



ASX SPOTLIGHT CONFERENCE

Singapore – 29 October 2013

Hong Kong – 31 October 2013

Diane Jones

Chief Operating Officer



CONTENTS

- What is Litigation Funding
- IMF Overview
- FY2013 Financials
- FY2013 Income
- Balance Sheet
- Dividend History
- Investment Portfolio
- Investment Portfolio History
- Possible Completions FY2014
- Lehman Australia
- Wivenhoe Dam
- Track Record
- Future Outlook
- Key Risks



WHAT IS LITIGATION FUNDING?

- As a “litigation funder”, IMF provides funding on a contingency basis to businesses and individuals with claims for loss and damage.
- IMF provides funding for the client’s case or to the client and, in jurisdictions where adverse costs are relevant, agrees to pay any costs (incurred during the term of the funding agreement) awarded to the other side should the client’s case be unsuccessful.
- In return, IMF generally receives a right to be reimbursed all that it has paid out and receives an assignment of a share of the amount awarded to the client by way of judgment or paid to the client by way of settlement. IMF’s return in the US is more typically a multiple of the amount invested.
- As a litigation funder, IMF does not provide legal advice and is not paid “on an hourly rate”.



IMF OVERVIEW

IMF is the pre-eminent litigation funding company operating in Australia and has, by far, the major portion of the litigation funding business in that country.

Item	Description
Australia's leading litigation funder	- Formed in 1999 and listed on ASX in 2001. - Market cap of \$243m as at 30 September 2013. - IMF has collected \$1.3bn for clients since its formation. - MD Hugh McLernon has over 20 years experience in the industry. IMF's Investment Managers have over 100 years collective experience in the industry. - IMF operates from offices in Sydney and Perth and smaller offices manned by an Investment Manager and a small group of staff in each of Melbourne, Brisbane and Adelaide. - IMF also operates in the US through its subsidiary Bentham IMF LLC, with offices in New York and Los Angeles, each manned by an Investment Manager and a small group of support staff.
High margin and high ROC business	- Historical average of 34% of case recoveries. - Average life of each case is 2.3 years, and IMF has, over the past 12 years, averaged 190% gross return on funds invested in each case.
Competitive advantage	- Superior risk mitigation process – case selection and case management expertise. - Demonstrated by results – over 12 years only lost 3% of 149 cases (65% settled, 23% withdrew, 9% won in court see slide 15).
Unique positioning	- People with the training, knowledge and scepticism to be successful funders. - Overall corporate experience with the risks and pitfalls in litigation funding. - Necessary funding to enable a liquid and strong approach to aggressive defendants.
Barriers to entry	Size of costs and duration of large litigation matters, as well as potential for adverse costs (in Australia and the UK), preclude many plaintiffs from funding their own actions.
Australian market well established	- Fourth or fifth largest common law litigation market in the world. - IMF is the clear market leader in its home market.



IMF OVERVIEW

IMF has identified significant growth opportunities

Item	Description
Major growth opportunities onshore	- IMF is presently investigating whether it should fund the Wivenhoe Dam case, which, if it proceeds, could be the largest case funded by IMF to date. - IMF is also investigating funding cases against Brisconnections and Treasury Wines.
Major growth opportunities offshore	- Focus on similar markets with strong rule of law, long established and respected court system, clear set of statutory laws, operating on the precedent system and with a strong legal fraternity. - Obvious markets are US and UK/Netherlands . - Third party litigation funding has moved ahead quickly in both the US and the UK/Netherlands over the past five years and has been accepted as a funding alternative in these countries. - IMF has a permanent presence in New York and has recently opened a second office in Los Angeles. - IMF is developing a business case for opening a UK/Netherlands office.
Growth and diversification	Operations across these three major common law litigation centres will provide growth (and thereby increased potential for income) but also diversification .
Limited global competitors	Only two other litigation funds vying for multi-national leadership being Burford, primarily in the US, and Habour, primarily in the UK.



FY2013 FINANCIALS

	FY2013	FY2012	FY2011
Gross Income (from cases)	\$43.9M	\$117.8M	\$57.9M
Net Income (from cases)	\$23.8M	\$70.5M	\$38.0M
NPBT	\$20.1M	\$61.4M	\$32.8M
NPAT	\$13.8M	\$43.0M	\$22.9M
Dividend (cents per share)	5.0 Franked	10.0 Franked	15.0 Franked
EPS	11.21	34.87	18.56
Net Asset Backing	\$1.02	\$0.91	\$0.78
Value of Investment Portfolio	\$1.635B	\$1.233B	\$1.778B



FY2013 INCOME

FY2013 matter income came from the following cases:

Matter	Gross Income	Net Income
LGFS	\$17.4M	\$8.8M
Lehman Australia	\$11.0M	\$7.7M
Confidential USA Matter	\$5.1M	\$2.3M
Confidential Australian Matter	\$2.8M	\$1.9M
Collyer Bristow	\$1.8M	\$1.6M
Uniloc	\$4.0M	\$1.5M
Others	\$1.8M	-
Total Matter Income	\$43.9M	\$23.8M

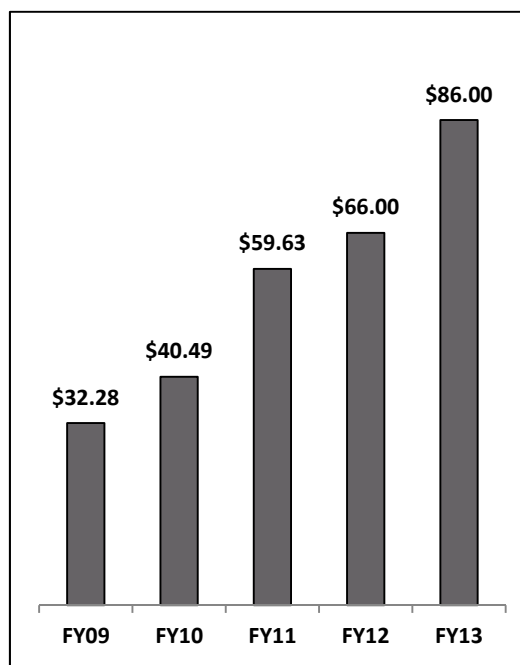


BALANCE SHEET STRENGTH

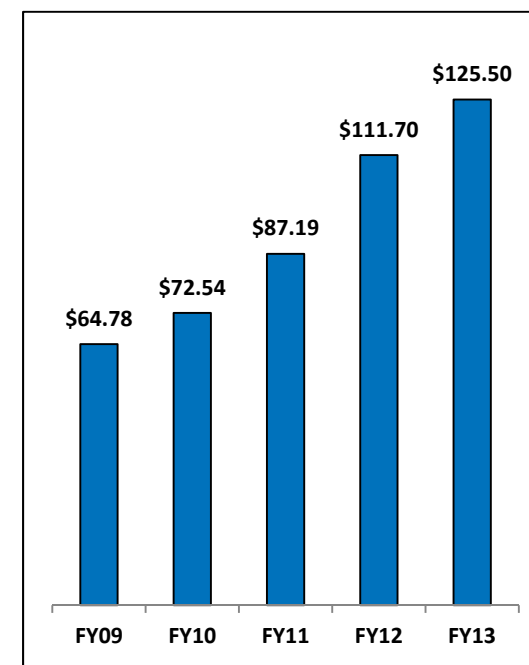
Cash
\$M



Investments¹
\$M



Net Assets
\$M



¹ Investments includes capitalised overheads relating to the litigation.

DIVIDEND HISTORY

Average of 10 cents per share paid to shareholders over the last 5 years, all fully franked:

Date	Cents per share	
FY2009	15	Fully franked
FY2010	5	Fully franked
FY2011	15	Fully franked
FY2012	10	Fully franked
FY2013*	5	Fully franked

* Announced 21 August 2013 - Record Date: 18 October 2013
- Payment Date: 31 October 2013



INVESTMENT PORTFOLIO

As at 30 June 2013:

Claim Value Range	Est. Claim Value*	No of Cases	% of Total Value	Possible Completion FY2014	Possible Completion FY2015	Possible Completion FY2016
<\$10M	\$20M	4	1%	\$5M	\$15M	-
\$10M - \$50M	\$300M	14	18%	\$125M	\$145M	\$30M
>\$50M	\$1,315M	11	81%	\$635M	\$580M	\$100M
Total Portfolio	\$1,635M	29	100%	\$765M	\$740M	\$130M

Given the nature of litigation, allocation of the portfolio between years may change.

- IMF continues to aim to have an investment portfolio of around \$2B.
- No estimated claim value has been included from either the Wivenhoe Dam case or the Brisconnections case.



* This is IMF's current best estimate of the claims recoverable amount (or remaining recoverable amount if there has been a partial recovery). It considers, where appropriate, the perceived capacity 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 and cases may resolve for more or less than the estimated claim value. It is also not the estimated return to IMF from the matter if it is successful. No estimated claim value has been included for any contingently funded matters until all conditions are fulfilled.

INVESTMENT PORTFOLIO HISTORY

IMF has exceeded its expectation of generating income of 15% of the claim value included in the investment portfolio.

Matters Completed in the Financial year	FY2009	FY2010	FY2011	FY2012	FY2013
Claim value included in the investment portfolio	\$437M	\$247M	\$339M	\$564M	\$243M
Total income to IMF	\$63M	\$46M	\$58M	\$118M	\$44M
IMF's income as a % of claim value	14%	19%	17%	21%	18%



POSSIBLE COMPLETIONS FY2014

Matter	Description
Lehman Australia	See separate slide
Bank of Queensland	The case against Bank of Queensland franchisees in New South Wales for alleged misleading and deceptive conduct, primarily concerning business that could or would be generated by the franchisees, is now complete, with judgment reserved.
Bank Fees	In the Bank Fees case (an action by customers to recover unfair exception fees charged to their bank accounts and credit cards) proceedings have been issued against a number of 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 matter has returned to the Federal Court where the case is set down for trial starting on 2 December 2013.
Great Southern	The actions by Great Southern unitholders, funded by IMF, continue to advance through the courts. During the year IMF funded a separate action on whether section 6 of the Law Reform (Miscellaneous Provisions) Act (1946) (NSW) applies to give our clients a charge over insurance proceeds. The judgment is to the effect that our clients do not have a charge. Special leave to appeal is to be sought from the High Court. There is no hearing date set for the main cases.
Retail Adventures	The claims relate to allegations of insolvent trading by Retail Adventures Pty Ltd (Administrators Appointed) and the enforceability of securities held by companies associated with Jan Cameron. A Deed of Company Arrangement ("DOCA") has been approved by a majority vote of creditors and IMF is funding minority (unrelated) creditors in an application to set aside the DOCA.



LEHMAN AUSTRALIA

- IMF is funding 85 council, charities and churches with claims against Lehman Brothers Australia Ltd (“Lehman Australia”).
- Judgment in the class action on common issues and claims of three representatives delivered on 21 September 2012 – claims wholly successful.
- Lehman Australia has lodged an appeal.
- The Liquidator of Lehman Australia proposed a Scheme of Arrangement. This Scheme did not proceed due to opposition from Lehman Brothers Holdings Inc.
- The Liquidator of Lehman Australia subsequently proposed a Scheme of Arrangement limited to certain insurance proceeds. This Scheme was approved by creditors and the application for Court approval of this Scheme is to be heard on 31 October 2013.
- Next steps:
 - Court approval of Scheme in relation to Insurance Proceeds only;
 - Negotiate settlement of class action with claims resolution process (CRP);
 - Obtain Court directions to bind all other client creditors to CRP.
- Income and expenditure on claims of three representative parties recognised.
- IMF expects to receive income of \$30M to \$40M+.



WIVENHOE DAM CLAIM

Feb 2012:

- IMF announced an investigation into:
 - i. whether the Dam was negligently operated in January 2011 and, if so;
 - ii. whether funded parties suffered sufficient unnecessary loss to make proceedings against the State of Queensland viable.

Jan 2013:

- IMF confirmed investigation findings that:
 - i. the Dam was not operated to the standard expected of a reasonably competent dam operator in the circumstances; and
 - ii. material flooding down river would not have occurred had the Dam been operated during the flood event to the standard expected.

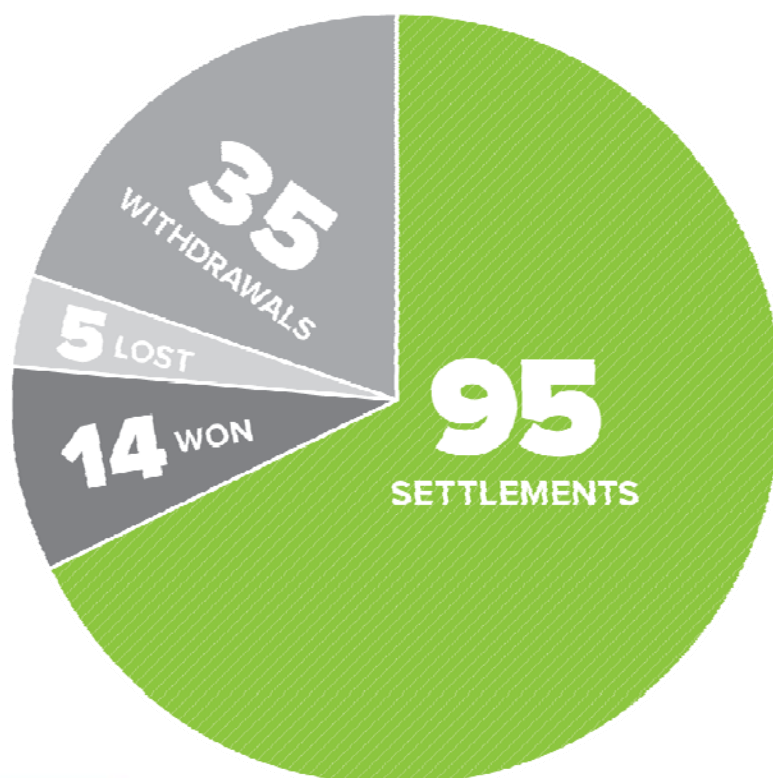
Current:

- IMF is now finalising its bookbuild phase which is likely to conclude this calendar year with material claim value and commencement of proceedings shortly thereafter.



TRACK RECORD

IMF has commenced and completed 149 cases since listing with an average investment of 2.3 years.



- Generated revenue of \$1.278B:
 - \$849M to Clients;
 - \$429M to IMF comprising:
 - \$148M reimbursement of costs;
 - \$281M net revenue to IMF (excluding overheads);
 - Gross ROI of 290%.
- Lost cases cost \$3.2M including adverse costs (<1% of IMF revenue).
- Withdrawals cost \$3.7M (<1% of IMF revenue).



FUTURE OUTLOOK

Australia

- Building the investment portfolio (Wivenhoe, Brisconnections, CDOs, others).
- Competition.
- Regulation.

Taking funding international

- Expansion into the United States
 - First completion in FY2013.
 - Bentham Capital 7 funded cases to date.
 - Targeted approach.
- Assessment of expansion in United Kingdom.
- Funding of international arbitration.
- CPDO/CDO cases.



KEY RISKS

Reliance on key management

- IMF depends substantially on its executive directors and senior management and key personnel to oversee the day-to-day operations and the strategic management of IMF. There can be no assurance given that there will be no detrimental impact on IMF if one or more of these directors or employees cease their employment.

Government regulation

- The Commonwealth and State governments have not indicated any present intention to further regulate the litigation funding industry but no assurance can be given that regulation in Australia and overseas will not change in the future and adversely affect IMF's business and financial performance.

Judicial decisions

- To date, the Courts have generally found in favour of litigation funding arrangements in Australia but the Courts, in Australia or overseas, will continue to oversee the development of the litigation funding industry and adverse decisions may impact on the business of IMF.

Multiple Defendants

- In some cases defendants may add third parties to the funded litigation or more defendants may be joined, potentially increasing adverse costs if the litigation is unsuccessful.

Technology

- IMF is dependent on technological services for its Case Management System. These systems may fail or may not operate properly. IMF may fail to keep its technology up to date with the resultant loss of business opportunities.

Competition

- IMF currently has a handful of competitors in the Australian litigation funding market, including overseas based competitors. There are also two other litigation funders vying for a multinational litigation funding business. As time passes and litigation funding becomes more widespread, competition will develop, and such competition may impact on the performance of IMF.

Growth

- IMF is currently pursuing a strategy of international expansion, having recently opened an office in Los Angeles. IMF is currently preparing the business case for a permanent office in London. There are always risks attendant upon growth strategies. There is a risk, for instance, that IMF may mismanage its growth strategy.



KEY RISKS

Poor case selection

- The central task in IMF's business is to choose successful cases. If poor case selection occurs then this will cause loss to IMF through payment of the client's legal expenses and payment of the successful defendant's costs (in jurisdictions where this is relevant).

Remaining in unsuccessful cases

- It is sometimes the position that cases turn out to be less prospective as the litigation proceeds after the initial assessment. While IMF has a right of termination under its funding agreements, if IMF fails to terminate such funding then loss will occur to IMF.

Time and expense

- If IMF fails to control expenditure on individual cases beyond the proposed budget or such cases take materially longer than originally indicated, then loss may be caused to IMF.

Inability of defendants to pay judgments

- Part of the case selection process involves an assessment by IMF of the ability of the defendant to pay a judgment if the case is successful (in jurisdictions where this is relevant). If IMF fails to properly carry out its assessment of the defendant's ability to pay, or that ability deteriorates after funding is in place, then this will cause loss to IMF even if the cases is successful.

Lost cases

- If selected cases are unsuccessful then this will result in the loss of funds paid on behalf of clients and will also result in costs being paid to the successful defendant. The ratio of unsuccessful to successful cases depends upon the initial case selection and the oversight of the cases after that selection.

Changes in the law

- It is possible that statute law or the interpretation of the common law may change in a way which is adverse to the interests of IMF. There are now numerous Court decisions in Australia and the UK (both single Judge and Courts of Appeal) supporting the business model of IMF, but it is possible that higher courts may disagree with existing authorities and such decisions may impact adversely on IMF's business model.



KEY RISKS

Offshore investment

- The Company has invested in litigation funding agreements in countries other than Australia. The Company has agreed to fund cases in the US and the UK and may agree to fund other cases in these and other jurisdictions such as Singapore, Hong Kong, New Zealand, the Netherlands and Canada in the future. The management of such cases can be more difficult than the management of Australian cases and any mismanagement may cause loss to IMF .

Share market risks

- There are general risks associated with any investment and the share market. The price of IMF's shares may rise and fall depending on a range of factors beyond IMF's control and which are unrelated to IMF's financial performance. These factors may include movements on international stock markets, interest rates and exchange rates, together with domestic and international economic conditions, inflation rates, investor perceptions, changes in government policy, commodity supply and demand, government taxation and royalties, war, global hostilities and acts of terrorism.

General economic risks

- General economic conditions, movements in interest and inflation rates and currency exchange rates may have an adverse affect on IMF's activities, as well as on its ability to fund those activities.

Liquidity

- When the Company invests in litigation funding agreements IMF obtains budgets from the lawyers who are prosecuting the case. However, these budgets may or may not be accurate. Further, it is not possible to predict with accuracy when a case will settle or when a judgment will be delivered. IMF manages its liquidity by maintaining a cash buffer of \$70M. However, there may be times in the future when access to additional capital is required .

