Appendix 4D

IMF Bentham Limited ("IMF" or "the Company")

ABN 45 067 298 088

Half-Year ended 31 December 2018

Results for announcement to the market

Current reporting period: Half-year ended 31 December 2018
Previous reporting period: Half-year ended 31 December 2017

		$A'000
Total income from continuing operations	Down 36%	8,143
Loss after tax for the period from continuing operations	Down 137%	(10,395)
Other comprehensive income for the period	Up 763%	11,931
Total comprehensive income for the period from continuing operations	Up 125%	1,536
Loss after tax for the period from continuing operations attributable to members	Down 144%	(10,686)

Dividends

The Directors have determined not to pay a dividend during the period ended 31 December 2018 to equity holders of the parent company.

The directors have determined they will consider, and where appropriate, implement, a regular semi-annual dividend which reflects the cash position of the Company at the time of the dividend and the likely demand for cash over the ensuing 12 month period. The Company has put in place a dividend reinvestment plan and, on appropriate occasions, will arrange underwriting to reduce the impact a particular dividend might otherwise have on cash.

Net tangible assets per ordinary share

	31-Dec-18 $	30-Jun-18 $
Basic net tangible assets per ordinary share	0.44	0.27
Basic net assets per ordinary share	2.25	2.12

Entities over which control was gained or lost during the period

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

The Company incorporated 13 new subsidiaries during the period as follows:

		Percentage Owned At	Percentage Owned At
	Country of Incorporation	**31-Dec-18**	**30-Jun-18**
IMF Litigation Funding Services Limited	United Kingdom	100%	-
Bentham Capital GP LLC	USA	100%	-
Bentham Capital Management LLC	USA	100%	-
Security Finance 2 LLC	USA	100%	-
Bentham Investments 1 LP [1]	USA	100%	-
Bentham Investments 2 LP [1]	USA	100%	-
Bentham Investments 3 LP [1]	USA	100%	-
Bentham Investments 4 LP [1]	USA	100%	-
Bentham Investments 5 LP [1]	USA	100%	-
Bentham Investments 6 LP [1]	USA	100%	-
Bentham Investments 7 LP [1]	USA	100%	-
Bentham Investments 8 LP [1]	USA	100%	-
Bentham Investments 9 LP [1]	USA	100%	-

[1] Percentage owned decreased to 20% on 30 January 2019, following the finalisation of the amended and restated limited partnership agreements.

Appendix 4D

IMF Bentham Limited ("IMF" or "the Company")

ABN 45 067 298 088

Half-Year ended 31 December 2018

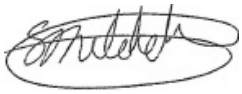
Results for announcement to the market

Explanation of Results

The attached Financial Report for the half-year ended 31 December 2018 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 2018 annual financial report and other documents are available on IMF'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.



Stuart Mitchell
Chief Financial Officer

Date: 21 February 2019

IMF BENTHAM
INTERNATIONAL LITIGATION FUNDING

Half-Year Report 2018

Half-Year Ended 31 December 2018



IMF Bentham Limited
ABN 45 067 298 088

Consolidated Financial Report
for the half-year ended 31 December 2018

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IMF Bentham Limited
ABN 45 067 298 088

Consolidated Financial Report
for the half-year ended 31 December 2018

Directors' Report

Your directors submit their report for the half-year ended 31 December 2018.

Directors

The names of the Company's directors in office during the half-year and until the date of this report are as below. Unless stated otherwise, the directors were in office for this entire period.

Michael Kay	Chairman and Non-Executive Director
Andrew Saker	Managing Director and CEO
Hugh McLernon	Executive Director
Michael Bowen	Non-Executive Director
Karen Phin	Non-Executive Director
Christine Feldmanis	Non-Executive Director (appointed 1 November 2018)
Wendy McCarthy	Non-Executive Director (resigned 21 November 2018)

Review and results of operations

Total income for the Group decreased from $12.750 million for the half-year ended 31 December 2017, to $8.143 million for the half-year ended 31 December 2018. The majority of the net gain/(loss) on disposal of intangible assets was generated from 6 of the 10 cases which concluded during the half-year (3 of 4 cases in the corresponding period to 31 December 2017). Gross proceeds from litigation contracts was $15.310 million, a 69% decrease over the corresponding period last year. The consolidated net loss from continuing operations after tax for the half-year was $10.395 million (31 December 2017: loss of $4.385 million).

As at 31 December 2018, subject to the distribution waterfalls, the calculated value of the accumulated, unaccrued and unpaid distributions related to A class shareholders in the US Fund 1 and ROW Funds 2&3 total $2.886 million.

The following summarises litigation investment activities during the period:

Litigation contract's matter name	Date Commenced	Gross proceeds from litigation contracts $'000	Litigation contracts expenses (including capitalised overheads) $'000	Net $'000
ASAS	6 August 2009	1,175	(1,108)	67
BBY	6 April 2016	2,208	(1,794)	414
Confidential Australian Matter	22 February 2017	1,123	(326)	797
Confidential Australian Matter	29 September 2016	1,940	(1,835)	105
Confidential Australian Matter	28 June 2016	2,984	(1,487)	1,497
USA Case 045 [1]	15 December 2016	-	(985)	(985)
USA Fund Case 002 [2]	5 October 2018	-	(773)	(773)
USA Fund Case 004 [3]	20 May 2017	273	(581)	(308)
USA Fund Case 041	2 April 2018	2,813	(1,472)	1,341
Other [4]		-	(1,077)	(1,077)
Completed during the period		12,516	(11,438)	1,078
Further recoveries on completed matters		572	(271)	301
Further recoveries on continuing matters		2,222	(638)	1,584
		15,310	**(12,347)**	**2,963**
RoW Fund Case 001 [5]	18 October 2017	-	(1,001)	(1,001)
		15,310	**(13,348)**	**1,962**
Impairments				(1,867)
				95

[1] USA Case 045 related to residual proceedings following a larger investment that completed via settlement in November 2014. Over the total life of the investment the Group invested $5.4 million and received $17.3 million in income, generating a ROIC of 2.2x.

[2] USA Fund Case 002 consisted of an investment in several proceedings. The funding agreement was terminated in the current period and accordingly the remaining investment was written off. Over the total life of the investment the Group invested $1.9 million and received $2.4 million in gross proceeds, generating a 0.3x ROIC.

[3] USA Fund Case 004 consisted of an investment in a law firm portfolio. All cases in the portfolio have concluded and the portfolio completed. Over the total life of the investment the Group invested $1.0 million and received $0.8 million in gross proceeds, generating a (0.2)x ROIC.

[4] Other incidental expenses incurred in investment management and investigation.

[5] This case was lost during the current period.

The Group's cash position was $233.325 million as at 31 December 2018 (30 June 2018: $160.231 million). Its investment in cases was $371.352 million at 31 December 2018, a 16% increase over the value at 30 June 2018 of $321.268 million. The Company raised share capital during the period totalling $76.105 million as a result of issuing 26,600,000 shares to sophisticated and institutional investors at $2.80 per share on 31 October 2018 and 580,110 shares under its Share Purchase Plan at $2.80 per share on 16 November 2018.

Outlook

IMF funded 14 new investments during the period, comprising 10 investments outside the USA and 4 in the USA.

At 31 December 2018, IMF had a total of 91 approved investments at various stages of funding, with a total potential aggregate Estimated Portfolio Value (EPV) of $7.6 billion[6]. The aggregate EPV of the 80 unconditionally funded matters is $6.4 billion. IMF has taken the policy position not to disclose specific details about investments in the US until after the resolution of the cases and all appeal avenues have been finalised.

The Group withdrew from one investment during the period (2017: nil cases) and continues to provide the ASX with a summary of the investments funded by IMF (Investment Portfolio Report). This Report is updated on a quarterly basis.

The Group does not provide forecasts in light of the difficulty in predicting the finalisation of its cases, but does provide an indication of its views of the possible completion dates and estimated portfolio values in the quarterly portfolio.

[6] Whilst an aggregate portfolio EPV figure is provided, this is for ease of comparison with prior periods only and IMF continues to report on its US cases in the segment reporting below utilising invested capital as the appropriate metric for US investments, see IMF's announcement of 8 May 2017 for further detail.

Directors' Report (continued)

An update on IMF's principal investments from that noted in the 2018 Annual Report is as follows:

The trial in the Westgem investment commenced and concluded in July 2018. Judgement is reserved.

The trial in the class action concerning Wivenhoe Dam commenced on 4 December 2017 and is continuing. There is a participation agreement between IMF and the co-funder to share equally the costs (including any adverse costs) of and to share any return from this claim.

Case updates are provided on the Company's website: www.imf.com.au

The RoW Funds were launched in October 2017. As at 31 December 2018, these Funds were committed to 95.6% of available capacity. In addition to these investment commitments, there are a further 8 investments which have been approved by the investment committee but not yet funded. These investments have a combined budget of $44.100 million. On 31 January 2019, IMF announced that the investors in Fund 2 and Fund 3 agreed to increase their capital commitment capacity by 20%, to address the short-term funding requirements, providing an additional $30.000 million of capital and increasing the aggregate RoW Fund size to $180.000 million.

In late 2018, IMF successfully closed its fourth Fund, which is US centric with capital commitments of US$500 million, with potential to increase to US$1.0 billion.

Dividends

The Directors have determined not to pay a dividend during the period ended 31 December 2018 to equity holders of the parent company.

The directors have determined they will consider, and where appropriate, implement, a regular semi-annual dividend which reflects the cash position of the Company at the time of the dividend and the likely demand for cash over the ensuing 12 month period. The Company has put in place a dividend reinvestment plan and, on appropriate occasions, will arrange underwriting to reduce the impact a particular dividend might otherwise have on cash.

Rounding

The amounts contained in this report have been rounded to the nearest $1,000 (where rounding is applicable) under the option available to the Company under ASIC Corporations Instrument 2016/191. The Company is an entity to which the Instrument applies.

Auditor's independence declaration

We have obtained the following independence declaration from our auditors, Ernst & Young, which is contained on page 7 of this report.

Signed in accordance with a resolution of the directors.



Michael Kay
Chairman

Date: 21 February 2019

Ernst & Young
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Auditor's independence declaration to the Directors of IMF Bentham Limited

As lead auditor for the review of IMF Bentham Limited for the half-year ended 31 December 2018, I declare to the best of my knowledge and belief, there have been:

a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of IMF Bentham Limited and the entities it controlled during the financial period.

Ernst & Young

Robert A Kirkby
Partner
21 February 2019

IMF Bentham Limited
ABN 45 067 298 088

Consolidated Statement of Comprehensive Income
for the half-year ended 31 December 2018

	Notes	Consolidated Half-year ended 31-Dec-18 $'000	Half-year ended 31-Dec-17 $'000
Continuing operations			
Revenue	**4**	1,679	1,111
Other income	**5**	6,464	11,639
Total income		**8,143**	**12,750**
Finance costs	**6(a)**	55	32
Depreciation expense	**6(b)**	374	303
Employee benefits expense	**6(c)**	14,105	10,811
Corporate and office expense	**6(d)**	5,462	3,541
Other expenses	**6(e)**	2,657	695
		(14,510)	**(2,632)**
Income tax (benefit)/expense	**7**	(4,115)	1,753
Loss for the period		**(10,395)**	**(4,385)**
Attributable to:			
Equity holders of the parent		(10,686)	(4,385)
Non-controlling interests		291	-
		(10,395)	**(4,385)**
Other comprehensive income			
Items that may be subsequently reclassified to profit and loss:			
Movement in foreign currency translation reserve		(704)	(1,799)
Items that will not be subsequently reclassified to profit and loss:			
Movement in foreign currency translation reserve attributed to non-controlling interests		12,635	-
Other comprehensive income for the period, net of tax		**11,931**	**(1,799)**
Total comprehensive income/(loss) for the period		**1,536**	**(6,184)**
Attributable to:			
Equity holders of the parent		(11,390)	(6,184)
Non-controlling interests		12,926	-
		1,536	**(6,184)**
(Loss)/earnings per share attributed to the ordinary equity holders of the Company (cents per share)			
Basic (loss)/earnings per share (cents per share)	**19**	(5.77)	(2.54)
Diluted (loss)/earnings per share (cents per share)	**19**	(5.77)	(2.38)

The above Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

IMF Bentham Limited
ABN 45 067 298 088

Consolidated Statement of Financial Position
as of 31 December 2018

	Notes	Consolidated 31-Dec-18 $'000	Consolidated 30-Jun-18 $'000
ASSETS			
Current Assets			
Cash and cash equivalents	**8**	233,325	160,231
Trade and other receivables	**9**	17,305	25,690
Other assets		2,304	1,411
Income tax receivable		6,325	5,455
Total Current Assets		**259,259**	**192,787**
Non-Current Assets			
Plant and equipment		1,272	1,332
Intangible assets	**10**	371,352	321,268
Other assets		17,586	11,509
Deferred tax assets		38,321	12,355
Total Non-Current Assets		**428,531**	**346,464**
TOTAL ASSETS		**687,790**	**539,251**
LIABILITIES			
Current Liabilities			
Trade and other payables		30,976	18,047
Provisions		14,737	14,656
Debt securities		-	49,553
Other liabilities		992	658
Total Current Liabilities		**46,705**	**82,914**
Non-Current Liabilities			
Provisions		384	277
Debt securities	**11**	143,008	70,909
Deferred income tax liabilities		37,253	17,315
Total Non-Current Liabilities		**180,645**	**88,501**
TOTAL LIABILITIES		**227,350**	**171,415**
NET ASSETS		**460,440**	**367,836**
EQUITY			
Contributed equity	**12**	205,490	127,630
Reserves		14,402	16,110
Retained earnings		37,906	48,592
Equity attributable to equity holders of the parent		257,798	192,332
Non-controlling interests		202,642	175,504
TOTAL EQUITY		**460,440**	**367,836**

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

IMF Bentham Limited
ABN 45 067 298 088

Consolidated Statement of Cash Flows
for the half-year ended 31 December 2018

	Notes	Consolidated Half-year ended 31-Dec-18 $'000	Half-year ended 31-Dec-17 $'000
Cash flows from operating activities			
Payments to suppliers and employees		(16,359)	(26,853)
Interest income		1,465	1,206
Interest paid		(3,922)	(4,156)
Income tax paid		(1,102)	(10,794)
Net cash flows (used in) operating activities		**(19,918)**	**(40,597)**
Cash flows from investing activities			
Proceeds from litigation funding - settlements, fees and reimbursements		23,909	79,506
Payments for litigation funding - external costs		(41,132)	(65,365)
Payments for litigation funding - capitalised overhead and employee costs		(3,147)	(5,024)
Purchase of plant and equipment		(323)	(103)
Loans repaid by third parties		-	263
Net cash flows (used in)/from investing activities		**(20,693)**	**9,277**
Cash flows from financing activities			
Dividend paid		-	(5,060)
Proceeds from raising equity		76,105	-
Payments for costs of raising equity		(2,327)	-
Proceeds from issuing debt		26,000	-
Payments for costs of issuing debt		(3,016)	-
Contributions from non-controlling interests		27,477	26,113
Distributions to non-controlling interests		(11,002)	-
Fund establishment costs		(2,312)	(2,694)
Net cash flows from financing activities		**110,925**	**18,359**
Net increase / (decrease) in cash and cash equivalents held		70,314	(12,961)
Net foreign exchange difference		2,780	309
Cash and cash equivalents at beginning of period		160,231	144,891
Cash and cash equivalents at end of period	**8**	**233,325**	**132,239**

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

IMF Bentham Limited
ABN 45 067 298 088

Consolidated Statement of Changes in Equity
for the half-year ended 31 December 2018

	Issued capital $'000	Share based payments reserve $'000	Foreign currency translation reserve $'000	Other capital reserves $'000	Retained earnings $'000	Total $'000	Non-controlling interest $'000	Total equity $'000
As at 1 July 2018	**127,630**	**15,251**	**1,383**	**(524)**	**48,592**	**192,332**	**175,504**	**367,836**
Profit/(loss) for the period	-	-	-	-	(10,686)	(10,686)	291	(10,395)
Other comprehensive income	-	-	(704)	-	-	(704)	12,635	11,931
Total comprehensive income for the period	**-**	**-**	**(704)**	**-**	**(10,686)**	**(11,390)**	**12,926**	**1,536**
Equity transactions								
Proceeds from shares issued	76,105	-	-	-	-	76,105	-	76,105
Transaction costs associated with share issue, net of tax	(766)	-	-	-	-	(766)	-	(766)
Share based payments, net of tax	2,521	(1,033)	-	-	-	1,488	-	1,488
Contributions from non-controlling interests	-	-	-	-	-	-	27,487	27,487
Distributions to non-controlling interests	-	-	-	-	-	-	(12,404)	(12,404)
Transaction costs - disposal of non-controlling interest, net of tax	-	-	-	-	-	-	(842)	(842)
Changes in the proportion of equity held by non-controlling interests	-	-	-	29	-	29	(29)	-
As at 31 December 2018	**205,490**	**14,218**	**679**	**(495)**	**37,906**	**257,798**	**202,642**	**460,440**

As at 1 July 2017	**123,654**	**5,962**	**(4,644)**	**7,236**	**71,679**	**203,887**	**2,366**	**206,253**
Loss for the period	-	-	-	-	(4,385)	(4,385)	-	(4,385)
Other comprehensive income	-	-	(1,799)	-	-	(1,799)	-	(1,799)
Total comprehensive income for the period	**-**	**-**	**(1,799)**	**-**	**(4,385)**	**(6,184)**	**-**	**(6,184)**
Equity transactions								
Dividend paid	-	-	-	-	(6,882)	(6,882)	-	(6,882)
Share based payments, net of tax	-	5,558	-	-	-	5,558	-	5,558
Shares issued under the dividend reinvestment plan	1,821	-	-	-	-	1,821	-	1,821
Contributions from non-controlling interests	-	-	-	-	-	-	26,113	26,113
Transaction costs - disposal of non-controlling interest, net of tax	-	-	-	-	-	-	(1,886)	(1,886)
Changes in the proportion of equity held by non-controlling interests	-	-	-	(2,820)	-	(2,820)	2,820	-
As at 31 December 2017	**125,475**	**11,520**	**(6,443)**	**4,416**	**60,412**	**195,380**	**29,413**	**224,793**

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Note 1: Corporate Information

The interim consolidated financial statements of IMF Bentham Limited ("the Company" or "IMF") and its subsidiaries (collectively, the Group) for the half-year ended 31 December 2018 was authorised for issue in accordance with a resolution of the directors on 21 February 2019.

IMF Bentham Limited is a for profit company incorporated and domiciled in Australia and limited by shares, which are publicly traded on the Australian Securities Exchange (ASX code: IMF).

The principal activities of the Group are the investigation, management and funding of litigation.

Note 2: Summary of Significant Accounting Policies

a. Basis of preparation

This interim consolidated financial report for the half-year ended 31 December 2018 is a condensed general purpose financial report prepared in accordance with *AASB 134 Interim Financial Reporting* and the *Corporations Act 2001 (Cth)* .

This 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 consolidated financial report for the half year be read in conjunction with the annual report for the year ended 30 June 2018 and considered together with any public announcements made by the Company during the half-year ended 31 December 2018 in accordance with the continuous disclosure obligations of the Corporations Act 2001 and the ASX Listing Rules.

b. Significant accounting policies

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 30 June 2018, except for changes to accounting policies as a result of adopting new standards and interpretations effective as of 1 July 2018, which are outlined in Note 2(e).

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 2018. The Group will assess the impact of these new standards during the reporting period to which they are applicable.

c. Basis of consolidation

The half-year consolidated financial statements comprise the financial statements of IMF Bentham Limited and its subsidiaries, as listed in Note 17, at 31 December 2018.

d. Presentation currency

For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in Australian dollars, which is the functional and presentation currency for the Company.

e. New and amended standards and interpretations

The Group applied AASB 15 Revenue from Contracts with Customers and AASB 9 Financial Instruments for the first time. The nature and effect of the changes as a result of adoption of these new accounting standards are described below. Several other amendments and interpretations were applied for the first time in 2018, but do not have an impact on the consolidated financial statements of the Group. The Group has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

AASB 15 Revenue from Contracts with Customers ("AASB 15") and consequential amendments to other Australian Accounting Standards
Currently, the Group has no material contracts falling within the scope of AASB 15. The Group's Litigation Contracts In Progress do not fall directly within the scope of AASB 15 as there is no customer/vendor relationship. However, the standard is relevant to the Group due to the consequential ammendments to AASB 138 Intangible Assets ("AASB 138") relating to the disposal of intangible assets.

The Group's Litigation Contracts In Progress have been classified as intangible assets. Litigation Contracts In Progress are derecognised upon disposal or when no future economic benefits are expected from their use or disposal. Gains or losses arising from derecognition of Litigation Contracts in Progress are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the profit or loss.

Prior to the AASB 15 Amendments Standard, AASB 138 required the Group to recognise income on disposal of its intangible assets in accordance with AASB 118 Revenue ("AASB 118"). After the amendment, AASB 138 requires income on disposal of intangible assets to be recognised in accordance with the requirements of AASB 15.

AASB 15 moves from a "risks and rewards" model of revenue recognition under AASB 118 to a "control" model of revenue recognition. The date of derecognition of the intangible asset and recognition of income will be the date when the Group loses control of the intangible asset. In determining whether an individual intangible asset relating to a Litigation Contract In Progress meets the requirements for disposal, the Group reviews its individual circumstances and facts. The amount of consideration to be included in the gain or loss arising from derecognition will be the amount to which the Group expects to be entitled. The amount and timing of recognition will be constrained by the nature of the particular jurisdiction and any court approval or appeal process.

The Group adopted AASB 15 using the modified retrospective method of adoption. The transition did not have a material effect on the Group's prior or current period results, statement of financial position or statement of cash flows and therefore no changes were taken to opening equity as at 1 July 2018. The Group did not apply any of the available optional practical expedients.

Note 2: Summary of Significant Accounting Policies (continued)

e. New and amended standards and interpretations (continued)

AASB 9 Financial Instruments ("AASB 9")
AASB 9 replaces AASB 139 Financial Instruments: Recognition and Measurement ("AASB 139") for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

The Group has applied AASB 9 retrospectively from 1 July 2018 and elected not to restate comparatives.

In applying AASB 9 the Group concluded the following:
– The Group's financial assets consist of cash, short term deposits and short-term receivables. No changes to the carrying values were made on transition to AASB 9. A change to the classification was made, as described below;
– The Group's financial liabilities include short term accounts payable and interest-bearing debt. No changes to the carrying values or classification were made on transition to AASB 9;
– The Group does not apply hedge accounting and has no derivatives or hedges in place;
– The Group has no financial instruments or non-financial contracts at fair value through the profit or loss and has not elected to change any financial instruments or non-financial contracts to be classified as at fair value through the profit or loss;
– The Group has not elected to classify any eligible equity instruments at fair value through other comprehensive income;
– The Group held its receivables and other financial assets at amortised cost under AASB 139 and these were classified as loans and receivables. Under AASB 9, the financial assets will be classified as financial assets at amortised cost. This classification reflects the Group's business model, of which its objective in holding financial assets is in order to collect contractual cash flows from either deposits or from the successful resolution of litigation and those cash flows give rise on specified dates and are solely payments of interest and principal outstanding; and
– The adoption of AASB 9 has changed the Group's accounting for impairment losses for financial assets by replacing AASB 139's incurred loss approach with a forward-looking expected credit loss (ECL) approach. Upon transition to AASB 9 no material variance in asset values stated under the new ECL approach to previous book values were noted as the litigation receivables were already assessed individually for expected collectability and cash deposits are short term, less than 90 days and with AA rated banks. Accordingly, no adjustment was required.

Note 3: Segment Information

The Group only operates in one industry, being litigation funding. For management purposes, the Group is organised into operating segments comprising wholly owned operations and the Group's Fund structures.

– The Group's wholly owned subsidiaries manage historical wholly owned investments and employ personnel who provide investment management services to the Group's Fund structures in the following locations:
- Australia
- United States
- Canada
- Asia
- EMEA (Europe, Middle East & Africa)

– The Group's Fund structures include:
- US Fund 1 – This comprises the consolidated group of Bentham IMF 1 LLC, Security Finance 1 LLC and HC 1 LLC. The US Fund invests in litigation in the United States; and
- ROW Funds 2/3 – This comprises IMF Bentham (Fund 2) Pty Ltd and IMF Bentham (Fund 3) Pty Ltd. The two entities jointly invest in litigation in all jurisdictions IMF operates, except for the United States.

The Funds comprise Class A and B stock. The non-controlling interest comprises Class B stock which carries an entitlement to receive a priority return on invested capital and a further preferred return on committed but undrawn capital. IMF retains control and ownership of the Funds via its interest in Class A stock. Upon satisfaction of the Class B priority returns, the Class A stock held by IMF is entitled to a manager return. After satisfaction of the priority return and the manager return residual net cash flows are to be distributed 85% to IMF and 15% to Class B for the US Fund and 80% to IMF and 20% to Class B for the RoW Funds.

	Wholly owned operations					Funds		Consolidation	
Summarised statement of financial position as at 31 Dec 2018	Australia $'000	United States $'000	Canada $'000	Asia $'000	EMEA $'000	US Fund $'000	ROW Funds $'000	Adjustments and eliminations $'000	Consolidated $'000
Current assets	219,735	1,887	597	126	31	3,051	35,860	(2,028)	259,259
Non-current assets	275,536	67,142	4,858	125	142	218,873	26,337	(164,482)	428,531
Total assets	495,271	69,029	5,455	251	173	221,924	62,197	(166,510)	687,790
Current liabilities	36,312	2,889	655	66	64	4,807	2,897	(985)	46,705
Non-current liabilities	174,816	1,503	-	-	4	-	21	4,301	180,645
Total liabilities	211,128	4,392	655	66	68	4,807	2,918	3,316	227,350
Net assets	284,143	64,637	4,800	185	105	217,117	59,279	(169,826)	460,440
Equity attributable to:									
Equity holders of the parent	284,143	64,637	4,800	185	105	63,645	10,109	(169,826)	257,798
Non-controlling interest	-	-	-	-	-	153,472	49,170	-	202,642
Total equity	284,143	64,637	4,800	185	105	217,117	59,279	(169,826)	460,440

	Wholly owned operations					Funds		Consolidation	
Summarised statement of profit or loss for Half-year ended 31 Dec 2018	Australia $'000	United States $'000	Canada $'000	Asia $'000	EMEA $'000	US Fund $'000	ROW Funds $'000	Adjustments and eliminations $'000	Consolidated $'000
Revenue	1,567	-	3	-	-	-	109	-	1,679
Other income	5,627	610	(321)	69	(23)	1,956	(983)	(471)	6,464
Total Income	7,194	610	(318)	69	(23)	1,956	(874)	(471)	8,143
Expenses	21,492	8,285	2,079	787	729	1,664	15	(12,398)	22,653
Profit before tax	(14,298)	(7,675)	(2,397)	(718)	(752)	292	(889)	11,927	(14,510)
Income tax	3,520	2,769	559	51	137	(1)	267	(3,187)	4,115
Net Profit from Continuing	(10,778)	(4,906)	(1,838)	(667)	(615)	291	(622)	8,740	(10,395)
Attributable to:									
Equity holders of the parent	(10,778)	(4,906)	(1,838)	(667)	(615)	-	(622)	8,740	(10,686)
Non-controlling interests	-	-	-	-	-	291		-	291

Note 3: Segment Information (continued)

Summarised statement of financial position as at 30 June 2018	Wholly owned operations					Funds		Consolidation	
	Australia $'000	United States $'000	Canada $'000	Asia $'000	EMEA $'000	US Fund $'000	ROW Funds $'000	Adjustments and eliminations $'000	Consolidated $'000
Current assets	153,586	4,582	1,184	94	-	13,504	20,994	(1,157)	192,787
Non-current assets	224,838	49,465	1,431	1	-	193,744	19,205	(142,220)	346,464
Total assets	378,424	54,047	2,615	95	-	207,248	40,199	(143,377)	539,251
Current liabilities	78,145	1,264	273	58	-	1,000	3,331	(1,157)	82,914
Non-current liabilities	84,320	(1,738)	6,393	804	-	(1)	8	(1,285)	88,501
Total liabilities	162,465	(474)	6,666	862	-	999	3,339	(2,442)	171,415
Net assets	215,959	54,521	(4,051)	(767)	-	206,249	36,860	(140,935)	367,836
Equity attributable to:									
Equity holders of the parent	215,959	54,521	(4,051)	(767)	-	59,298	8,307	(140,935)	192,332
Non-controlling interest	-	-	-	-	-	146,951	28,553	-	175,504
Total equity	215,959	54,521	(4,051)	(767)	-	206,249	36,860	(140,935)	367,836

Summarised statement of profit or loss for Half-year ended 31 Dec 2017	Wholly owned operations					Funds		Consolidation	
	Australia $'000	United States $'000	Canada $'000	Asia $'000	EMEA $'000	US Fund $'000	ROW Funds $'000	Adjustments and eliminations $'000	Consolidated $'000
Revenue	1,106	-	4	-	-	-	1	-	1,111
Other income	14,172	905	59	-	-	(3,413)	(49)	(35)	11,639
Total Income	15,278	905	63	-	-	(3,413)	(48)	(35)	12,750
Expenses	14,504	7,742	892	319	-	8	10	(8,093)	15,382
Profit before tax	774	(6,837)	(829)	(319)	-	(3,420)	(58)	8,058	(2,632)
Income tax	(151)	(150)	142	53	-	-	19	(1,666)	(1,753)
Net Profit from Continuing	623	(6,987)	(687)	(267)	-	(3,420)	(38)	6,392	(4,385)
Attributable to:									
Equity holders of the parent	623	(6,987)	(687)	(267)	-	(3,420)	(38)	6,392	(4,385)
Non-controlling interests	-	-	-	-	-	-	-	-	-

Other income can be represented geographically as follows:

	Consolidated	
	Half-year ended 31-Dec-18 $'000	Half-year ended 31-Dec-17 $'000
Other income		
Australia	5,898	14,123
United States	2,130	(2,508)
Canada	(1,429)	59
EMEA	(87)	-
Asia	(48)	(35)
	6,464	11,639

Non-current assets, excluding financial assets can be represented geographically as follows:

	Consolidated	
	At 31-Dec-18 $'000	At 30-Jun-18 $'000
Net exposure		
Australia	157,110	116,631
United States	239,402	211,776
Canada	11,739	5,717
EMEA	211	48
Asia	2,483	783
	410,945	334,955

Note 4: Revenue

	Consolidated	
	Half-year ended 31-Dec-18 $'000	Half-year ended 31-Dec-17 $'000
Revenue		
Interest revenue calculated using effective interest rate method	1,679	1,111
	1,679	1,111

Note 5: Other Income

	Consolidated	
	Half-year ended 31-Dec-18 $'000	Half-year ended 31-Dec-17 $'000
Other income		
Litigation contracts - settlements and judgments	15,310	48,813
Litigation contracts - expense	(12,347)	(36,137)
Loss on derecognition of intangible assets as a result of losing an investment or appeal	(1,001)	-
Net gain on derecognition of intangible assets	1,962	12,676
Cost recovery	971	-
Foreign exchange gain/(loss)	3,531	(1,040)
Other income	-	3
	6,464	11,639

Note 6: Expenses

		Consolidated	
		Half-year ended 31-Dec-18 $'000	Half-year ended 31-Dec-17 $'000
(a)	**Finance costs**		
	Other finance charges	55	32
(b)	**Depreciation expense**		
	Depreciation	374	303
(c)	**Employee benefits expense**		
	Wages and salaries	9,163	6,738
	Superannuation expense	788	715
	Directors' fees	222	247
	Payroll tax	1,165	1,030
	Share based payments	2,716	2,032
	Long service leave	51	49
		14,105	10,811
(d)	**Corporate and office expense**		
	Insurance expense	548	381
	Network expense	402	349
	Marketing expense	848	776
	Occupancy expense	575	543
	Professional fee expense	1,987	752
	Recruitment expense	419	310
	Travel expense	683	430
		5,462	3,541
(e)	**Other expenses**		
	ASX listing fees	163	54
	General expenses	329	384
	Postage, printing and stationary	249	166
	Repairs and maintenance	38	23
	Share registry costs	11	68
	Provision for impairment	1,867	-
		2,657	695

Note 7: Income Tax

	Consolidated	
	Half-year ended 31-Dec-18 $'000	Half-year ended 31-Dec-17 $'000
Accounting profit before income tax from continuing operations	(14,510)	(2,632)
At the Group's statutory income tax rate of 30% (2017: 30%)	(4,353)	(790)
Adjustment in respect of foreign federal and state tax rates	261	2,152
Adjustment in respect of income and deferred tax of previous years	24	1,027
Other	(47)	(636)
Income tax expense reported in the Statement of Comprehensive Income	(4,115)	1,753

Note 8: Cash and Cash Equivalents

For the purpose of the half-year Consolidated Statement of Cash Flows, cash and cash equivalents comprise the following:

	Consolidated	
	At 31-Dec-18 $'000	At 30-Jun-18 $'000
Total cash and cash equivalents		
Cash at bank	36,388	58,449
Short-term deposits	196,937	101,782
	233,325	160,231

Cash at bank earns interest at floating rates based on daily bank deposit rates. The carrying amount of cash and cash equivalents approximates 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 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 contracts. As at 31 December 2018 guarantees of $1.137m were outstanding (30 June 2018: $1.114m). The Group has a total guarantee facility limit of $1.461m (30 June 2018: $1.439m) that is secured by an offset arrangement with deposits of $1.669m (30 June 2018: $1.639m).

Note 9: Trade and Other Receivables

		Consolidated	
		At 31-Dec-18 $'000	At 30-Jun-18 $'000
Current			
Litigation receivables	(i)	12,280	21,529
Other receivables	(ii)	5,025	4,161
		17,305	25,690

(i) Litigation receivables are non-interest bearing and generally on 0-90 day terms.

(ii) Other receivables comprise interest receivable upon the maturity of the Group's short term deposits (between 30 and 90 days), receivables from co-funders of Litigation Contracts in Progress, short term loans and deposits receivable.

Note 10: Intangible Assets

a. Description of the Group's intangible assets

Intangible assets consist of Litigation Contracts In Progress. The carrying value of Litigation Contracts In Progress includes the capitalisation of external costs of funding the litigation, such as solicitors' fees, counsels' fees and experts' fees, the capitalisation of certain directly attributable costs of managing the litigation, such as certain insurance costs, wages, occupancy costs, other out of pocket expenses and the capitalisation of borrowing costs as described in note 10(d).

The carrying value of Litigation Contracts In Progress can be summarised as:

	Consolidated	
	At 31-Dec-18 $'000	At 30-Jun-18 $'000
Capitalised external costs	321,305	276,575
Capitalised internal costs	29,076	25,268
Capitalised borrowing costs	22,838	19,425
Provision for Impairment	(1,867)	-
	371,352	321,268

b. Write off of intangible assets

The carrying amount of Litigation Contracts In Progress is written off when the Group decides not to pursue cases that do not meet the Group's required rate of return or litigation is unsuccessful.

c. Impairment testing of intangible assets

The recoverable amount of each of the Litigation Contracts In Progress is determined based on a value-in-use calculation using cash flow projections based on financial budgets approved by management.

The following describes each key assumption on which management has based its cash flow projections when determining the value-in-use of Litigation Contracts In Progress:

* The estimated cost to complete a Litigation Contract In Progress is budgeted, based on estimates provided by the external legal advisors handling the litigation.

* The value to the Group of the Litigation Contracts In Progress, once completed, is estimated based on the expected settlement or judgment amount of the litigation and the fees due to the Group under the litigation funding contract.

* The discount rate applied to the cash flow projections is based on the Group's weighted average cost of capital, and other factors relevant to the particular Litigation Contracts in Progress.

Note 10: Intangible Assets (Continued)

d. Capitalised borrowing costs

The Group has determined that Litigation Contracts in Progress meet the definition of a qualifying asset. The amount of borrowing costs capitalised during the period ended 31 December 2018 was $4.200m (31 December 2017 was $4.646m). 100% of borrowing costs are eligible for capitalisation.

Note 11: Debt securities

	Consolidated	
	At 31-Dec-18 $'000	At 30-Jun-18 $'000
Current		
IMF Bentham Bonds [1]	-	49,553
Non-Current		
IMF Bentham Bonds [1]	71,834	-
Fixed Rate Notes[2]	71,174	70,909
	143,008	70,909

[1] Includes transaction costs, net of amortisation of $4.166m (30 June 2018: $0.447m).
[2] Includes transaction costs, net of amortisation of $0.826m (30 June 2018: $1.090m).

On 5 December 2018, the Company restructured the IMF Bentham Bonds, allowing the option for early redemptions of the bonds issued in April 2014 and issuing additional bonds with a face value of $100 each. 154,048 bonds were redeemed and a further 414,048 bonds issued, with appropriate interest paid to maintain the effective interest rate. This brings the total Bonds on issue to 760,000. The IMF Bentham Bonds have a variable rate of interest based on the Bank Bill rate plus a fixed margin of 4.20% per annum, paid quarterly. The maturity date was extended from 30 June 2019 to 22 December 2022, introducing a first issuer call date of 8 January 2022 with a step up in margin of 1.0% applying from 1 January 2022.

On 18 April 2016, the Company issued 32,000 Fixed Rate Notes with a face value of $1,000 each ("Tranche 1 Notes"). The interest rate payable to Noteholders is 7.40% per annum payable half yearly. The Fixed Rate Notes are due to mature on 30 June 2020 and are secured by a security interest over all present and after-acquired property of IMF. IMF has an early redemption option on these Fixed Rate Notes on 30 June 2019. The issuer may redeem some or all of the Notes on the optional redemption date by payment of 101% of the outstanding principle amount of each Note being redeemed together with any accrued interest, if any, to, but excluding, the date of redemption. No fair value has been attributed to the early redemption option.

On 6 April 2017, the Company issued 40,000 Fixed Rate Notes with a face value of $1,000 each (Tranche 2 Notes"). Tranche 2 Notes were consolidated and formed a single series with the existing Tranche 1 Notes. The terms and conditions of the Tranche 2 Notes are identical to the conditions of Tranche 1 Notes.

Note 12: Contributed Equity

	Consolidated	
	At 31-Dec-18 $'000	At 30-Jun-18 $'000
Issued and fully paid ordinary shares	205,490	127,630

(a) Ordinary shares
Fully paid ordinary shares carry one vote per share and carry the right to dividends.

	Consolidated			
	At 31-Dec-18		At 30-Jun-18	
	Number '000	$'000	Number '000	$'000
Movement in ordinary shares				
Balance at 1 July	173,863	127,630	172,047	123,654
Shares issued under the dividend reinvestment plan	-	-	1,816	3,976
Shares issued upon exercise of performance rights	3,566	2,521	-	-
Additional ordinary shares issued	27,180	75,339	-	-
Balance at period end	204,609	205,490	173,863	127,630

On 31 October 2018, the Company issued 26,600,000 shares to sophisticated and institutional investors at $2.80 per share. On 16 November 2018, the Company issued 580,110 shares under its Share Purchase Plan at $2.80 per share.

(b) Share
As at 31 December 2018, there were 15,445,381 unissued ordinary shares in respect of which share performance rights were outstanding (30 June 2018: 14,355,887).

During the half-year ended 31 December 2018, 4,099,608 performance rights were granted as detailed in Note 13 below. Upon meeting certain performance conditions over the three year performance period, the vesting of each right will result in the issue of one ordinary share.

Note 13: Share-Based Payments

Under the LTIP, awards are made to executives and other senior personnel who have an impact on the Group's performance. LTIP awards are delivered in the form of performance rights over shares which vest after a period of three years subject to meeting performance measures. Fifty percent of the LTIP is based on relative TSR and fifty percent CAGR of Funds Deployed as the performance measures.

For the portion of the LTIP subject to the relative TSR performance measure, the fair value of share performance rights granted is estimated at the date of grant using a Monte-Carlo simulation model, taking into account the terms and condition upon which the share performance rights were granted. For the portion of the LTIP based on the achievement of CAGR of Funds Deployed, both the Binomial and Black Scholes models are used.

4,099,608 share performance rights were issued in the half-year ending 31 December 2018. Specific assessment for performance rights issued in the period is below:

Valuation Date	**1 July 2018**
5-day Volume Weighted Average Price at commencement of measurement	$2.97
Expected Volatility (%)	TSR 20%; CAGR 30%
Dividend yield (%)	4.00%
Risk-free rate (%)	2.07%
Performance period	3 years ending 30 June 2021
Models used	Monte Carlo & Black Scholes
Tranche1 - relative TSR (value per right $)	$1.45
Tranche 2 - CAGR (value per right $)	$2.67

Note 14: Dividends Paid and Proposed

Recognised amounts:

	Consolidated	
	At 31-Dec-18 $'000	At 31-Dec-17 $'000
Declared and paid during the period		
Nil dividend for period ending 31 December 2018 (31 December 2017: 4.00 cents per share)	-	6,882

The Directors have determined not to pay a dividend during the period ended 31 December 2018 to equity holders of the parent company.

On 22 February 2018 the directors declared a final fully franked dividend of 3.00 cents per share for the 2018 interim dividend, totalling $5.188m. The record date for this dividend was 26 March 2018 and the payment date was 24 April 2018. Shareholders were able to elect to participate in the dividend reinvestment plan in relation to this dividend.

On 24 August 2017 the directors declared a final fully franked dividend of 4.00 cents per share for the 2017 financial year, totalling $6.882m. The record date for this dividend was 26 September 2017 and the payment date was 20 October 2017. Shareholders were able to elect to participate in the dividend reinvestment plan in relation to this dividend.

The directors have determined they will consider, and where appropriate, implement, a regular semi-annual dividend which reflects the cash position of the Company at the time of the dividend and the likely demand for cash over the ensuing 12 month period. The Company has put in place a dividend reinvestment plan and, on appropriate occasions, will arrange underwriting to reduce the impact a particular dividend might otherwise have on cash.

Note 15: Related Party Disclosures

	Consolidated	
	Half-year ended 31-Dec-18 $'000	Half-year ended 31-Dec-17 $'000
Transactions with related parties[1]	163	405
	163	405

[1] During the period ended 31 December 2018, the Group obtained legal advice from DLA Piper, a legal firm associated with Michael Bowen (a director). The legal advice was obtained at normal market rates.

Note 16: Commitments and Contingencies

As at 31 December 2018, the Group has 2 cases that are under appeal (30 June 2018: 2 cases). The net income recognised by the Group from these cases in the current financial period is nil (30 June 2018: nil). The total current and non-current receivables as at 31 December 2018 relating to the cases under appeal is nil (30 June 2018: nil).

In certain jurisdictions litigation funding agreements contain an undertaking from the Company to the client that the Company will pay adverse costs awarded to the successful party in respect of costs incurred during the period of funding, should the client's litigation be unsuccessful. It is not possible to predict in which cases such an award might be made or the quantum of such awards. In addition, the Company has insurance arrangements which, in some circumstances, will lessen the impact of such awards, including an after-the-event ("ATE") insurance policy that will respond to claims for adverse costs in excess of $7.5m for litigation in ROW Funds 2 and 3. In general terms, an award of adverse costs to a defendant will approximate 40% to 70% (depending on jurisdiction) of the amount paid by the plaintiff to pursue the litigation (although in some cases there may be more than one defendant).

Accordingly, an estimate of the total potential adverse costs exposure of the Group which has accumulated from time to time may be made by assuming all cases are lost, that adverse costs equal 40% to 70% of the amount spent by the plaintiff and that there is only one defendant per case.

At 31 December 2018, the total amount spent by the company on investments in litigation where undertakings to pay adverse costs have been provided was $107.835m (30 June 2018: $88.702m). The potential adverse costs orders using the above methodology would amount to $63.136m (30 June 2018: $71.192m). The Company does not currently expect that any of the matters will be unsuccessful. The Company maintains a large cash holding in case one or more matters are unsuccessful and an adverse costs order is made which is not covered by its insurance arrangements.

Note 17: Changes in Composition of the Group

The Group's subsidiaries can be summarised as follows:

		Percentage Owned	
Name	Country of Incorporation	At 31-Dec-18	At 30-Jun-18
Bentham Holdings Inc.	USA	100%	100%
Bentham Capital LLC	USA	100%	100%
Security Finance LLC	USA	100%	100%
Bentham IMF Holdings 1 LLC	USA	100%	100%
Bentham IMF 1 LLC [1]	USA	27%	27%
Security Finance 1 LLC [1]	USA	27%	27%
Bentham IMF Capital Ltd	Canada	100%	100%
Lien Finance Canada Ltd	Canada	100%	100%
IMF Bentham Pte. Limited [2]	Singapore	100%	100%
IMF Bentham (Fund 2) Pty Ltd [3]	Australia	20%	20%
IMF Bentham (Fund 3) Pty Ltd [3]	Australia	20%	20%
HC 1 LLC[8]	USA	7%	7%
IMF Litigation Funding Services Limited[4]	United Kingdom	100%	-
Bentham Capital GP LLC[5]	USA	100%	-
Bentham Capital Management LLC[6]	USA	100%	-
Security Finance 2 LLC[7]	USA	100%	-
Bentham Investments 1 LP[9]	USA	100%	-
Bentham Investments 2 LP[9]	USA	100%	-
Bentham Investments 3 LP[9]	USA	100%	-
Bentham Investments 4 LP[9]	USA	100%	-
Bentham Investments 5 LP[9]	USA	100%	-
Bentham Investments 6 LP[9]	USA	100%	-
Bentham Investments 7 LP[9]	USA	100%	-
Bentham Investments 8 LP[9]	USA	100%	-
Bentham Investments 9 LP[9]	USA	100%	-

[1] These entities were incorporated 3 November 2016. 50% ownership became effective on 13 February 2017.
[2] This entity was incorporated 8 March 2017.
[3] These entities were incorporated 13 September 2017.
[4] This entity was incorporated on 27 September 2018.
[5] This entity was incorporated on 26 October 2018.
[6] This entity was incorporated on 2 July 2018.
[7] This entity was incorporated on 29 November 2018.
[8] This entity was incorporated on 30 May 2018.

[9] These entities were formed on 4 December 2018. Percentage owned decreased to 20% on 30 January 2019, following the finalisation of the amended and restated limited partnership agreements.

For all subsidiaries where there is less than 51% ownership interest, the Group has power under contractual arrangements and is acting as principal and thus has control.

Note 18: Financial Instruments

The value of the Company's financial assets and liabilities will be impacted by changes in interest rates and foreign exchange rates. The carrying amount of the financial assets and liabilities of the Group approximate their fair values, except for the Bonds and Notes. Excluding transaction costs, the IMF Bentham Bond have a carrying value of $76.000m and a fair value of $77.480m. The Fixed Rate Notes have a carrying value of $72.000m and a fair value of $73.800m.

Note 19: Loss per Share

(a) Earnings used in calculating earnings per share

	Consolidated	
	At 31-Dec-18 $'000	At 31-Dec-17 $'000
For basic earnings per share		
Total net profit attributable to ordinary equity holders of the Parent	(10,686)	(4,385)

	Consolidated	
	At 31-Dec-18 $'000	At 31-Dec-17 $'000
For basic and diluted earnings per share		
Total net loss attributable to continuing operations	(10,686)	(4,385)

(b) Weighted average number of shares

	Consolidated	
	At 31-Dec-18 Number	At 31-Dec-17 Number
Weighted average number of ordinary shares outstanding	185,175,617	172,405,692
Effect of dilution:		
[1] Performance rights	-	11,524,712
Weighted average number of ordinary shares	185,175,617	183,930,404

[1] Performance rights granted under the Long Term Incentive Plan are only included in dilutive earnings per ordinary share where the performance hurdles are met as at year end and they do not have an anti-dilutive effect. As at 31 December 2018, there were 10,153,057 performance rights calculated as meeting the performance criteria for inclusion in diluted earnings per share, however these were not included due to their anti-dilutive effect.

There have been no transactions involving ordinary shares or potential ordinary shares that would significantly change the number of ordinary shares outstanding between the reporting date and the date of completion of these financial statements.

Note 20: Events after the Reporting Date

Apart from that disclosed in this report, no other circumstances have arisen since 31 December 2018 that have significantly affected, or may significantly affect the consolidated entities' operations, the results of those operations, or the consolidated entities state of affairs in the future financial years.

IMF Bentham Limited

ABN 45 067 298 088

Directors' Declaration

In accordance with a resolution of the directors of IMF Bentham Limited, 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 2018 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



Michael Kay
Chairman

21 February 2019

Building a better working world

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Independent auditor's report to the members of IMF Bentham Limited

Report on the half-year financial report

Conclusion

We have reviewed the accompanying half-year financial report of IMF Bentham Limited (the Company) and its subsidiaries (collectively the Group), which comprises the condensed statement of financial position as at 31 December 2018, the condensed statement of comprehensive income, condensed statement of changes in equity and condensed 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.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half-year financial report of the Group is not in accordance with the *Corporations Act 2001*, including:

a) giving a true and fair view of the consolidated financial position of the Group as at 31 December 2018 and of its consolidated financial 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*.

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 is 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, anything has come to our attention that causes us to believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's consolidated financial position as at 31 December 2018 and its consolidated financial performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Group, 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.

Building a better working world

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

Ernst & Young

Robert A Kirkby
Partner
Perth
21 February 2019

IMF Bentham Limited

ABN 45 067 298 088

Corporate Information

This half-year report covers IMF Bentham Limited and its subsidiaries. The Group's functional and presentation currency is AUD ($).

Directors

Michael Kay	Chairman and Non-Executive Director
Andrew Saker	Managing Director and CEO
Hugh McLernon	Executive Director
Michael Bowen	Non-Executive Director
Karen Phin	Non-Executive Director
Christine Feldmanis	Non-Executive Director

Company Secretary

Jeremy Sambrook

Regsitered office and principle place of business in Australia

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Sydney NSW 2000
Phone: (02) 8223 3567
Fax: (02) 8223 3555

Solicitors

DLA PIPER
Level 31, Central Park
152-158 St George's Terrace
Perth WA 6000

Share Registry

LINK MARKET SERVICES
Locked Bag A14
Sydney South NSW 1235
Phone: 1300 554 474

Auditors

EY
The EY Building
11 Mounts Bay Road
Perth WA 6000

Bankers

NATIONAL AUSTRALIA BANK LIMITED
255 George Street
Sydney NSW 2000

Internet

www.imf.com.

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.