

ANNUAL GENERAL MEETING

Sofitel Sydney Wentworth



22 November 2012

Welcome to IMF's Annual General Meeting

Rob Ferguson - Non-Executive Chairman



AGENDA

- Introduction
- Overview of FY2012 – Hugh McLernon, MD
 - FY2012 Highlights
 - FY2012 Income
 - Balance Sheet Strength
 - Dividend History
 - Investment Portfolio
 - Track Record as at 30 June 2012
 - Possible Completions in FY2013
 - Client Group
 - Investor Relations
 - Bentham
 - USA and Australian Legal Markets
 - Future Outlook
- Resolutions
- Questions



FY2012 HIGHLIGHTS

IMF's performance continues to improve and it has delivered its highest profit since inception:

	FY2011	FY2012	%
Gross Income (from cases)	\$57.9M	\$117.8M	▲ 104%
Net Income (from cases)	\$38.0M	\$70.5M	▲ 86%
NPBT	\$32.8M	\$61.4M	▲ 88%
NPAT	\$22.9M	\$43.0M	▲ 88%
Dividend (cents per share)	15.0 Franked	10.0 Franked	▼ 5.0 cps
EPS	18.56	34.87	▲ 88%
Net Asset Backing (cents per share)	70.77	90.67	▲ 28%
Value of Investment Portfolio	\$1.778B	\$1.233B	▼ 31%



FY2012 INCOME

9 cases were finalised in FY 2012

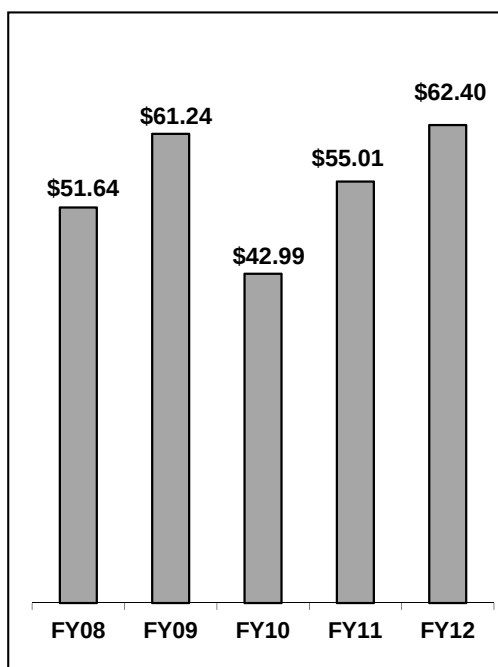
Matter	Gross Income	Net Income
Centro	\$62.0M	\$41.8M
Transpacific Industries	\$13.0M	\$10.5M
National Potato	\$14.5M	\$9.7M
Babcock and Brown	\$7.3M	\$5.9M
Uniloc	\$7.3M	\$3.6M
Thomson Playford	\$4.6M	\$3.3M
Credit Corp	\$4.4M	\$1.4M
Centrex	\$1.9M	\$1.4M
Others	\$2.8M	(\$7.1M*)
Total Matter Income	\$117.8M	\$70.5M

* Includes the write off of Collyer Bristow of \$4.9M.

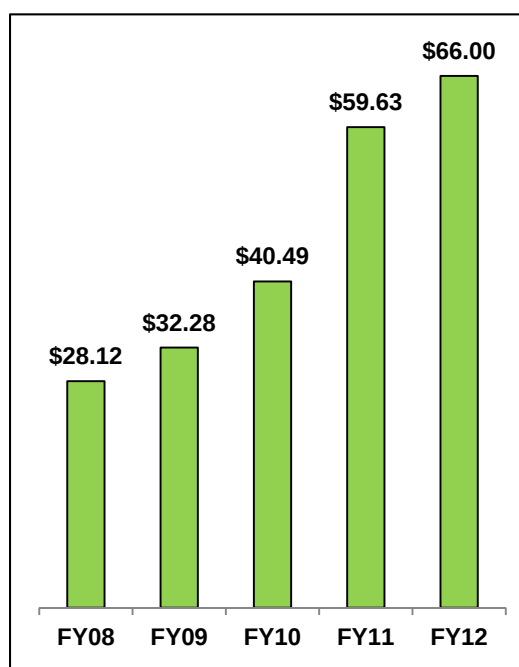


BALANCE SHEET STRENGTH

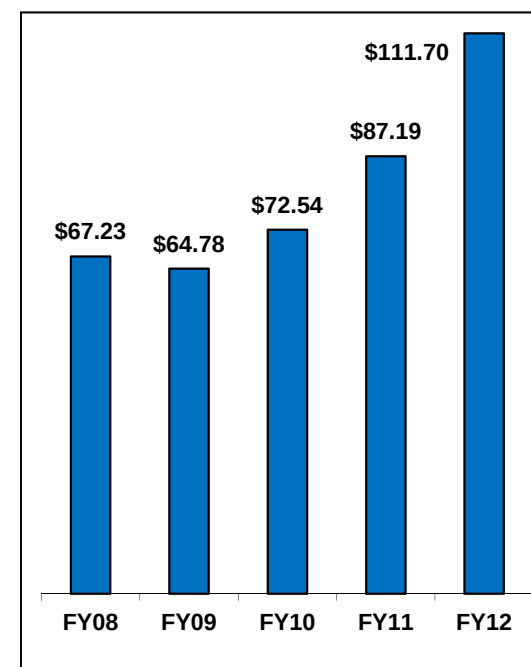
Cash
\$M



Investments¹
\$M



Net Assets
\$M



¹ Investments includes capitalised overheads and capitalised interest relating to the litigation.

DIVIDEND HISTORY

Average of 10 cents per share paid to shareholders over the last 5 years:

Date	Cents per share	
FY2007	3	Un-franked
FY2008	5	Fully franked
FY2009	15	Fully franked
FY2010	5	Fully franked
FY2011	15	Fully franked
FY2012	10	Fully franked



INVESTMENT PORTFOLIO

As at 30 September 2012

Claim Value Range	Est. Claim Value*	No of Cases	% of Total Value	Expected Completion FY2013	Expected Completion FY2014	Expected Completion FY2015
<\$10M	\$15.0M	3	1%	\$5.0M	-	\$10.0M
\$10M - \$50M	\$273.0M	13	23%	\$70.0M	\$113.0M	\$90.0M
>\$50M	\$935.0M	10	76%	\$150.0M	\$555.0M	\$230.0M
Total Portfolio	\$1,223.0M	26	100%	\$225.0M	\$668.0M	\$330.0M

- IMF continues to aim to have an investment portfolio of around \$2B
- Does not include any value for Wivenhoe Dam case or CDO cases



* This is IMF's best estimate of the claims recoverable amount. It considers, where appropriate, the perceived capacity to pay of the defendant to pay the amount claimed. It is not necessarily the same as the amount being claimed by IMF's client/s in the matter. It is also not the estimated return to IMF from the matter.

TRACK RECORD

IMF's track record to 30 June 2012



Summary

- **137** cases commenced and completed since listing.
- Generated revenue of \$1.2B:
 - \$800M to Clients;
 - \$400M to IMF comprising:
 - \$130M reimbursement of costs;
 - \$270M net revenue to IMF (excluding overheads);
 - Gross ROI of 310%.
- Average investment period of 2.3 years.
- Lost cases cost \$6.7M including adverse costs.
- Withdrawals cost \$1.9M.



POSSIBLE COMPLETIONS FY2013

Matter	Description
Lehmans	Judgment delivered. Awaiting final orders. Distribution required from Liquidator.
LGFS	Judgment delivered. Appeal likely.
Uniloc	Further income is expected as Uniloc pursues other patent infringers.
Bank of Queensland	Trial started September 2012.
Firepower/King	Possible settlement opportunities.
Others	Confidential mediation on small matter.
Total	\$225M*



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CLIENT GROUP

- Team of 8 IT and client liaison staff based in Perth.
- Significant investment in bespoke “OCA” system over 10 years.
- OCA (online client administration) is our multi party case management system.
- Tracks claims from registration, through proof of claim and loss calculation, to settlement.
- Utilises secure online registration for larger class actions (eg Bank Fees, Wivenhoe).
- Maintaining more than 210,000 customer files and 2.5 million customer records.
- Full control of non legal processes, and cost savings, by not outsourcing.
- Barrier to entry for competition.



INVESTOR RELATIONS

- Australasian Investor Relations Award Nomination for Best Investor Relations by a Company in the S&P “Mid-Cap 200”.
- Top 3.
- Criteria:
 - Quality, consistency and timeliness of communication to the investment community.
 - Transparency of strategy and operations.
 - Willingness to accommodate investor requests for information and meetings.
 - Depth of company and sector knowledge.
 - Credibility and integrity.



BENTHAM

- Assessed >100 cases over 12 months.
- Targeted approach.
- Funded 2 cases and 2 more possibilities.
- Increased employees.
- Overhead <\$1.5M pa.



USA AND AUSTRALIAN LEGAL MARKETS

Issue	United States	Australia
Population	330M across 50 states. 1.2M lawyers.	22m across 8 states & territories. 100K lawyers.
General business culture	Significant levels of fraud and untrustworthiness.	Presumption of truth between parties when doing business.
Legal system	Common law based with separately developed federal and 50 state law and procedural systems.	Common law based with separately developed OZ law and procedure system
Cost of lawyers	Generally considered high, particularly due to abusive discovery and depositions.	Lower than US.
Lawyer compensation	Hourly and contingency.	Hourly only.
Depositions & extent of discovery	Depositions are routine and discovery is far wider (fishing expeditions) and so more costly.	No depositions. Discovery more limited, but still expensive.
Juries	Determine facts for liability and damages in most civil cases.	Essentially never used in civil cases.
Damages	Large awards from juries plus punitive/wilful damages.	Conservative awards. No punitive/wilful damages.
Post-Trial motions	Frequently overturn jury findings of liability or damages.	Doesn't exist
Appeals	Vary in duration between federal (9-15 months) and states (12-24 months).	Similar



FUTURE OUTLOOK

Australia

- Building the investment portfolio (Wivenhoe, CDO's others).
- Increased marketing activities.
- Competition.
- Regulation.

Taking funding international

- Expansion into the United States.
- Funding of international arbitration.
- Funding CDO cases in Europe.
- Construction cases.

Economic environment

- GFC (mark II).
- Litigation Lag.



RESOLUTION 1

“That Mr Michael Bowen, being a Director, retires by rotation in accordance with Clause 13.2 of the Constitution and, being eligible, is hereby re-elected as a Director.”



RESOLUTION 2

“That Mr David Barrow, who has nominated himself in accordance with Clause 13.4 of the Constitution and, being eligible, is hereby elected as a Director.”



RESOLUTION 3

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



RESOLUTION 4

“That, for the purposes of Section 250R(2) of the Corporations Act, the Remuneration Report for 2012 be adopted.”



ANNUAL GENERAL MEETING

QUESTIONS AND ANSWERS

