



Appendix 4D

Half-Yearly Report

IMF (Australia) Ltd

ABN 45 067 298 088

Half-Year ended 31 December 2012

Results for announcement to the market

Current reporting period: Half-year ended 31 December 2012

Previous reporting period: Half-year ended 31 December 2011

		\$A'000
Total income from continuing operations	Down 37%	13,204
Profit from continuing operations after tax attributable to members	Down 53%	5,602
Net profit for the period attributable to members	Down 53%	5,602

Dividends

The directors have determined that no interim dividend should be paid. No interim dividend was paid in the corresponding period.

A final fully franked dividend of 10 cents per share was declared on 29 June 2012 and paid on 13 September 2012.

Net tangible assets per ordinary share

	31-Dec-12 cents/share	31-Dec-11 cents/share
Basic net tangible assets per ordinary share (cents per share)	34.99	19.30
Basic net assets per ordinary share (cents per share)	95.20	75.46

Earnings per share (EPS)

	31-Dec-12 cents/share	31-Dec-11 cents/share
Basic EPS (cents per share)	4.55	9.69
Diluted EPS (cents per share)	3.83	8.15

Entities over which control was gained or lost during the period

IMF did not gain or lose control over any entities during the period.

Explanation of Results

The attached Financial Report for the half-year ended 31 December 2012 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 2012 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 and highlights no areas of dispute.

Diane Jones
Company Secretary
and Chief Operating Officer

Date: 26 February 2013

IMF (Australia) Ltd

ABN 45 067 298 088

Consolidated Financial Report for the Half-Year ended 31 December 2012

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IMF (Australia) Ltd

ABN 45 067 298 088

Consolidated Financial Report for the Half-Year ended 31 December 2012

Directors' Report

Your directors submit their report for the half-year ended 31 December 2012.

Directors

The names of the Company's directors in office during the half-year and until the date of this report are as below. The 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 2 cases concluded during the half-year (4 in the corresponding period), generating total income from litigation contracts of \$20,574,012, a 37% decrease over the corresponding period last year (of \$32,554,117). Consolidated net profit from continuing operations after tax for the half-year was \$5,601,810 (2011: \$11,937,653), representing a 53% decrease over the corresponding period last year. The Group's cash position was \$70,911,288 as at 31 December 2012 (30 June 2012: \$62,424,566) whilst its investments in cases was \$74,174,979 at 31 December 2012 (30 June 2012: \$66,004,218).

The following summarises the cases finalised and income generated from cases 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
	\$	\$	\$
Local Government Financial Services, ABN Amro and Others	16,528,462	(8,456,596)	8,071,866
Confidential	2,782,500	(891,237)	1,891,263
Others	1,263,050	(732,684)	530,366
	20,574,012	(10,080,517)	10,493,495

Judgment was received in the claim funded against Local Government Financial Services Pty Ltd, ABN Amro and Standard & Poor's on 5 November 2012. ABN Amro and Standard & Poor's have indicated that they intend to appeal the decision, however, appeals have not yet been lodged with the Court. The confidential matter announced on 20 December 2012 was settled. Expected income from both of these matters has been recognised in the half-year to 31 December 2012 in accordance with the consolidated entity's accounting policy. No income from the Lehman matter has been included in the period (see below).

Outlook

An update on IMF's principal investments from that noted in the 2012 Annual Report is as follows:

Reasons for Judgment were given on 21 September 2012 in favour of the three representatives in the case funded against Lehman Brothers Australia Ltd (In Liquidation). Orders giving effect to the Reasons for Judgment are expected after a hearing on 18 March 2013. The liquidators, together with material creditors, are in the meantime seeking to develop a Scheme of Arrangement to efficiently address contingent creditor claims.

After funding various examinations, IMF is now funding the liquidators of ZYX Learning Centres (formerly A.B.C. Learning Centres) Limited (in liquidation) to claim a floating charge granted to a syndicate of banks is void to the extent of certain monies purportedly received under the charge. The matter is progressing through the court system.

The Air Cargo case, which is a price fixing claim against various airlines under section 45 of the Trade Practices Act, continues through the courts. Substantial progress continues to be made in relation to discovery. A further amended statement of claim is expected to be served.

IMF (Australia) Ltd

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Consolidated Financial Report for the Half-Year ended 31 December 2012

Directors' Report (continued)

Outlook (continued)

The actions by Great Southern unitholders, funded by IMF, continue to advance through the courts. There is not yet a hearing date for these cases.

The Court has allowed amendments to the statement of claim in the case of PIF Unitholders v KPMG (a claim for alleged breaches of the Corporations Act by KPMG and 2 of the directors) and the case will now progress through the court system.

In the Bank Fees case (an action by customers to recover exception fees charged to their bank accounts and credit cards) proceedings have been issued against 8 banks. All have been stayed other than the ANZ case. The High Court has now clarified that a number of fees charged by the Banks could amount to penalties at law. The ANZ case is now back before Federal Court to proceed to trial.

In March 2012 there was a settlement in the USA of Uniloc's claim against Microsoft. This is one of a suite of cases by Uniloc (to whom IMF has provided funding), alleging infringement of its software activation patent. Those other cases are continuing.

The class action against Aecom and 2 Rivercity companies, alleging that there was misleading and deceptive conduct and omissions in relation to the traffic forecast included in the PDS, is in the discovery phase.

The case IMF is funding against the Bank of Queensland ("BOQ") by BOQ franchisees in New South Wales for alleged misleading and deceptive conduct, primarily concerning business that could or would be generated, has commenced and is expected to conclude in March 2013.

In relation to the class action IMF is funding by persons who bought shares in Gunns, alleging misleading and deceptive conduct and non-disclosure of material information, Gunns is in Administration and the lawyers are assessing whether the claim should proceed against Gunns or against others.

The action to remove the receiver in the Westgem matter was lost. New proceedings for damages have now been commenced.

IMF has conditionally funded persons who suffered loss due to the Brisbane floods last year (the Wivenhoe Dam case) and IMF expects that a decision whether or not to proceed with this claim will be made in or around April 2013.

Bentham Capital LLC (IMF's wholly owned USA subsidiary) has now funded three cases in the USA.

The Company will continue to update shareholders on the matters it has funded on a regular basis.

Returns to shareholders

The directors have determined that no interim dividend should be paid at this time.

Auditor's independence declaration

We have obtained the following independence declaration from our auditors, Ernst & Young, which is contained on page 5 of this report.

Signed in accordance with a resolution of the directors.

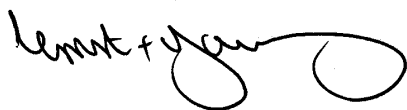


Rob Ferguson
Non-Executive Chairman

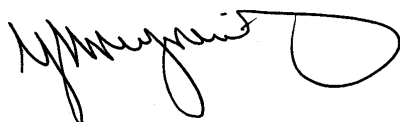
Date: 26 February 2013

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 2012, 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
26 February 2013

IMF (Australia) Ltd

ABN 45 067 298 088

Consolidated Statement of Comprehensive Income for the half-year ended 31 December 2012

Consolidated Statement of Comprehensive Income	Notes	Consolidated	
		Half-year ended 31-Dec-12 \$	Half-year ended 31-Dec-11 \$
Continuing operations			
Revenue	4	1,744,742	1,236,003
Other income	5	11,458,789	19,572,139
Total income		13,203,531	20,808,142
Finance costs	6(a)	(129,357)	(151,510)
Depreciation expense	6(b)	(135,231)	(117,917)
Employee benefits expense	6(c)	(1,950,298)	(1,676,858)
Corporate and office expense	6(d)	(963,377)	(1,530,454)
Other expenses	6(e)	(1,336,890)	(518,900)
Profit from continuing operations before income tax		8,688,378	16,812,503
Income tax expense		(3,086,568)	(4,874,850)
Net Profit for the period		5,601,810	11,937,653
Other comprehensive income			
Income transferred to the income statement		(30,332)	-
Other comprehensive income for the period, net of tax		(30,332)	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		5,571,478	11,937,653
Earnings per share (cents per share)			
Basic earnings per share (cents per share)		4.55	9.69
Diluted earnings per share (cents per share)		3.83	8.15

IMF (Australia) Ltd

ABN 45 067 298 088

Consolidated Statement of Financial Position for the half-year ended 31 December 2012

Consolidated Statement of Financial Position	Notes	Consolidated	
		At	At
		31-Dec-12	30-Jun-12
		\$	\$
ASSETS			
Current Assets			
Cash and cash equivalents	7	70,911,288	62,424,566
Trade and other receivables	8	22,882,555	67,227,799
Other assets		179,778	380,356
Total Current Assets		93,973,621	130,032,721
Non-Current Assets			
Trade and other receivables		17,284,036	16,330,417
Plant and equipment		712,645	798,667
Financial assets		27,255	476,158
Intangible assets		74,174,979	66,004,218
Total Non-Current Assets		92,198,915	83,609,460
TOTAL ASSETS		186,172,536	213,642,181
LIABILITIES			
Current Liabilities			
Trade and other payables		6,175,002	24,532,246
Income tax payable		1,081,310	13,889,127
Provisions		4,534,398	8,118,689
Total Current Liabilities		11,790,710	46,540,062
Non-Current Liabilities			
Convertible notes	9	35,641,942	34,945,316
Provisions		466,617	259,530
Deferred income tax liabilities		20,983,851	20,179,335
Total Non-Current Liabilities		57,092,410	55,384,181
TOTAL LIABILITIES		68,883,120	101,924,242
NET ASSETS		117,289,416	111,717,938
EQUITY			
Contributed equity	10	41,909,483	41,909,483
Reserves	11	7,235,936	7,266,268
Retained earnings	11	68,143,997	62,542,187
TOTAL EQUITY		117,289,416	111,717,938

IMF (Australia) Ltd

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Consolidated Statement of Cash Flows for the half-year ended 31 December 2012

Consolidated Statement of Cash Flows	Notes	Consolidated	
		Half-year ended 31-Dec-12 \$	Half-year ended 31-Dec-11 \$
Cash flows from operating activities			
Payments to suppliers and employees		(4,552,300)	(4,096,825)
Interest income		1,758,520	1,436,581
Interest paid		(1,942,610)	(1,969,964)
Income tax paid		(15,089,871)	(1,455,619)
Net cash flows used in operating activities		(19,826,261)	(6,085,827)
Cash flows from investing activities			
Proceeds from litigation funding - settlements, fees and reimbursements		63,340,418	32,361,157
Payments for litigation funding and capitalised suppliers and employee costs		(23,674,516)	(22,738,356)
Purchase of plant and equipment		(49,210)	(76,243)
Loans made to third parties		600,000	-
Receipt from available for sale assets		417,057	-
Net cash flows from investing activities		40,633,749	9,546,558
Cash flows from financing activities			
Dividend paid		(12,320,766)	(6,160,085)
Net cash flows from/(used in) financing activities		(12,320,766)	(6,160,085)
Net increase/(decrease) in cash and cash equivalents held		8,486,722	(2,699,354)
Cash and cash equivalents at beginning of period		62,424,566	55,011,992
Cash and cash equivalents at end of period	7	70,911,288	52,312,638

IMF (Australia) Ltd

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Consolidated Statement of Changes in Equity for the half-year ended 31 December 2012

CONSOLIDATED	Option Premium Reserve \$	Net unrealised gains reserve \$	Convertible Notes Reserve \$	Issued Capital \$	Retained earnings \$	Total \$
As at 1 July 2012	3,403,720	30,332	3,832,216	41,909,483	62,542,187	111,717,938
Profit for the period	-	-	-	-	5,601,810	5,601,810
Other comprehensive income	-	(30,332)	-	-	-	(30,332)
Total comprehensive income for the period	-	(30,332)	-	-	5,601,810	5,571,478
Equity transactions						
Dividend paid	-	-	-	-	-	-
As at 31 December 2012	3,403,720	-	3,832,216	41,909,483	68,143,997	117,289,416
As at 1 July 2011	3,403,720	-	3,832,216	41,900,322	38,057,247	87,193,505
Profit for the period	-	-	-	-	11,937,653	11,937,653
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	11,937,653	11,937,653
Equity transactions						
Dividend paid	-	-	-	-	(6,160,086)	(6,160,086)
As at 31 December 2011	3,403,720	-	3,832,216	41,900,322	43,834,814	92,971,072

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2012****NOTE 1: CORPORATE INFORMATION**

The half-year financial report of IMF (Australia) Ltd ("the Company") for the half-year ended 31 December 2012 was authorised for issue in accordance with a resolution of the directors on 26 February 2013.

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 2012 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 2012 and considered together with any public announcements made by the Company during the half-year ended 31 December 2012 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 2012. The consolidated entity has adopted all accounting standards and interpretations applicable from 1 July 2012. The adoption of accounting standards and interpretations applicable from 1 July 2012 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 2012.

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, Bentham Capital LLC and Security Finance LLC as at 31 December 2012.

d. Trade and other receivables

Trade receivables, which generally have 30–90 day terms, are recognised initially at fair value less an allowance for any uncollectable amounts.

Collectability of trade receivables is reviewed on an ongoing basis. Debts that are known to be uncollectable are written off when identified. An impairment loss is recognised when there is objective evidence that the Group will not be able to collect the debt. Financial difficulties of the debtor and loss of cases on appeal are considered to be objective evidence of impairment.

Non-current receivables represent the net present value of the future cash flows not expected to be receivable within the 12-month period from the reporting date. Subsequent to initial recognition, the non-current receivables are measured at amortised cost. The carrying amount of non-current receivables is adjusted to reflect actual and revised estimates of future cash flows by recalculating the carrying amount through computing the present value of estimated future cash flows at the original effective interest rates. The resulting adjustment is recognised as income or expense in the Statement of Comprehensive Income.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2012****NOTE 3: SEGMENT INFORMATION**

For management purposes, the group is organised into one operating segment which provides only one service, being litigation funding. Accordingly, all operating disclosures are based upon analysis of the Group as one segment. Geographically, the Group operates in Australia and the USA.

The Group continues to investigate other markets and has identified the following markets outside of Australia and the USA as being favourable to litigation funding: the United Kingdom, the European Union, Hong Kong, Singapore, Canada, South Africa and New Zealand.

Interest received from National Australia Bank Ltd of \$1,353,100 (2011 \$925,971) and Westpac Banking Group Ltd of \$249,321 (2011:\$301,780) contributed more than 92% of the Group's bank interest revenue.

NOTE 4: REVENUE**Finance revenue**

Bank interest received and accrued

Consolidated	
Half-year ended	Half-year ended
31-Dec-12	31-Dec-11
\$	\$
1,744,742	1,236,003
1,744,742	1,236,003

NOTE 5: OTHER INCOME**Other income**

Litigation contracts in progress - settlements and judgments

Litigation contracts in progress - expenses

Litigation contracts in progress - written-down

Net gain on derecognition of intangible assets

GST recoverable from prior periods

Gain on receivable measured at amortised cost

Other

Consolidated	
Half-year ended	Half-year ended
31-Dec-12	31-Dec-11
\$	\$
20,574,012	32,554,117
(7,570,595)	(9,128,710)
(2,509,922)	(3,878,316)
10,493,495	19,547,091
8,284	18,995
953,619	-
3,391	6,053
11,458,789	19,572,139

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2012**
NOTE 6: EXPENSES

	Consolidated	
	Half-year ended 31-Dec-12	Half-year ended 31-Dec-11
	\$	\$
(a) Finance costs		
Interest expense	(13,879)	(328,301)
Foreign exchange profit/(loss)	(61,363)	204,785
Other finance charges	(54,115)	(27,994)
	<u>(129,357)</u>	<u>(151,510)</u>
(b) Depreciation included in the statement of comprehensive income		
Depreciation	(135,231)	(117,917)
(c) Employee benefits expense		
Wages and salaries	(1,155,599)	(851,914)
Superannuation expense	(290,813)	(330,534)
Directors' fees	(121,131)	(121,563)
Payroll tax	(388,381)	(335,215)
Long service leave (charge)/over provision	5,626	(37,632)
	<u>(1,950,298)</u>	<u>(1,676,858)</u>
(d) Corporate and office expense		
Insurance expense	(190,152)	(504,591)
Network expense	(67,999)	(44,447)
Marketing expense	(253,241)	(246,253)
Occupancy expense	(54,095)	(44,149)
Professional fee expense	(217,991)	(520,180)
Recruitment expense	-	(22,372)
Telephone expense	(43,871)	(58,124)
Travel expense	(136,028)	(90,338)
	<u>(963,377)</u>	<u>(1,530,454)</u>
(e) Other expenses		
ASX listing fees	(31,924)	(26,846)
General expenses	(240,947)	(295,941)
Postage, printing and stationary	(40,349)	(31,022)
Repairs and maintenance	(14,000)	(19,133)
Share registry costs	(57,680)	(27,065)
Software supplies	(7,629)	(5,656)
Net fair value gain/(loss) on shares held for trading	6,069	(113,236)
Impairment of receivables	(942,908)	-
Loss on derecognition of available for sale investments	(7,522)	-
	<u>(1,336,890)</u>	<u>(518,900)</u>

NOTE 7: CASH AND CASH EQUIVALENTS

For the purpose of the half-year cash flows statement, cash and cash equivalents are comprised of the following:

	Consolidated	
	At 31-Dec-12	At 30-Jun-12
	\$	\$
Cash at bank	14,880,462	24,393,740
Short-term deposits	56,030,826	38,030,826
	<u>70,911,288</u>	<u>62,424,566</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.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2012**
NOTE 7: CASH AND CASH EQUIVALENTS (CONTINUED)

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

Bank Guarantees

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 2012, guarantees of \$1,650,819 were outstanding (30 June 2012: \$1,776,558). The guarantees are secured by an offset agreement with a term deposit of \$5,000,000 (30 June 2012: \$5,000,000).

NOTE 8: TRADE AND OTHER RECEIVABLES

	Consolidated	
	At 31-Dec-12 \$	At 30-Jun-12 \$
CURRENT		
Trade receivables	(i) 21,381,500	65,485,741
Interest receivable	(ii) 928,280	942,058
Short term loan	200,000	800,000
Other receivables	372,775	-
	<u>22,882,555</u>	<u>67,227,799</u>
NON-CURRENT		
Trade receivables	(iii) 17,284,036	16,330,417
	<u>17,284,036</u>	<u>16,330,417</u>

- (i) Trade receivables are non-interest bearing and generally on 30-90 day terms. There is no amount included in trade debtors which is subject to appeal (30 June 2012: nil). However, we have been advised that ABN Amro and Standard & Poors' have indicated that they intend to appeal the decision, however, appeals have not yet been lodged with the Court.
- (ii) Interest receivable is payable upon the maturity of the Group's short term deposits (between 30 and 180 days).
- (iii) Non-current trade receivables are interest bearing and occur either as a result of settlements with a repayment plan greater than 12 months or where a judgment is subject to appeal and the appeal is not expected to be heard within the next 12 months. A total of \$15,352,819 is included in the non-current trade receivable balance which is subject to appeal (30 June 2012: \$14,399,200).

NOTE 9: NON-CURRENT LIABILITIES

	Consolidated	
	At 31-Dec-12	At 30-Jun-12 \$
Convertible notes	(i) 35,641,942	34,945,316

- (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 \$39,108,985 (excluding costs). Each convertible note has a face value of \$1.65 and has the right to convert into one ordinary share.

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 nil holders elected to convert their convertible notes into shares (In the year ended 30 June 2012, 5,946 Noteholders elected to convert notes into shares).

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2012**
NOTE 9: NON- CURRENT LIABILITIES (CONT.)

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 \$6,493,920 (30 June 2012: \$4,796,562) as part of the Litigation Contracts in Progress intangible assets deemed to be qualifying assets post the application date of ASB 123 (revised) of 1 July 2009. At 31 December 2012 the carrying value of the convertible notes approximate their fair value.

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	At
	31-Dec-12	30-Jun-12
	\$	\$
Issued and fully paid ordinary shares	41,909,483	41,909,483

(a) Ordinary shares

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

	Consolidated		Consolidated	
	At		At	
	31-Dec-12		30-Jun-12	
	Number	\$	Number	\$
Movement in ordinary shares				
As at 1 July	123,207,662	41,909,483	123,207,662	41,909,483
Movement in ordinary shares	-	-	-	-
As at 31 December	123,207,662	41,909,483	123,207,662	41,909,483

(b) Share Options

As at 31 December 2012 there were no unissued ordinary shares in respect of which options were outstanding (30 June 2012: nil).

NOTE 11: RETAINED EARNINGS AND RESERVES
(a) Movement in retained earnings were as follows:

	Consolidated	
	At	At
	31-Dec-12	31-Dec-11
	\$	\$
Balance at 1 July	62,542,187	38,057,248
Net profit for the period	5,601,810	11,937,653
Dividend paid	-	(6,160,085)
Balance at period end	68,143,997	43,834,816

(b) Movement in reserves were as follows:

	Option	Net	Convertible	Total
	Premium	Unrealised	Notes	Reserves
	Reserve	Gains Reserve	Reserve	\$
	\$	\$	\$	\$
Balance 1 July 2011	3,403,720	-	3,832,216	7,235,936
Share revaluation	-	30,332	-	30,332
Balance at 30 June 2012	3,403,720	30,332	3,832,216	7,266,268
Gain recognised in income statement	-	(30,332)	-	(30,332)
Balance at 31 December 2012	3,403,720	-	3,832,216	7,235,936

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2012**
NOTE 12: DIVIDENDS PAID AND PROPOSED

There were no dividends paid or proposed for the period ended 31 December 2012. During the year ended 30 June 2012 a final fully franked dividend of 10.0 cents per share was declared on 29 June 2012 and paid on 13 September 2012.

(a) Recognised amounts:

Declared and paid during the period

Final Fully franked dividend for 2012: Nil (2011: 5.0 cents per share)

Interim fully franked dividend for 2013: Nil; 2012: Nil

Consolidated	
At 31-Dec-12	At 31-Dec-11
\$	\$
-	6,160,086
-	-

NOTE 13: RELATED PARTY DISCLOSURES

Transactions with related parties

Consolidated	
At 31-Dec-12	At 31-Dec-11
\$	\$
8,497	1,273

During the period ended 31 December 2012, the Group obtained legal advice from Hardy Bowen, a legal firm associated with Michael Bowen. The legal advice was obtained at normal market rates.

NOTE 14: COMMITMENTS AND CONTINGENCIES
(a) Operating lease commitments - Group as lessee

The Group has entered into commercial leases for its premises. These leases have a life of between one and five years with renewal options included in the contracts. There are no restrictions placed upon the lessee by entering into these leases.

Future minimum rentals payable under non-cancellable operating leases as at 31 December are as follows:

	Consolidated	
	At 31-Dec-12	At 31-Dec-11
	\$	\$
Within one year	658,486	335,128
After one year but not more than five years	1,421,449	468,726
After more than five years	-	-
Total minimum lease payments	2,079,935	803,854

(b) Remuneration commitments

Commitments for the payment of salaries and other remuneration under long-term employment contracts in existence at the reporting date but not recognised as liabilities payable:

Within one year

After one year but not more than five years

Total minimum remuneration payments

Consolidated	
At 31-Dec-12	At 31-Dec-11
\$	\$
3,299,334	3,293,361
-	-
3,299,334	3,293,361

IMF (Australia) Ltd

ABN 45 067 298 088

Financial Report for the Half-Year ended 31 December 2012

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2012

NOTE 15: CHANGES IN COMPOSITION OF THE ENTITY

The Group's subsidiaries can be summarised as follows:

Name	Country of Incorporation	<u>Percentage Owned</u>		<u>Investment</u>	
		At 31-Dec-12	At 30-Jun-12	At 31-Dec-12	At 30-Jun-12
Financial Redress Pty Ltd	Australia	100%	100%	16,364,555	16,364,441
Bentham Holdings Inc	USA	100%	100%	1	1
Bentham Capital LLC	USA	100%	100%	1	1
Security Finance LLC*	USA	100%	N/A	1	N/A

* Security Finance LLC was incorporated on 16 November 2012.

NOTE 16: EVENTS AFTER THE REPORTING DATE

There are no events after the reporting date.

NOTE 17: FINANCIAL INSTRUMENTS

The value of the Company's financial assets and liabilities will be impacted by changes in interest rates and foreign exchange rates.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2012**

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 2012 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) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the Board

A handwritten signature in black ink, appearing to read 'R. Ferguson', with a stylized flourish at the end.

Robert Ferguson
Non-Executive Chairman

Dated this 26th day of February 2013

To the members of IMF (Australia) Ltd

Report on the half-year Financial Report

We have reviewed the accompanying half-year financial report of IMF (Australia) Ltd (the company) as set out from page 6 to 16, which comprises the statement of financial position as at 31 December 2012, 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 2012 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting*, 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.

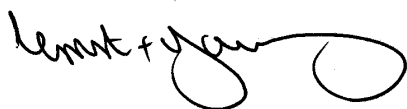
Independence

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 Directors' 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 2012 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
26 February 2013

IMF (Australia) Ltd

ABN 45 067 298 088

Financial Report for the Half-Year ended 31 December 2012

CORPORATE INFORMATION

ABN 45 067 298 088

This half year report covers 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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Sydney, New South Wales 2000
Phone: (02) 8223 3567
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Solicitors

Hardy Bowen
Level 1,
28 Ord Street
West Perth, Western Australia 6005

Share Registry

Computer Share Registry
GPO Box 2975
Melbourne, Victoria 3001
Phone: 1300 557 010

Auditors

Ernst & Young
The Ernst & Young Building
11 Mounts Bay Road
Perth, Western Australia 6000

Bankers

National Australia Bank Limited
255 George Street
Sydney, New South Wales 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.