

Appendix 4D

Results for announcement to the market

Current reporting period: Half-year ended 31 December 2011
Previous reporting period: Half-year ended 31 December 2010

		\$A'000
Total income from continuing operations	Down 15%	20,808
Profit from continuing operations after tax attributable to members	Down 21%	11,938
Net profit for the period attributable to members	Down 21%	11,938

Dividends

The directors have today deferred a decision on an interim dividend for the year ended 30 June 2012.

An interim dividend of 10.0 cents per share (fully franked) was paid on 13 April 2011 for the period ended 30 June 2011. A final dividend of 5.0 cents per share (fully franked) for the year ended 30 June 2011 was paid on 7 October 2011.

Net tangible assets per ordinary share

	31-Dec-11 cents/share	31-Dec-10 cents/share
Basic net tangible assets per ordinary share (cents per share)	19.30	38.81
Basic net assets per ordinary share (cents per share)	75.46	74.06

Earnings per share (EPS)

	31-Dec-11 cents/share	31-Dec-10 cents/share
Basic EPS (cents per share)	9.69	12.39
Diluted EPS (cents per share)	9.69	12.31

Entities over which control was gained or lost during the period

IMF established two subsidiaries in the United States during the period: Bentham Capital LLC and Bentham Holdings Inc. IMF did not lose control over any entities during the period.

Explanation of Results

The attached Financial Report for the half-year ended 31 December 2011 forms part of this document. This interim financial report is to be read in conjunction with the most recent annual financial report. A copy of the 2011 annual financial report and other documents are available on the Group's website at www.imf.com.au or on the ASX website at www.asx.com.au.

Review Statement

The unqualified review statement of the company's auditors, Ernst & Young, is attached to this document.



Diane Jones
Company Secretary
and Chief Operating Officer

Date: 23 February 2012



Half-Yearly Results

Half-Year Ended 31 December 2011



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Directors' Report

Your directors submit their report for the half-year ended 31 December 2011.

Directors

The names of the Company's directors in office during the half-year and until the date of this report are as below. Directors were in office for this entire period.

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

Review and results of operations

The Group experienced a decrease in income compared to the corresponding period last year. A total of 4 major cases concluded during the half-year (5 in the prior corresponding period), generating total income from continuing operations of \$32,554,117, a 10% decrease over the corresponding period last year (of \$36,248,183). Consolidated net profit from continuing operations after tax for the half-year was \$11,937,654 (2010: \$15,102,010) representing a 21% decrease over the corresponding period last year. The Group's cash position was \$52,312,638 at 31 December 2011 (30 June 2011: \$55,011,992) whilst its investments in cases was \$69,188,745 at 31 December 2011 (30 June 2011: \$59,625,438).

The following summarises the cases finalised during the period:

Litigation contract's matter name	Total Litigation contracts income \$	Litigation contracts expenses (including capitalised overheads) \$	Net gain on disposal of intangible asset \$
National Potato	14,506,945	(4,799,000)	9,707,945
Babcock and Brown	7,265,000	(1,409,396)	5,855,604
Thomson Playford	4,593,529	(1,314,899)	3,278,630
Credit Corp	4,354,813	(2,928,186)	1,426,627
Uniloc	1,320,928	(660,464)	660,464
Others	512,902	(1,895,081)	(1,382,179)
	32,554,117	(13,007,026)	19,547,091

The claim against Credit Corp was settled on 19 December 2011. It is expected this settlement will be sanctioned by the Court in February 2012.

Outlook

On 24 January 2011 the High Court of South Africa (Transvaal Provincial Division) ("SAHC") found in favour of IMF's client National Potato Co-Operative Ltd ("National Potato") against its former auditors PricewaterhouseCoopers Inc and earlier partnerships of that firm ("PWC"). On 14 December 2011 the SAHC finalised its decision on the quantum of damages suffered by National Potato. It is expected that the SAHC will finalise its decision on costs in March 2012. It is estimated the Company will receive \$14.5 million from this matter and generate a profit of approximately \$9.7 million (before tax) after derecognising capitalised costs in relation to this case which has been recognised in the result for the first half of the 2012 financial year. It is likely PWC will appeal the decision.

Directors' Report (continued)

Outlook (continued)

The Company will continue to update shareholders on the matters it has funded on a regular basis. An update on IMF's principal investments is as follows:

The **ABC Learning Charge** claim involves the funding of Liquidator's examinations to determine whether the charge granted to the banking syndicate can be challenged. The Court ordered that IMF have access to certain information obtained from the examinations but that decision is under appeal.

The **Air Cargo** case is a price fixing claim against various airlines under section 45 of the Trade Practices Act. An appeal against a decision to strike out the claim was successful and this case is proceeding in the Federal Court. These proceedings are at the discovery stage.

The trial in the proceedings against **Centro Retail Ltd** ("CER"), **Centro Properties Ltd** ("CNP"), PricewaterhouseCoopers ("PwC") and PricewaterhouseCoopers Securities Ltd ("PwCS") will commence in the Federal Court in March 2012. It is alleged that CER and CNP misled the market and failed to keep it informed of information material to the price of their publicly traded securities. The claims include claims against PwC and PwCS relating to the audit of the Centro group during the relevant period and an investigating accountant report, in relation to the October 2007 merger of Centro Shopping America Trust and CER.

IMF has jointly funded claims in the UK by numerous clients against their former solicitors **Collyer Bristow**. The trial has been underway for some time and is expected to complete in February 2012.

The actions by **Great Southern** unitholders, funded by IMF, are proceeding. These proceedings are in the discovery stage.

The **PIF Unitholders v KPMG** claim is against partners of KPMG (auditors of the compliance plan) for alleged breaches of the Corporations Act (the case against the directors has been resolved). The Court has now granted leave to amend the claim and the proceedings are continuing.

The **Lehman** trial has now been completed and the decision of the trial judge is reserved.

The trial against **Local Government Financial Services (LGFS)**, **ABN AMRO** and **Standard and Poors** by various councils is complete except for submissions to be made in March 2012.

The **Bank Fees** case is an action by customers to recover unfair exception fees charged to their bank accounts and credit card. So far, class actions have been launched against seven banks, ANZ, Commonwealth, Westpac, NAB, Citibank, St George and BankSA, on behalf of 160,000 customers. The first and lead case is ANZ. It is expected that the other class actions will be stayed pending its outcome. At a preliminary hearing in December 2011, Justice Gordon ruled that late fees on credit cards could amount to penalties at law. IMF has appealed those aspects of the preliminary judgement where the Applicant was unsuccessful. The main ANZ hearing is likely to be heard in 2013.

The **Uniloc** matter involves a series of cases that are being funded in the U.S.A. for the infringement of Uniloc's software activation patent. The main case involves a jury award of US\$388M that Uniloc won against Microsoft which was subsequently overturned. Uniloc was then successful on appeal with liability being found against Microsoft, but a re-trial on damages was ordered. The amount of damages arising from the infringement by Microsoft Corporation (but not liability, which has been found against Microsoft) is to be the subject of a further hearing to commence on 27 February 2012. Other cases are also currently proceeding against a number of other defendants in Texas.

IMF is funding a proposed claim for damages by **Westgem** and others against Bankwest. As part of that claim an application has been made to remove receivers from Westgem. The hearing of that application has been completed and judgment is reserved.

Directors' Report (continued)

Outlook (continued)

The **Rivercity** matter involves a proposed class action against Aecom for misleading and deceptive conduct and omissions in relation to the traffic forecast included in the Rivercity prospectus. The proceedings are expected to be filed shortly.

The proposed class action against **Transpacific Industries Group Ltd ("TPI")** involves claims that TPI misled the market and failed to disclose material information when required, which are disputed by TPI. A statement of claim has been prepared and TPI has agreed to engage in pre-proceedings discussions prior to any filing.

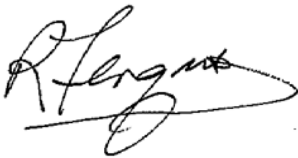
Returns to shareholders

The directors have today deferred a decision on an interim dividend for the year ended 30 June 2012.

Auditor's independence declaration

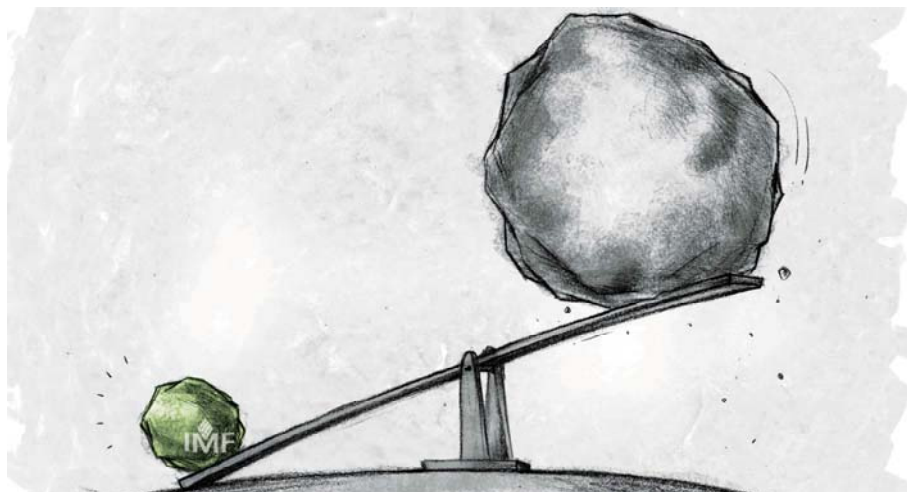
We have obtained the following independence declaration from our auditors, Ernst & Young, which is contained on page 7 of this report.

Signed in accordance with a resolution of the directors.



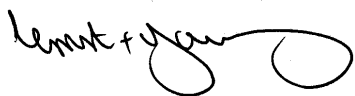
Rob Ferguson
Chairman

Date: 23 February 2012

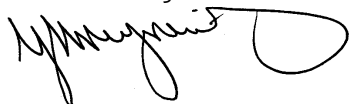


Auditor's Independence Declaration to the Directors of IMF (Australia) Ltd

In relation to our review of the financial report of IMF (Australia) Ltd for the half-year ended 31 December 2011, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

A handwritten signature in black ink, appearing to read 'Ernst & Young', with a large, stylized circular flourish at the end.

Ernst & Young

A handwritten signature in black ink, appearing to read 'G H Meyerowitz', with a large, stylized circular flourish at the end.

G H Meyerowitz
Partner
Perth
23 February 2012

Consolidated Statement of Comprehensive Income for the half-year ended 31 December 2011

Consolidated Statement of Comprehensive Income	Notes	Consolidated	
		Half-year ended 31-Dec-11 \$	Half-year ended 31-Dec-10 \$
Continuing operations			
Revenue	4	1,236,003	1,024,706
Other income	5	19,572,139	23,410,630
Total income		20,808,142	24,435,336
Finance costs	6(a)	(356,295)	(471,436)
Depreciation expense	6(b)	(117,917)	(107,410)
Employee benefits expense	6(c)	(1,676,858)	(922,917)
Corporate and office expense	6(d)	(1,530,454)	(814,769)
Other expenses	6(e)	(314,114)	(446,091)
Profit from continuing operations before income tax		16,812,504	21,672,713
Income tax expense		(4,874,850)	(6,570,703)
Net Profit for the period		11,937,654	15,102,010
Other comprehensive income			
Net fair value gains/(loss) on available for sale financial assets		-	(333,646)
Income tax on items of other comprehensive income		-	100,094
Other comprehensive income for the period, net of tax		-	(233,552)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		11,937,654	14,868,458
Earnings per share (cents per share)			
Basic earnings per share (cents per share)		9.69	12.39
Diluted earnings per share (cents per share)		9.69	12.31

Consolidated Statement of Financial Position As at 31 December 2011

Consolidated Statement of Financial Position	Notes	Consolidated	
		At	At
		31-Dec-11	30-Jun-11
		\$	\$
ASSETS			
Current Assets			
Cash and cash equivalents	7	52,312,638	55,011,992
Trade and other receivables	8	36,997,006	36,075,176
Other assets		454,992	699,885
Total Current Assets		89,764,636	91,787,053
Non-Current Assets			
Trade and other receivables		-	264,371
Plant and equipment		398,826	440,500
Financial assets		316,868	430,104
Intangible assets		69,188,745	59,625,438
Total Non-Current Assets		69,904,439	60,760,413
TOTAL ASSETS		159,669,075	152,547,466
LIABILITIES			
Current Liabilities			
Trade and other payables		7,191,277	7,233,234
Income tax payable		416,830	37,249
Provisions		3,237,343	6,029,525
Total Current Liabilities		10,845,450	13,300,008
Non-Current Liabilities			
Convertible notes	9	34,265,423	33,568,796
Provisions		407,054	344,733
Deferred income tax liabilities		21,180,075	18,140,424
Total Non-Current Liabilities		55,852,552	52,053,953
TOTAL LIABILITIES		66,698,002	65,353,961
NET ASSETS		92,971,073	87,193,505
EQUITY			
Contributed equity	10	41,900,322	41,900,322
Reserves	11	7,235,936	7,235,936
Retained earnings	11	43,834,815	38,057,247
TOTAL EQUITY		92,971,073	87,193,505

Consolidated Statement of Cash Flow for the half-year ended 31 December 2011

Consolidated Statement of Cash Flow	Notes	Consolidated	
		Half-year ended 31-Dec-11 \$	Half-year ended 31-Dec-10 \$
Cash flows from operating activities			
Payments to suppliers and employees		(4,096,825)	(2,618,750)
Interest income		1,436,581	1,049,830
Interest paid		(1,969,964)	-
Income tax paid		(1,455,619)	(4,114,779)
Net cash flows used in operating activities		(6,085,827)	(5,683,699)
Cash flows from investing activities			
Proceeds from litigation funding - settlements, fees and reimbursements		32,361,157	12,070,387
Payments for litigation funding and capitalised suppliers and employee costs		(22,738,356)	(17,700,730)
Purchase of plant and equipment		(76,243)	(72,742)
Net cash flows from/(used in) investing activities		9,546,558	(5,703,085)
Cash flows from financing activities			
Dividend paid		(6,160,085)	-
Proceeds from issue of convertible notes		-	39,108,984
Costs associated with issue of convertible notes		-	(1,530,837)
Net cash flows from/(used in) financing activities		(6,160,085)	37,578,147
Net increase/(decrease) in cash and cash equivalents held		(2,699,354)	26,191,363
Cash and cash equivalents at beginning of period		55,011,992	42,990,254
Cash and cash equivalents at end of period	7	52,312,638	69,181,617

Consolidated Statement of Changes in Equity for the half-year ended 31 December 2011

CONSOLIDATED	Option Premium Reserve \$	Net unrealised gains reserve \$	Convertible Notes Reserve \$	Issued Capital \$	Retained earnings \$	Total \$
As at 1 July 2011	3,403,720	-	3,832,216	41,900,322	38,057,247	87,193,505
Profit for the period	-	-	-	-	11,937,654	11,937,654
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	11,937,654	11,937,654
Equity transactions						
Dividend paid	-	-	-	-	(6,160,086)	(6,160,086)
As at 31 December 2011	3,403,720	-	3,832,216	41,900,322	43,834,815	92,971,073
As at 1 July 2010	3,403,720	116,080	984,139	40,514,450	27,517,267	72,535,656
Profit for the period	-	-	-	-	15,102,010	15,102,010
Other comprehensive income	-	(233,552)	-	-	-	(233,552)
Total comprehensive income for the period	-	(233,552)	-	-	15,102,010	14,868,458
Equity transactions						
Convertible Note Equity	-	-	4,068,682	-	-	4,068,682
Deferred tax liability relating to convertible	-	-	(1,220,605)	-	-	(1,220,605)
As at 31 December 2010	3,403,720	(117,472)	3,832,216	40,514,450	42,619,277	90,252,191

Notes to the Consolidated Financial Statements For the Half-Year Ended 31 December 2011

NOTE 1: CORPORATE INFORMATION

The half-year financial report of IMF (Australia) Ltd (the Company) for the half-year ended 31 December 2011 was authorised for issue in accordance with a resolution of the directors on 23 February 2012.

IMF (Australia) Ltd is a company incorporated and domiciled in Australia and limited by shares, which are publicly traded on the Australian Securities Exchange (ASX code: IMF).

The nature of the operations and principal activities of the Company and its subsidiaries ("the Group") are described in note 3.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Basis of preparation

This general purpose condensed financial report for the half-year ended 31 December 2011 has been prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001 (Cth)*.

The half-year consolidated financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the Group as the annual financial report.

It is recommended that the half-year financial report be read in conjunction with the annual report for the year ended 30 June 2011 and considered together with any public announcements made by the Company during the half-year ended 31 December 2011 in accordance with the continuous disclosure obligations of the Corporations Act 2001 and the ASX listing rules.

b. Significant accounting policies

The half-year consolidated financial statements have been prepared using the same accounting policies as those applied for the year ended 30 June 2011. The consolidated entity has adopted all accounting standards and interpretations applicable from 1 July 2011. The adoption of accounting standards and interpretations applicable from 1 July 2011 did not have an impact on the financial position or performance of the consolidated entity.

Australian accounting standards and interpretations that have recently been issued or amended but are not yet effective have not been adopted by the consolidated entity for the half-year ended 31 December 2011.

c. Basis of consolidation

The half-year consolidated financial statements comprise the financial statements of IMF (Australia) Ltd and its subsidiaries Financial Redress Pty Limited (formerly Insolvency Litigation Fund Pty Limited), Bentham Holdings Inc and Bentham Capital LLC as at 31 December 2011.

Notes to the Consolidated Financial Statements For the Half-Year Ended 31 December 2011

NOTE 3: SEGMENT INFORMATION

The accounting policies used by the Group in reporting segments internally are the same as those contained in note 2b.

The Group has identified its operating segments based upon the internal management reporting that is used by the managing director and the executive management team (the chief operating decision maker) in assessing performance and in determining the allocation of resources. The Group's operating segments have been identified based on how the financial and operating results of the Group are monitored and presented internally.

The Group operates in one reportable segment, being the provision of litigation funding, including investigation and management services relating to litigation funding.

Geographically, the Group operates in Australia and the United States of America. However, the Group has agreed to fund matters outside these geographical areas including South Africa, the United Kingdom and New Zealand. The Group continues to investigate other markets and has identified the following markets outside of Australia as being favourable to litigation funding: the United Kingdom, the United States, Hong Kong, Singapore, Canada, South Africa and New Zealand.

Interest received from National Australia Bank Ltd (\$925,971) and Westpac Banking Group Ltd (\$301,781) contributed more than 10% of the Group's bank interest revenue.

NOTE 4: REVENUE

	Consolidated	
	Half-year ended 31-Dec-11	Half-year ended 31-Dec-10
Finance revenue	\$	\$
Bank interest received and accrued	1,236,003	1,009,107
Dividends received	-	15,599
	<u>1,236,003</u>	<u>1,024,706</u>

NOTE 5: OTHER INCOME

	Consolidated	
	Half-year ended 31-Dec-11	Half-year ended 31-Dec-10
Other income	\$	\$
Litigation contracts in progress - settlements and judgments	32,554,117	36,248,183
Litigation contracts in progress - expenses	(9,128,710)	(10,189,594)
Litigation contracts in progress - written-down	(3,878,316)	(2,625,102)
Net gain on derecognition of intangible assets	19,547,091	23,433,487
GST recoverable/(written-off) from prior periods	18,995	(22,857)
Other	6,053	-
	<u>19,572,139</u>	<u>23,410,630</u>

Notes to the Consolidated Financial Statements For the Half-Year Ended 31 December 2011

NOTE 6: EXPENSES

	Consolidated	
	Half-year ended 31-Dec-11	Half-year ended 31-Dec-10
	\$	\$
(a) Finance costs		
Interest expense	(328,301)	(448,855)
Other finance charges	(27,994)	(22,581)
	<u>(356,295)</u>	<u>(471,436)</u>
(b) Depreciation included in the income statement		
Depreciation	(117,917)	(107,410)
(c) Employee benefits expense		
Wages and salaries	(851,914)	(325,577)
Superannuation expense	(330,534)	(288,595)
Directors' fees	(121,563)	(104,868)
Payroll tax	(335,215)	(165,078)
Long service leave provision	(37,632)	(38,799)
	<u>(1,676,858)</u>	<u>(922,917)</u>
(d) Corporate and office expense		
Insurance expense	(504,591)	(279,181)
Network expense	(44,447)	(116,863)
Marketing expense	(246,253)	(180,727)
Occupancy expense	(44,149)	(16,241)
Professional fee expense	(520,180)	(109,464)
Recruitment expense	(22,372)	(16,517)
Telephone expense	(58,124)	(46,564)
Travel expense	(90,338)	(49,212)
	<u>(1,530,454)</u>	<u>(814,769)</u>
(e) Other expenses		
ASX listing fees	(26,846)	(46,274)
General expenses	(295,941)	(138,250)
Postage, printing and stationary	(31,022)	(62,170)
Repairs and maintenance	(19,133)	(13,332)
Share registry costs	(27,065)	(22,380)
Software supplies	(5,656)	(10,581)
Foreign exchange profit/(loss)	204,785	(124,662)
Net fair value gain/(loss) on shares held for trading	(113,236)	(28,442)
	<u>(314,114)</u>	<u>(446,091)</u>

Notes to the Consolidated Financial Statements For the Half-Year Ended 31 December 2011

NOTE 7: CASH AND CASH EQUIVALENTS

For the purpose of the half-year condensed cash flow statement, cash and cash equivalents comprise the following:

	Consolidated	
	At 31-Dec-10	At 30-Jun-11
	\$	\$
Cash at bank	22,311,039	13,010,392
Short-term deposits	30,001,599	42,001,600
	<u>52,312,638</u>	<u>55,011,992</u>

Cash at bank earns interest at floating rates based on daily bank deposit rates. The carrying amount of cash and cash equivalents represents fair value.

Short-term deposits are made for varying periods of between one day and twenty-four months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates. The Group's twenty-four month term deposit can be withdrawn with one day's notice without penalty, hence it has been included as a current asset.

Bank Guarantee

Bank guarantees have been issued by the Group's bankers as security for leases over premises, banking facilities and as security for adverse costs orders for matters funded under litigation funding agreements. As at 31 December 2011, guarantees of \$1,403,783 were outstanding (30 June 2011: \$2,049,762). The guarantees are secured by an offset agreement with a term deposit of \$5,000,000 (30 June 2011: \$5,000,000).

NOTE 8: TRADE AND OTHER RECEIVABLES

	Consolidated	
	At 31-Dec-11	At 30-Jun-11
	\$	\$
Trade receivables	(i) 36,353,682	35,231,257
Interest receivable	(ii) 595,324	795,919
Other	48,000	48,000
	<u>36,997,006</u>	<u>36,075,176</u>

- (i) Trade receivables are non-interest bearing and generally on 30-90 day terms. There is \$14,622,041 in trade debtors relating to the National Potato case which we understand may be appealed by the defendant (no amount included in trade debtors which is subject to appeal at 30 June 2011). An amount of \$14,793,683 is included in this balance which relates to the settlement of the matter against the Commonwealth of Australia (the Pan matter) and which is expected to be received within the next two months.
- (ii) Interest receivable relates to interest earned but not yet received on the Company's short term deposits.

Notes to the Consolidated Financial Statements For the Half-Year Ended 31 December 2011

NOTE 9: NON - CURRENT LIABILITIES

	Consolidated	
	At 31-Dec-11	At 30-Jun-11
	\$	\$
Convertible notes	(i) 34,265,423	33,568,796

(i) Net of transaction costs of \$1,363,114.

On 13 December 2010 the Company issued 23,702,415 convertible notes raising total capital of \$39,908,185 (excluding costs). Each convertible note has a face value of \$1.65 and has the right to convert into one ordinary share. The Noteholders have been granted security over the Company's assets.

The convertible notes are convertible at the option of the Noteholder by 31 December 2014. The Company has the ability to request the Noteholder to elect to either convert or be repaid after 31 December 2012. During the period no Noteholders elected to convert their notes into shares (During the year to 30 June 2011 471,374 Noteholders elected to convert their convertible notes into shares). Accordingly as at 31 December 2011 there were 23,231,041 convertible notes on issue with a face value of \$38,331,218.

The Company is required to pay the Noteholders interest of 10.25% per annum, payable quarterly in arrears, with the first interest quarter being on 31 December 2010. The application of AASB 123 Borrowing Costs (revised 2007) has resulted in the capitalisation of \$2,219,358 (2011: \$1,850,500) as part of the Litigation Contracts in Progress intangible assets deemed to be a qualifying asset post the application date of AASB 123 (revised) of 1 July 2009.

The application of AASB 132 Financial Instruments: Disclosure and Presentation has resulted in \$4,068,682 net of transaction costs (before tax) of these convertible notes being classified as equity (refer to note 11).

NOTE 10: CONTRIBUTED EQUITY

	Consolidated	
	At 31-Dec-11	At 30-Jun-11
	\$	\$
Issued and fully paid ordinary shares	41,900,322	41,900,322

(a) Ordinary shares amounts:

Fully paid ordinary shares carry one vote per share and carry the rights to dividends.

	Consolidated	
	Number	\$
Movement in ordinary shares		
As at 1 July 2011	123,201,716	41,900,322
Movement in ordinary shares	-	-
As at 31 December 2011	123,201,716	41,900,322

(b) Share Options:

As at 31 December 2011 there were nil unissued ordinary shares in total in respect of which options were outstanding (30 June 2011: nil).

Notes to the Consolidated Financial Statements For the Half-Year Ended 31 December 2011

NOTE 11: RETAINED EARNINGS AND RESERVES

(a) Movement in retained earnings were as follows:

	Consolidated	
	At 31-Dec-11	At 31-Dec-10
	\$	\$
Balance 1 July	38,057,247	27,517,267
Net profit for the period	11,937,654	15,102,010
Dividend paid	(6,160,086)	-
Balance at period end	43,834,815	42,619,277

(b) Movement in reserves were as follows:

	Option Premium Reserve \$	Net Unrealised Gains Reserve \$	Convertible Notes Reserve \$	Total Reserves \$
Balance 1 July 2010	3,403,720	116,080	984,139	4,503,939
Share revaluation	-	(116,080)	-	(116,080)
Equity component - convertible notes (i)	-	-	4,068,682	4,068,682
Deferred tax liability relating to convertible notes	-	-	(1,220,605)	(1,220,605)
Balance at 30 June 2011	3,403,720	-	3,832,216	7,235,936
Movement during the period	-	-	-	-
Balance at 31 December 2011	3,403,720	-	3,832,216	7,235,936

(i) Net of transaction costs of \$169,310

NOTE 12: DIVIDENDS PAID AND PROPOSED

The directors have today deferred a decision on an interim dividend. The Company maintains a dividend policy based upon the following criteria:

- the Company will consider distributing amounts in excess of a cash liquidity buffer of \$70 million (the Company currently has about \$69 million in cash and receipts expected by 30 June 2012);
- whether there is a positive balance in the franking account which will allow dividends to be fully franked (currently the Company has a deficit in its franking account);
- whether there is no other substantial use for the funds in excess of \$70 million (the Company currently has six major pieces of litigation coming to finality which require end funding – Lehman, LGFS, Uniloc, Centro, Bank of Queensland and Collyer Bristow).

As and when each of those major pieces of litigation is finalised the Board will consider the dividend position and will determine any franking available for such dividends.

During the year ended 30 June 2011 an interim fully franked dividend of 10.0 cents per share was paid on 13 April 2011 and a final fully franked dividend of 5.0 cents per share was paid on 7 October 2011.

Notes to the Consolidated Financial Statements For the Half-Year Ended 31 December 2011

NOTE 12: DIVIDENDS PAID AND PROPOSED (CONTINUED)

(a) Recognised amounts:

	Consolidated	
	At 31-Dec-11	At 31-Dec-10
	\$	\$
Declared and paid during the period		
Final Fully franked dividend for 2011: 5.0 cents per share (2010: Nil recognised)	6,160,086	-
Interim fully franked dividend for 2012: Nil; 2011: Nil	-	-

(b) Unrecognised amounts:

	Consolidated	
	At 31-Dec-11	At 31-Dec-10
	\$	\$
Dividends on ordinary shares		
Financial year 2012: Interim dividend - unrecognised	-	-
Financial year 2011: Interim dividend declared 22 February 2011 - unrecognised	-	12,320,172

NOTE 13: RELATED PARTY DISCLOSURES

	Consolidated	
	At 31-Dec-11	At 31-Dec-10
	\$	\$
Transactions with related parties	1,273	550

During the period ended 31 December 2011 the Group obtained legal advice from Hardy Bowen, a legal firm associated with director Michael Bowen. The legal advice was obtained at normal market rates.

NOTE 14: CONTINGENCIES

(a) Contingencies

In May 2011, a person contacted IMF and, at around the same time, also contacted several major media outlets and regulators, questioning IMF's corporate governance, compliance with its continuous disclosure obligations, trading by two directors of IMF shares and statements made to clients of the Bank Fees case funded by IMF about the number of clients who had signed up to that action. IMF's Managing Director, Hugh McLernon, responded to the author, media outlets and regulators on IMF's behalf. IMF has not received any further contact from the media outlets or regulators in relation to the questions asked. IMF is not aware of any publication by any media outlet of material that was based either on the original letter or IMF's response. The author of the original correspondence has now issued defamation proceedings against IMF and Hugh McLernon. IMF has instructed solicitors to defend the proceedings. IMF does not expect any material financial or other impact on the company or its officers from these proceedings.

Notes to the Consolidated Financial Statements For the Half-Year Ended 31 December 2011

NOTE 15: COMPOSITION OF THE ENTITY

The consolidated financial statements include the financial statements of IMF and its subsidiaries listed in the following table:

Name	Country of Incorporation	Percentage Owned		Investment	
		At 31-Dec-11	At 30-Jun-11	At 31-Dec-11	At 30-Jun-11
Financial Redress Pty Ltd	Australia	100%	100%	16,369,578	16,391,466
Bentham Holdings Inc	United States of America	100%	Unincorporated	10	-
Bentham Capital LLC	United States of America	100%	Unincorporated	-	-

NOTE 16: EVENTS AFTER THE BALANCE SHEET DATE

(a) Intangible Assets

On 20 February 2012 the litigation funded by the Company against Centrex Metals Limited was settled. It is estimated that IMF will receive approximately \$1.8M from the settlement and generate a profit after capitalised overheads of approximately \$1.4M (before tax).

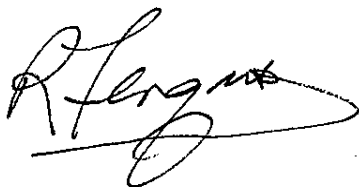
Directors' Declaration

In accordance with a resolution of the directors of IMF (Australia) Ltd, I state that:

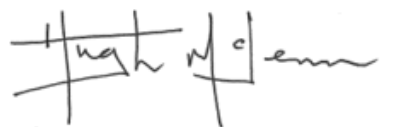
In the opinion of the directors:

- (a) the financial statements and notes of the consolidated entity are in accordance with the Corporations Act 2001 (Cth), including
 - (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2011 and of its performance for the half-year ended on that date; and
 - (ii) complying with Australian Accounting Standard 134 Interim Financial Reporting and the Corporations Regulations 2001 (Cth);
- (b) the financial statements and notes comply with International Financial Reporting Standards;
- (c) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable;
- (d) this declaration has been made after receiving the declarations required to be made to the directors in accordance with section 295A of the Corporations Act 2001 for the period ending 31 December 2011.

On behalf of the Board



Robert Ferguson
Non-Executive Chairman



Hugh McLernon
Managing Director

Dated this 23rd day of February 2012

To the members of IMF (Australia) Ltd

Report on the Half-Year Condensed Financial Report

We have reviewed the accompanying half-year financial report of IMF (Australia) Ltd (the company), which comprises the statement of financial position as at 31 December 2011, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal controls as the directors determine are necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2011 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of IMF (Australia) Ltd and the entities it controlled during the half-year, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

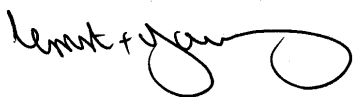
Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the half-year financial report.

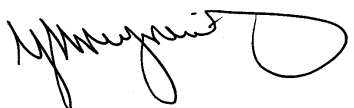
Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of IMF (Australia) Ltd is not in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2011 and of its performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A handwritten signature in black ink, appearing to read 'Ernst & Young', with a large, stylized circular flourish at the end.

Ernst & Young

A handwritten signature in black ink, appearing to read 'G H Meyerowitz', with a large, stylized circular flourish at the end.

G H Meyerowitz
Partner
Perth
23 February 2012

Corporate Information

ABN 45 067 298 088

This half year report covers both IMF (Australia) Ltd as an individual entity and the consolidated entity comprising IMF (Australia) Ltd and its subsidiary. The Group's functional and presentation currency is AUD (\$).

Directors

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

Company Secretary

Diane Jones

Principal Registered Office in Australia

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Share Registry

Computer Share Registry
GPO Box 2975
MELBOURNE VIC 3001
Phone: 1300 557 010

Auditors

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The Ernst & Young Building
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Perth WA 6000

Bankers

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255 George Street
Sydney NSW 2000

Macquarie Bank Limited
Bond Street
Sydney NSW 2000

Internet Address

www.imf.com.au

The Company is listed on the Australian Securities Exchange, with Sydney, Australia as its home exchange. Its ASX code is "IMF" and its shares were trading as at the date of this report.