



IMF (Australia) Ltd

IMF (Australia) Ltd

**Combined Financial Services Guide and
Product Disclosure Statement**

Dated the 2nd day of May 2007

1. Introduction

- 1.1 This document is provided to you by IMF (Australia) Ltd which is referred to as “IMF”, “us” or “we”.
- 1.2 It is provided to you pursuant to sections 941A and 1012B of the Corporations Act (“the Act”) because you have sought litigation funding services from us and is divided into the following two parts:
 - (a) a Financial Services Guide; and
 - (b) a Product Disclosure Statement.

2. Financial Services Guide

- 2.1 This guide is to help you decide whether to use our litigation funding services.
- 2.2 The guide is given to people who ask us to fund their claims and litigation. It explains:
 - (a) what money we might receive if you enter into a litigation funding agreement with us; and
 - (b) how you can complain about our service.
- 2.3 We provide litigation funding services pursuant to written litigation funding agreements. If we decide to fund your claim, we will negotiate the terms of a written agreement with you.
- 2.4 Our litigation funding agreements are “financial products” as that term is used in the Act. For the purposes of the Act, if we offer to enter into a litigation funding agreement with you and you accept our offer, we:
 - (a) have “issued” a financial product to you; and
 - (b) are providing a “financial service” to you (as that term is used in the Act).
- 2.5 You are dealing with a company, IMF (Australia) Ltd, whose ABN is 45 067 298 088. Our shares are listed for quotation on the Australian Stock Exchange (“ASX”) under the stock code “IMF”. Our contact details are set out on the last page of this document. We also maintain a web site at www.imf.com.au.
- 2.6 Our web site contains the following information which may help you to decide whether to use our financial services:
 - (a) our audited accounts;
 - (b) our Corporate Governance Manual;
 - (c) our Privacy Policy;
 - (d) public announcements made by us to the ASX; and
 - (e) general information about litigation funding.
- 2.7 Our chairman is Robert Ferguson and our managing director is John Walker. Both may be contacted by telephone on +61 2 8223 3567.
- 2.8 No other companies, entities or persons (other than our officers and employees) are involved in any way in the provision of our financial services. Our wholly owned

subsidiary, Insolvency Litigation Fund Pty Ltd, is a licensed investigator and assists IMF in its investigations.

- 2.9 A litigation funding agreement is a contract which both you and IMF may enforce.
- 2.10 We hold Australian Financial Services Licence No. 286906 and are lawfully entitled to enter into litigation funding agreements with retail and wholesale clients pursuant to the provisions of the Act and the conditions of that licence.
- 2.11 A copy of the licence will be made available to you upon request.
- 2.12 When we enter into litigation funding agreements, we are acting on our own behalf and not on behalf of you or anyone else. We cannot and do not make any recommendations as to whether you should enter into a litigation funding agreement with us. We will not provide you with any advice on the meaning, effect or content of the litigation funding agreement. Since we are the other party to the agreement, it would not be appropriate for us to provide you with such advice. We recommend that you obtain your own independent advice on the meaning, effect and content of the litigation funding agreement before you decide whether to execute it.
- 2.13 Once the litigation funding agreement is executed, you and IMF will have similar interests because we both stand to benefit from a successful resolution of your claim.
- 2.14 Our litigation funding agreements are entered into on a “no win, no fee” basis. This means that we will not be paid any money unless and until:
 - (a) you have executed a litigation funding agreement;
 - (b) your claim has been settled or concluded by a judgment in your favour; and
 - (c) you have received at least some of the settlement or judgment moneys. (You will never be asked to pay more than you have actually received.)
- 2.15 The litigation funding agreement explains how any money we will be paid is calculated.
- 2.16 Clause 5 of our Corporate Governance Manual, which can be found on our website, explains how our dispute resolution process works.
- 2.17 IMF is also a member of the Banking and Financial Services Ombudsman scheme. You can contact the Ombudsman, Colin Neave, by ringing 1300 780 808 (within Australia) or +61 3 9613 7333 (outside Australia) or by sending a fax to +61 3 9613 7345.

3. Product Disclosure Statement

- 3.1 We have prepared this Product Disclosure Statement.
- 3.2 In general terms, we will decide whether we want to enter into a litigation funding agreement with you by assessing:
 - (a) the strength of your claim;
 - (b) the type of claim;
 - (c) when your claim arose;
 - (d) the jurisdiction in which your claim will be heard;
 - (e) the amount of your claim;

- (f) any legal or factual difficulties;
 - (g) the ability of the proposed defendant to pay you if you are successful; and
 - (h) how much documentary evidence there is to support your claim.
- 3.3 To assist us in making our initial assessment, we may require you to provide us with documents and other information. We will treat this information as confidential.
- 3.4 We do not charge anything for our initial assessment.
- 3.5 If we decide not to fund your claim, we will return your documents to you promptly.
- 3.6 If we decide to fund your claim, we will offer to enter into a litigation funding agreement with you.
- 3.7 The litigation funding agreement will cover three major areas:
- (a) investigation;
 - (b) litigation management; and
 - (c) funding.
- 3.8 If we enter into a litigation funding agreement with you, we will continue to investigate your claim.
- 3.9 We will appoint the solicitors to provide the relevant legal work to you on the terms of an agreement, referred to as the Standard Lawyers Terms. This is an agreement between us and the solicitors. The solicitors may also wish to have a retainer agreement directly with you.
- 3.10 We will pay the following costs:
- (a) the reasonable legal fees of prosecuting the relevant proceedings;
 - (b) expenses reasonably incurred by the solicitors including counsel's fees;
 - (c) court costs;
 - (d) out of pocket expenses associated with our investigation and project management; and
 - (e) counsel and witnesses fees.
- 3.11 We will pay the costs charged by the solicitors (normally, in respect of the solicitor's fees, up to a capped amount). We will seek reimbursement from you of the costs we pay, but only from any recoveries you obtain from any settlement or judgement in the proceedings.
- 3.12 We will also provide any other non-legal assistance which you or your solicitors may reasonably request.
- 3.13 If in any litigation you are required to provide security for the other side's legal costs, we will provide that security on your behalf by:
- (a) paying money into court or providing a bank guarantee if required to do so by order of the court; or
 - (b) providing our guarantee to the defendant or to the court.

- 3.14 We will provide the solicitors with their day to day instructions. However you can override our instructions if you wish and in the event of any conflict arising between your interests and those of IMF, your interests are to prevail. In the case of funding agreements with insolvency practitioners, instructions to the solicitors are given by the insolvency practitioner, although we may assist in that respect.
- 3.15 If your claim is unsuccessful and you are ordered to pay the other side's costs, we will pay those costs on your behalf. If your claim is settled or successfully concluded by judgment in your favour, we will be entitled to:
- (a) repayment of all money we have paid on your behalf;
 - (b) a project management fee; and
 - (c) an agreed percentage of the balance of your recovery.
- 3.16 We will not charge for any non-financial assistance we provide to you during the course of any litigation other than our project management fee.
- 3.17 Only you can decide whether to settle your claim. We may, however, ask you to obtain senior counsel's opinion on any settlement offer with the opinion being binding on you and us (except in the case of funding agreements with insolvency practitioners) . We will pay for that opinion.
- 3.18 After you execute a litigation funding agreement, you will have a 21 day "cooling off" period. During that period you may tell us that you wish to terminate the litigation funding agreement. You may tell us by letter, email or fax.
- 3.19 If you decide to terminate the litigation funding agreement during that period, we will not charge you anything.
- 3.20 After the 21 day "cooling off" period has ended, you will only be able to terminate the litigation funding agreement in accordance with its terms.
- 3.21 We may terminate the litigation funding agreement at any time by giving you 7 days written notice.
- 3.22 If you enter into a litigation funding agreement and your claim goes to trial, you may be required to give evidence in court. You may also be required to provide copies of all your relevant documents to the other side. We do not pay you to give evidence, to gather and supply your documents to your solicitors or to help with the case generally.
- 3.23 If other people have the same or similar claims as you, we may decide to fund their claims too. This may mean that you and they become claimants in the same litigation or that you become a representative party or are represented by another.

4. Risks

- 4.1 The most obvious risk is that you may commence litigation and lose. If that happens, and subject to paragraph 4.4, you will not be required to pay any money. You will, however, lose the time and effort you have put into the litigation.
- 4.2 Even if you are successful with your litigation, the other side may not be able to pay all of the judgment sum. As we only get paid from any money you actually receive, we are always careful to investigate whether the other side will be able to pay you. Of course, we can never guarantee that they will have enough money to do so.

- 4.3 As explained in paragraph 3.21, we may terminate the litigation funding agreement. If that happens, we may lose all the money we have paid and will receive nothing for any work we have put into your claim. If we terminate the litigation funding agreement and you later receive some money in respect of your claim, you must still reimburse us from that money for the legal and other expenses we have paid on your behalf. Extremely few litigation funding agreements are terminated by us.
- 4.4 As your claim proceeds, we will pay your legal costs, court costs and other funded expenses on a monthly basis. As a company, however, we could become insolvent and be unable to meet any order that you pay the other side's legal costs. You will need to make your own assessment of our financial position. Audited accounts of the company are contained on our web site.
- 4.5 We are not aware of any taxation implications for you if you enter into a litigation funding agreement with us. You should obtain your own independent taxation advice in this regard.

5. Dispute Resolution

- 5.1 If you are unhappy with any part of our service, please see Clause 5 of the Corporate Governance Manual which can be found on our web site. That clause explains our internal complaint resolution procedure.
- 5.2 If you have a complaint, you should raise it first with the case manager who has been responsible for your litigation funding agreement. Any complaints will then be dealt with in accordance with the procedure set out in Clause 5.
- 5.3 If we cannot resolve your complaint ourselves, you can use the external dispute resolution procedure provided by the Banking and Financial Services Ombudsman - see paragraph 2.17 above.
- 5.4 Your complaints will be dealt with by the Ombudsman at no cost to you.
- 5.5 This Product Disclosure Statement has been provided by us because we may offer to enter into a litigation funding agreement with you. Our contact details are:

IMF (Australia) Ltd
Level 5, 32 Martin Place
SYDNEY NSW 2000

Attention: John Walker

Tel: +61 2 8223 3567
Fax: +61 2 8223 3555
Email: jwalker@imf.com.au

Dated the 2nd day of May 2007