated 12 October 2010 and 31 January 2011 relating to the matters thought likely to be completed by 30 June 2011.
2. In this update we will report upon the matters referred to in those two earlier updates and also to any new matters which have emerged as likely to be completed by 30 June 2011.
3. There is nothing new to report in relation to Sons of Gwalia. The final small dividend has not yet been paid.
4. ION – IMF is still working with the Deed Administrators to determine the amount of the payment to be made to IMF clients. It is not now possible to say that this determination will be made before 30 June 2011.
5. National Potato – as reported to ASX on 24 February 2011 the defendant in this case (PWC) made application for leave to appeal against the Court’s verdict. We reported on 24 February 2011 that this application was thought to be incompetent. An application was made by IMF’s client (National Potato) to have the PWC application struck out and that application has now been heard and was successful. National Potato nevertheless expects that PWC will eventually appeal against the verdict so that this matter will not be finalised by 30 June 2011, except in the unlikely event of settlement.
6. PAN Pharmaceuticals -this matter has proceeded through the court and the settlement has been approved. The distribution process is underway and will be finalised in due course. From IMF’s point of view this matter will be concluded by 30 June 2011. IMF will receive about \$24M and will generate a profit of about \$17M after capitalised overheads.
7. Hydrocool – the parties are still waiting for the delivery of judgment by the Federal Court. We have been advised that judgment will be delivered on 16 May 2011.
8. Confidential matter – this was in fact a reference to the OZ Minerals case which went to mediation in March 2011. On 10 May 2011 we reported to ASX that a conditional settlement had been achieved. The application for Court approval of the settlement is expected to be heard on or about 24 June 2011. Once approval has been obtained IMF will receive about \$15M and generate a profit of about \$12M after capitalised overheads.
9. Local Government Financial Services – there is nothing further to report in relation to this case. It is expected to go to trial in October 2011 and settlement is unlikely before that time.

10. Uniloc – In our last report we set out that the US Appeal Court had ruled in favour of IMF's client Uniloc with the questions of damages being referred back to a jury. Since our last report the US Appeal Court has indicated it may reconsider its decision to send the damages aspect of the matter back for rehearing. If it does reconsider that matter and finds in favour of Uniloc then the original US\$388M plus interest judgment will stand in favour of Uniloc. It is not currently known when this aspect of the matter will be determined.
11. Lehman – the trial in this matter has now been completed and the Court will hear final submissions between 30 May and 3 June 2011. As the court will reserve its judgment, it is unlikely that a final decision will be known before 30 June 2011.
12. Babcock & Brown US – the mediation referred to in our previous update occurred in February 2011. We reported the success of that mediation on 21 February 2011. The conditional settlement has now been approved by the Court and this matter will be concluded by 30 June 2011.
13. IMF has agreed to fund investigations into possible causes of actions that the responsible entity of the City Pacific First Mortgage Fund may have and has an option to fund any such claims identified and pursued by the responsible entity.
14. IMF is also funding a claim by a unit holder against the responsible entity of the Shakespeare Haney Premium Income Fund ("the Fund") in order to obtain the Fund's books and records referable to any claim unit holders may have arising from losses to the Fund.
15. At this stage IMF does not consider the funding of the above two claims to be material. However, IMF will provide an update if and when substantive claims are funded arising out of these two matters.
16. The settlement of two large actions in PAN Pharmaceuticals and OZ Minerals will impact on our \$2B target for cases under management by 30 June 2011. It is now unlikely that we will get above \$1.75M of cases under management by that time.



Diane Jones
Chief Operating Officer