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Half-Yearly Results

Incorporating Appendix 4D
Half-Year Ended 31 December 2009

Appendix 4D Results for announcement to the market

Current reporting period: Half-year ended 31 December 2009

Previous reporting period: Half-year ended 31 December 2008

		\$A'000
Total income from continuing operations	Down 59%	13,911
Earnings from continuing operations before interest, taxation, depreciation and amortisation	Down 58%	11,457
Profit from continuing operations after tax attributable to members	Down 57%	8,001
Net profit for the period attributable to members	Down 57%	8,001

Dividends

The directors are pleased to declare an interim fully franked dividend of 5.0 cents per share for the year ended 30 June 2010. The record date for this dividend is 10 March 2010 and the payment date will be 24 March 2010.

An interim dividend of 5.0 cents per share was declared for the period ended 30 June 2009. The record date for this dividend was 28 January 2009 and the payment date was 11 February 2009. A final dividend of 10.0 cents per share was declared for the period ended 30 June 2009. The record date for this dividend was 10 July 2009 and the payment date was 24 July 2009.

In the previous reporting period, a final dividend of 5.0 cents per share was declared for the period ended 30 June 2008. The record date for this dividend was 2 October 2008 and the payment date was 17 October 2008.

Net tangible assets per ordinary share

	31-Dec-09 cents/share	31-Dec-08 cents/share
Basic net tangible asset per ordinary share (cents per share)	31.95	46.97

Earnings per share (EPS)

	31-Dec-09 cents/share	31-Dec-08 cents/share
Basic EPS (cents per share)	6.56	15.67
Diluted EPS (cents per share)	6.51	15.20

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 2009 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 2009 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 does not highlight any areas of dispute.



Diane Jones
Company Secretary
and Chief Operating Officer

Date: 25 February 2010

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Directors' Report

Your directors submit their report for the half-year ended 31 December 2009.

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
Alden Halse	Non-Executive Director
Michael Bowen	Non-Executive Director

Review and results of operations

The Group completed four cases during the half-year. Although consolidated net profit from continuing operations after tax for the half-year of \$8,000,832 was down from the corresponding period last year, management believes that the full year results will be within its forecast range if the four major matters for the year are successfully resolved prior to 30 June 2010 (i.e. Sons of Gwalia, AWB, Kingstream and National Potato Corporation). The Group's cash position was \$54,985,427 at 31 December 2009.

The following summarises the cases finalised during the period:

<u>Litigation contract's matter name</u>	<u>Total Litigation contracts income \$</u>	<u>Litigation contracts expenses (including capitalised overheads) \$</u>	<u>Net gain on disposal of intangible asset \$</u>
Sons of Gwalia	14,013,285	(1,000,436)	13,012,850
Beconwood/Opes	5,299,140	(4,944,001)	355,139
NEIB	1,952,799	(1,606,101)	346,698
Peninsula	827,185	(1,043,703)	(216,518)
Others	402,337	(1,302,191)	(899,854)
	22,494,746	(9,896,432)	12,598,314

Outlook

So long as the four major cases referred to above are successfully resolved by 30 June 2010, the Company expects to report Net Profit After Tax of between \$20M to \$24M for the full 2010 financial year. An update on IMF's principal investments as noted in the 2009 Annual Report is as follows:

In **ABC Learning** IMF is now funding the administrator's examinations to determine whether the charge granted to the banking syndicate can be set aside. The value of ABC Learning's shareholder claims funded by IMF is largely dependent upon having the charge of the banking syndicate being declared void, the success of recovery proceedings for alleged preferences to the bank syndicate and the existence of any directors and officers insurance that may answer to the claims.

In the **Air Cargo** case the pleadings were struck out. The representative is appealing from this decision to the Full Court. It is likely that the appeal will be heard in May 2010.

The claim against **AWB Ltd** was conditionally settled on 15 February 2010. If the conditions are satisfied, IMF expects to generate a profit after costs and capitalised overheads of between \$6M and \$7M (before tax).

The claims against both **Centro Retail Ltd ("CER")** and **Centro Properties Ltd ("CNP")** are proceeding, and IMF has agreed to fund claims against their auditors, PricewaterhouseCoopers.

Directors' Report (continued)

Outlook (continued)

The claims against the **Commonwealth of Australia** in respect of the conduct of certain Therapeutic Goods Administration officers is continuing in the Federal Court of Australia.

The two **Great Southern** cases have been held up by the necessity to obtain leave from the Court to proceed against the Responsible Entity in liquidation and then by the decision in Multiplex that funded multi-party cases are managed investment schemes and as such require registration under the Corporations Act. ASIC has now exempted these two cases from registration and the Court will hear the leave application at the end of February.

The trial in the **Kingstream** matter was completed in June 2009 and the decision is reserved.

In the **Lehman** claim, the High Court heard whether a Deed of Company Arrangement ("DOCA") can bind third parties on 9 February 2010. The decision is reserved. If the High Court agrees with the Full Court, the DOCA will be void and claims against overseas Lehman entities can proceed.

The claim by **National Potato Co-operative** against PricewaterhouseCoopers is continuing in Pretoria, South Africa. The trial is expected to be completed during April 2010.

The claim against **OZ Minerals Ltd** was filed with the Federal Court on 7 October 2009. A response from the defendant is due in March 2010.

The respondents' application to strike out the claim in the matter of **PIF v KPMG** was heard in December 2009 and the decision is reserved.

The **Sons of Gwalia** matter is substantially completed. A small final dividend is expected to be paid by the Administrators within 12 months.

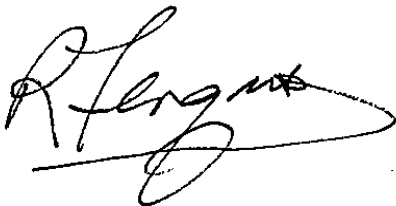
Returns to shareholders

The directors have today declared and an interim fully franked dividend to the Company's shareholders of 5.0 cents per share. (2009: A 5.0 cents per share was paid on 11 February 2009 and 10.0 cents per share was paid on 24 July 2009 in relation to the year ended 30 June 2009). The directors will determine any final dividend once the net profit after tax for the year ended 30 June 2010 is known.

Auditor's independence declaration

We have obtained the following independence declaration from our auditors, Ernst & Young, which is contained on page 6 of this report.

Signed in accordance with a resolution of the directors.

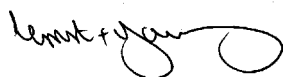


Rob Ferguson
Chairman

Date: 25 February 2010

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

In relation to our review of the financial report of IMF (Australia) Limited for the half-year ended 31 December 2009, 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.



Ernst & Young



G H Meyerowitz
Partner
Perth
25 February 2010

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**Statement of Comprehensive Income
for the half-year ended 31 December 2009**

	Notes	Consolidated Half-year ended 31-Dec-09 \$	Half-year ended 31-Dec-08 \$
Continuing operations			
Revenue	4(a)	1,015,482	2,089,215
Other income	4(b)	12,895,184	31,148,265
Total income		13,910,666	33,237,480
Finance costs	5(a)	(95,495)	(50,536)
Bad debts written off	7	-	(1,414,822)
Depreciation expense	5(b)	(105,601)	(79,073)
Employee benefits expense	5(c)	(939,727)	(1,474,761)
Corporate and office expense	5(d)	(899,878)	(1,395,231)
Other expenses	5(e)	(412,914)	(425,082)
Share of loss of joint venture entity		-	(551,902)
Loss on divestment in joint venture entity		-	(284,043)
Profit from continuing operations before income tax		11,457,051	27,562,030
Income tax expense		(3,456,219)	(8,804,301)
Net Profit for the period		8,000,832	18,757,729
Other comprehensive income			
Net fair value gains on available for sale financial assets		165,828	52,321
Income tax on items of other comprehensive income		(49,748)	(15,696)
Other comprehensive income for the period, net of tax		116,080	36,625
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		8,116,912	18,794,354
Earnings per share (cents per share)			
Basic earnings per share (cents per share)		6.54	15.67
Diluted earnings per share (cents per share)		6.50	15.20

**Statement of Financial Position
As at 31 December 2009**

	Notes	Consolidated	
		At 31-Dec-09 \$	At 30-Jun-09 \$
ASSETS			
Current Assets			
Cash and cash equivalents	6	54,985,427	61,237,806
Trade and other receivables	7	6,840,086	8,328,984
Other assets		631,662	198,758
Total Current Assets		62,457,175	69,765,548
Non-Current Assets			
Plant and equipment		594,867	676,187
Financial Assets		883,176	927,712
Intangible assets		36,291,394	32,275,955
Total Non-Current Assets		37,769,437	33,879,854
TOTAL ASSETS		100,226,612	103,645,402
LIABILITIES			
Current Liabilities			
Trade and other payables		9,656,858	8,651,067
Income tax payable		1,646,757	4,036,016
Provisions		2,332,669	4,121,957
Dividends Payable		-	12,249,682
Total Current Liabilities		13,636,284	29,058,722
Non-Current Liabilities			
Provisions		572,094	511,109
Deferred income tax liabilities		10,663,850	9,299,447
Total Non-Current Liabilities		11,235,944	9,810,556
TOTAL LIABILITIES		24,872,228	38,869,278
NET ASSETS		75,354,384	64,776,124
EQUITY			
Contributed equity	8	41,136,688	38,671,387
Reserves		4,503,940	4,391,812
Retained earnings		29,713,756	21,712,925
TOTAL EQUITY		75,354,384	64,776,124

Statement of Cash Flow
for the half-year ended 31 December 2009

	Notes	Consolidated	
		Half-year ended 31-Dec-09 \$	Half-year ended 31-Dec-08 \$
Cash flows from operating activities			
Proceeds from litigation funding - settlements, fees and reimbursements		24,814,457	61,420,703
Payments for litigation funding, suppliers and employees		(18,075,975)	(16,490,978)
Interest income		777,198	2,207,900
Interest paid		-	(943,734)
Tax paid		(4,530,822)	-
Net cash flows from operating activities		2,984,858	46,193,891
Cash flows from investing activities			
Purchase of plant and equipment		(24,281)	(9,500)
Receipts from investments in associates		-	64,908
Payments for available for sale financial assets		571,425	(12,709)
Net cash flows from investing activities		547,144	42,699
Cash flows from financing activities			
Proceeds from issue of shares		2,788,000	108,943
Payments for share buy-back		(322,699)	-
Dividend paid		(12,249,682)	(5,985,341)
Repayment of convertible notes		-	(11,494,824)
Net cash flows used in financing activities		(9,784,381)	(17,371,222)
Net increase in cash and cash equivalents held		(6,252,379)	28,865,368
Cash and cash equivalents at beginning of period		61,237,806	51,640,920
Cash and cash equivalents at end of period	6	54,985,427	80,506,288

**Statement of Changes in Equity
for the half-year ended 31 December 2009**

CONSOLIDATED	Option Premium Reserve \$	Net unrealised gains reserve \$	Convertible Notes Reserve \$	Issued Capital \$	Retained earnings \$	Total \$
As at 1 July 2009	3,403,720	3,953	984,139	38,671,387	21,712,925	64,776,124
Profit for the period	-	-	-	-	8,000,832	8,000,832
Other comprehensive income	-	112,127	-	-	-	112,127
Total comprehensive income for the period	-	112,127	-	-	8,000,832	8,112,959
Equity transactions						
Dividend Paid	-	-	-	-	-	-
Exercise of options	-	-	-	2,788,000	-	2,788,000
Share Buy-Back	-	-	-	(322,699)	-	(322,699)
As at 31 December 2009	3,403,720	116,080	984,139	41,136,688	29,713,757	75,354,384
As at 1 July 2008	3,403,720	-	984,139	37,671,944	25,170,472	67,230,275
Profit for the period	-	-	-	-	18,757,729	18,757,729
Other comprehensive income	-	36,625	-	-	-	36,625
Total comprehensive income for the period	-	36,625	-	-	18,757,729	18,794,354
Equity transactions						
Dividend Paid	-	-	-	-	(5,985,341)	(5,985,341)
Exercise of options	-	-	-	108,943	-	108,943
As at 31 December 2008	3,403,720	36,625	984,139	37,780,887	37,942,860	80,148,231

Notes to the Financial Statements For the Half-Year Ended 31 December 2009

NOTE 1: CORPORATE INFORMATION

The half-year financial report of IMF (Australia) Ltd (the Company) for the half-year ended 31 December 2009 was authorised for issue in accordance with a resolution of the directors on 25 February 2010.

IMF (Australia) Ltd is a company incorporated 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 2009 has been prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

The half-year 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 consolidated entity as the full 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 2009 and considered together with any public announcements made by IMF (Australia) Ltd during the half-year ended 31 December 2009 in accordance with the continuous disclosure obligations of the ASX listing rules.

Apart from the adoption of new and amending Standards noted below, the accounting policies adopted are consistent with those disclosed in the Annual Financial Report for the year ended 30 June 2009.

b. Adoption of new and amending Standards

The adoption of new and amending Standards and Interpretations mandatory for annual periods beginning on or after 1 July 2009 did not result in any significant changes to the accounting policies that were in place as at and for the year ended 30 June 2009, except for following:

- **AASB 101 *Presentation of Financial Statements* (revised).** The revised Standard separates owner and non-owner changes in equity and requires a statement of comprehensive income to be prepared which discloses all changes in equity during a period resulting from non-owner transactions. The Group has elected to present comprehensive income using the one statement approach.
- **AASB 8 *Operating Segments*.** The Standard requires a management approach to be used for segment reporting and replaces the requirement to determine primary (business) and secondary (geographical) reporting segments of the Group. This approach identifies operating segments by reference to internal reports that are evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. The adoption of the Standard did not have any effect on the financial position or performance of the Group and resulted in the same operating segments as reported in the Annual Financial Report for the year ended 30 June 2009.
- **AASB 3 *Business combinations* (Revised):** The revised AASB 3 applies the acquisition method to account for business combinations. Under this method all payments to purchase a business are to be recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through the income statement. There is a choice on an acquisition by acquisition basis to measure the non-controlling interest in the acquiree either at the fair value or at the non-controlling interest proportionate to the share of the acquiree's net assets. The Group will apply the revised standard prospectively.

Notes to the Financial Statements For the Half-Year Ended 31 December 2009 (continued)

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- *AASB 127 Consolidated and Separate Financial Statements (Revised)*: There are a number of changes arising from the revision to AASB 127 relating to changes in ownership interest in a subsidiary without loss of control, allocation of losses of a subsidiary and accounting for the loss of control of a subsidiary. Specifically in relation to a change in the ownership interest of a subsidiary (that does not result in loss of control) – such a transaction will be accounted for as an equity transaction. The adoption of this amendment did not have any impact on the financial position or performance of the Group.

The Group has not elected to early adopt any other new Standards or amendments that are issued but not yet effective.

c. Basis of consolidation

The half-year consolidated financial statements comprise the financial statements of IMF (Australia) Ltd and its subsidiary Financial Redress Pty Limited (formerly Insolvency Litigation Fund Pty Limited) as at 31 December 2009.

NOTE 3: SEGMENT INFORMATION

The Group has identified its operating segments based on the internal reports that are reviewed and used by the managing director and the executive management team in assessing performance and in determining the allocation of resources. The Group operates in one business segment, being the provision of litigation funding, including investigation and management services related to litigation funding.

Geographically, the Group operates in Australia only. However the Group has agreed to fund one matter in South Africa, New Zealand and the United States of America. The Group is investigating funding matters in other markets including the UK, Europe, Hong Kong, Singapore, and Canada.

Accounting policies and inter-segment transactions

The accounting policies used by the Group in internal reports are the same as those contained in note 2 to the accounts and in the prior period.

The Group has no single customer that accounts for 10% or more of the Group's revenue. The Group's revenue is predominantly generated from customers within Australia. The revenue generated from customers outside of Australia has not been material to the Group.

The Group's non-current assets other than financial instruments and deferred tax assets are located within Australia.



**Notes to the Financial Statements
For the Half-Year Ended 31 December 2009 (continued)**

NOTE 4: REVENUE AND OTHER INCOME

	Consolidated	
	Half-year ended 31-Dec-09	Half-year ended 31-Dec-08
(a) Finance revenue	\$	\$
Bank interest received and accrued	977,717	2,089,215
Dividends received	37,765	-
	1,015,482	2,089,215
(b) Other income		
Litigation contracts in progress - settlements	22,494,746	50,230,492
Litigation contracts in progress expenses	(9,335,036)	(18,373,401)
Litigation contracts in progress written-down	(561,396)	(729,468)
Net gain on derecognition of intangible assets	12,598,314	31,127,623
Profit on sale of shares	296,870	20,642
	12,895,184	31,148,265

NOTE 5: EXPENSES

	Consolidated	
	Half-year ended 31-Dec-09	Half-year ended 31-Dec-08
(a) Finance costs	\$	\$
Interest expense	-	(32,899)
Other finance charges	(95,495)	(17,637)
	(95,495)	(50,536)
(b) Depreciation included in the income statement		
Depreciation	(105,601)	(79,073)
(c) Employee benefits expense		
Wages and salaries	(291,318)	(812,099)
Superannuation expense	(298,644)	(326,046)
Directors fees	(60,321)	(45,454)
Payroll tax	(228,460)	(204,344)
Long service leave provision	(60,984)	(86,818)
	(939,727)	(1,474,761)
(d) Corporate and office expense		
Insurance expense	(369,226)	(881,779)
Network expense	(98,620)	(97,427)
Marketing expense	(146,014)	(99,885)
Occupancy expense	(10,130)	(10,123)
Professional fee expense	(182,008)	(242,579)
Recruitment expense	(15,773)	-
Telephone expense	(38,910)	(36,094)
Travel expense	(39,197)	(27,344)
	(899,878)	(1,395,231)

**Notes to the Financial Statements
For the Half-Year Ended 31 December 2009 (continued)**

NOTE 5: EXPENSES (CONTINUED)

	Consolidated	
	Half-year ended 31-Dec-09	Half-year ended 31-Dec-08
	\$	\$
(e) Other expenses		
ASX listing fees	(39,460)	(14,501)
General expenses	(151,833)	(129,497)
Postage, printing and stationary	(17,585)	(27,868)
Repairs and maintenance	(16,486)	(11,252)
Share registry costs	(38,342)	(15,044)
Software supplies	(3,964)	(2,151)
Foreign exchange gain/(loss)	(176,264)	14,731
Net fair value gain/(loss) on investments	31,020	(239,500)
	<u>(412,914)</u>	<u>(425,082)</u>

NOTE 6: CASH AND CASH EQUIVALENTS

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

	Consolidated	
	At 31-Dec-09	At 30-Jun-09
	\$	\$
Cash at bank	5,978,349	7,249,163
Short-term deposits	49,007,078	53,988,643
	<u>54,985,427</u>	<u>61,237,806</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 three months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

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 2009, guarantees of \$1,663,180 were outstanding (30 June 2009: \$1,066,794). The guarantees are secured by an offset agreement with a term deposit of \$1,014,929 (30 June 2009: \$1,001,000).

**Notes to the Financial Statements
For the Half-Year Ended 31 December 2009 (continued)**

NOTE 7: TRADE AND OTHER RECEIVABLES

	Consolidated	
	At 31-Dec-09 \$	At 30-Jun-09 \$
Trade receivables	(i) 6,311,407	8,000,822
GST refund receivable	(ii) 115,832	115,832
Interest receivable	(iii) 412,847	212,330
	6,840,086	8,328,984

- (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 2009: nil).
- (ii) The Australian Taxation Office ("ATO") completed its audit of the Group's claim for a refund of Goods and Services Tax ("GST") and has determined the Group is entitled to a refund of \$115,832. This refund has not yet been applied by the ATO against the Group's GST liabilities.
- (iii) Interest receivable is payable upon the maturity of the Group's short term deposits (between 30 and 90 days).

During the period the Group did not write off any receivables. (30 June 2009: \$1,457,853 was written-off, mainly relating to appeals which were won at first instance by the Group's client, and then subsequently lost on appeal.)

NOTE 8: CONTRIBUTED EQUITY

	Consolidated	
	At 31-Dec-09 \$	At 30-Jun-09 \$
Issued and fully paid ordinary shares	41,136,688	38,671,387

(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 2009	120,386,819	38,671,387
Exercise of director options	2,000,000	2,700,000
Exercise of employee options	110,000	88,000
Share buy-back	(222,059)	(322,699)
As at 31 December 2009	122,274,760	41,136,688

The Company announced on 10 August 2009 that it would buy back up to 12,249,681 of its shares on market to enhance its capital management.

**Notes to the Financial Statements
 For the Half-Year Ended 31 December 2009 (continued)**

NOTE 8: CONTRIBUTED EQUITY (CONTINUED)

(b) Share options:

As at 31 December 2009 there were 900,000 (30 June 2009: 3,010,000) unissued ordinary shares in total in respect of which options were outstanding, as follows:

	At 31-Dec-09	At 30-Jun-09
Director Options	-	2,000,000
Employee Options	900,000	1,010,000
Total options issued	<u>900,000</u>	<u>3,010,000</u>

No options lapsed in the period.

NOTE 9: DIVIDENDS PAID AND PROPOSED

There were no dividends paid or proposed during the period ended 31 December 2009. During the year ended 30 June 2009 an interim fully franked dividend of 5.0 cents per share was paid on 11 February 2009 and a final fully franked dividend of 10.0 cents per share was paid on 24 July 2009.

(a) Recognised amounts:

	Consolidated	
	At 31-Dec-09	At 30-Jun-09
	\$	\$
Declared and paid during the period		
Dividends on ordinary shares		
Financial year 2010 interim: nil (financial year 2009 interim: 5.0 cents per share)	-	5,985,341
Financial year 2010 final: N/A (financial year 2009 final: 10.0 cents per share)	-	12,249,682
	<u>-</u>	<u>18,235,023</u>

(b) Unrecognised amounts:

	Consolidated	
	At 31-Dec-09	At 30-Jun-09
	\$	\$
Dividends on ordinary shares		
Financial year 2010: Interim dividend declared 25 February 2010 - unrecognised	6,113,738	-
Financial year 2009: nil unrecognised	-	-
	<u>6,113,738</u>	<u>-</u>

After balance sheet date, an interim dividend of 5.0 cents per share was declared with respect to the year ended 30 June 2010. The record date for this dividend is 10 March 2010 and the shares will trade ex-dividend on 3 March 2010. Payment of this dividend will be made on 24 March 2010. (2009: An interim dividend of 5.0 cents per share was paid on 11 February 2009. A final dividend of 10.0 cents per share was paid on 24 July 2009).

Notes to the Financial Statements
For the Half-Year Ended 31 December 2009 (continued)

NOTE 10: RELATED PARTY DISCLOSURES

	Consolidated	
	At 31-Dec-09	At 30-Jun-09
Transactions with related parties	\$ 14,876	\$ 6,476

During the period the Group obtained legal advice from Hardy Bowen, a legal firm associated with director Michael Bowen. The legal advice was obtained at normal market prices.

NOTE 11 EVENTS AFTER THE BALANCE SHEET DATE

(a) Declaration of an Interim Dividend

On 25 February 2010 the directors announced a fully franked interim dividend for 2010 of 5.0 cents per share. The record date for this dividend is 10 March 2010 and the shares traded ex-dividend on 3 March 2010. This dividend will be paid on 24 March 2010.

(b) Intangible Assets

The claim against AWB Limited conditionally settled on 15 February 2010. If the conditions are satisfied, IMF expects to generate a profit after costs and capitalised overheads of between \$6M and \$7M (before tax).



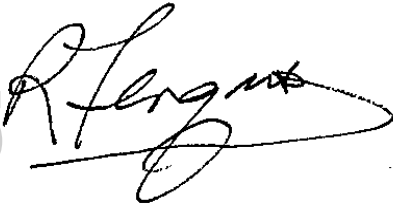
Directors' Declaration

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, including
 - (i) giving a true and fair view of the financial position as at 31 December 2009 and the performance for the half-year ended on that date of the consolidated entity; and
 - (ii) complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001; and Regulations 2001; and
- (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



Robert Ferguson
Chairman

To the members of IMF (Australia) Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of IMF (Australia) Limited, which comprises the statement of financial position as at 31 December 2009, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, other selected explanatory notes 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 and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations), the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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 Interim and other Financial Reports 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 2009 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) Limited 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.

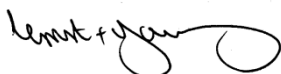
Independence

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) Limited is not in accordance with:

- a. the *Corporations Act 2001*, including:
 - i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2009 and of its performance for the half-year ended on that date; and
 - ii) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.



Ernst & Young



G H Meyerowitz
Partner
Perth
25 February 2010

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
Alden Halse	Non-Executive Director
Michael Bowen	Non-Executive Director

Company Secretary

Diane Jones

Principal Registered Office in Australia

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Solicitors

Hardy Bowen
Level 1, 28 Ord Street
West Perth WA 6005

Share Registry

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

Auditors

Ernst & Young
The Ernst & Young Building
11 Mounts Bay Road
Perth WA 6000

Bankers

National Australia Bank Limited
255 George Street
Sydney NSW 2000

Macquarie Bank Limited
Bond Street
Sydney NSW 2000

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.