

Independent Auditor's Report to IMF (Australia) Ltd

We have reviewed the attached Statement of Completed Matters of IMF (Australia) Ltd for the period from 19 October 2001 to 30 June 2012 (the Statement).

The Statement has been prepared for the Directors to assist the Directors in ensuring that the information disclosed in the Statement has been prepared in accordance with the notes to the Statement.

Management's Responsibility for the Statement

Management is responsible for the preparation of the Statement and has determined that the accounting policies used are appropriate to the needs of IMF (Australia) Ltd. Management is responsible for such internal controls as management determines are necessary to enable the preparation of the Statement, such that it is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the Statement based on our review. We have conducted our review in accordance with Standard on Review Engagements ASRE 2405 *Review of Historical Financial Information Other than a Financial Report* ("ASRE 2405") in order to state whether, on the basis of the procedures described, anything has come to our attention that causes us to believe that the Statement is not prepared, in all material respects, in accordance with the notes to the Statement. ASRE 2405 requires us to comply with the requirements of the applicable code of professional conduct of a professional accounting body.

A review 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.

Conclusion

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the Statement of Completed Matters of IMF (Australia) Ltd for the period from 19 October 2001 to 30 June 2012 is not prepared, in all material respects, in accordance with the notes to the Statement.



Ernst & Young
Perth
23 August 2012

Statement of Completed Matters

The following is a summary of all matters completed¹ by IMF (Australia) Ltd (“IMF”) from 19 October 2001 to 30 June 2012.

Outcome	Reviewed							Unreviewed
	No of cases	% of total	Total income ² generated from funded cases including cost recovery	Total costs recovered	Total income ² generated to funded clients	Total income/(loss) ² generated to IMF including cost recovered	Net income/(loss) ² generated by IMF	Average funding duration in years
Settled	93	67%	1,093,174,583	107,499,939	737,921,461	355,253,122	247,753,183	2.54
Judgments - Won	12	9%	112,392,376	13,567,767	65,781,561	46,610,815	33,043,048	2.66
Judgments – Lost ³	5	4%	-	-	-	-	(6,695,654)	2.57
Withdrawn ⁴	27	20%	178,102	174,202	3,900	174,202	(1,729,533)	1.06
TOTAL PORTFOLIO	137	100%	1,205,745,061	121,241,908	803,706,922	402,038,139	272,371,044	2.28

NOTES TO THE STATEMENT OF COMPLETED MATTERS

1. A completed case is classified as being one where a funding agreement has been signed by a third party and IMF since 19 October 2001 and where IMF has no further funding liability.
2. Income/(loss) recognised from completed matters is calculated on the same basis as IMF’s accounting policies as disclosed in the 30 June 2012 financial statements.
3. “Court – Lost” refers to funded cases which were completed by a judgement and IMF’s client was unsuccessful. No costs were recovered from these cases, however, costs including adverse costs paid to the winning side, of \$6,695,654 were incurred by IMF.
4. “Withdrawn” refers to cases where IMF terminated the funding agreement with the client prior to the conclusion of the case. Total costs incurred in these cases were \$1,903,735 before the recovery of \$174,202