HLS

HILLCREST LITIGATION SERVICES LIMITED

1 COLIN STREET WEST PERTH WESTERN AUSTRALIA 6005
PO BOX 587 WEST PERTH WESTERN AUSTRALIA 6872
ACN 060 094 742 T +61 8 9324 3266 F +61 8 9324 3277

10 June 2011

Mr W Baggott
Senior Adviser, Listings (Perth)
Australian Stock Exchange
2 The Esplanade
PERTH WA 6000

BY FACSIMILE: (08) 9221 2020

Dear Sir,

We refer to your letter dated 8 June 2011 in relation to our announcement released on 3 June 2011 (the "MMFC Information") and respond to your questions raised therein as follows.

1. *Does the Company consider the MMFC Information (or any part of it) contained in the Announcement to be material to the Company?*

   Yes.

2. *When did the Company become aware of the MMFC Information contained in the Announcement? Please include details of the relevant time and circumstances of the Company becoming aware of the MMFC Information.*

   The Company first became aware of part of the MMFC Information on 16 May 2011 when MMFC's solicitors informed the Company of the Court's reasons. However, the solicitors advised as follows:-

   "Please note that Justice Croft has not handed down a judgment. Rather, he has requested the parties to file submissions in relation to which of these alternative orders he should adopt in relation to the future of the action, and also in relation to the question of any costs orders. The submissions will be heard by the Court on 15 June 2011."

3. *If the answer to any part of question 1 is "yes" and the Company became aware of the MMFC Information (or any part of it) referred to in the Announcement, prior to the time the Company released the Announcement, please advise the following:*

3.1 Please advise why the Company did not make an announcement at an earlier time or request a trading halt earlier.

3.2 Why was the MMFC Information not released to the market at that earlier time? Please comment specifically on the application of listing rule 3.1.

Based on the advice from MMFC's solicitors referred to in 2 above, the Company determined that it would be appropriate to await the outcome of the hearing on 15 June 2011 before making an ASX announcement about the status of the case.

On 2 June 2011, the Company appointed separate solicitors to represent it in the matter and at the hearing on 15 June 2011. At that time, we reviewed the advice of MMFC's solicitors referred to in 2 above and determined that the MMFC Information was material and that it would not be appropriate to await the outcome of the hearing on 15 June 2011 before making an ASX announcement. Hence, the announcement was made on 3 June 2011.

4. *If the answer to question 1 is "no", please advise the basis on which the Company does not consider the MMFC Information (or any part of it) contained in the Announcement to be material.*

   Not applicable.

5. *Please confirm that the Company is in compliance with listing rule 3.1.*

   We confirm that the Company is in compliance with listing rule 3.1.

Please let us know if you have any queries in relation to the above.

Yours sincerely,
HILLCREST LITIGATION SERVICES LIMITED

IAN ALLEN
Company Secretary.

ASX Compliance Pty Limited
ABN 26 087 780 489
Level 8 Exchange Plaza
2 The Esplanade
PERTH WA 6000

GPO Box D187
PERTH WA 6840

Telephone 61 8 9224 0000
Facsimile 61 8 9221 2020
www.asx.com.au

8 June 2011

Mr. Ian Allen
Company Secretary
Hillcrest Litigation Services Limited
1 Colin Street
WEST PERTH WA 6005

By email

Dear Ian

Hillcrest Litigation Services Limited (the "Company")

We refer to the Company's announcement released to ASX at 5:40pm AEST on 3 June 2011 and titled *"Unsuccessful Judgement in the MMFC Case"* (the "Announcement"). The Announcement included amongst other things, the following:

> *"Hillcrest Litigation Services Limited ("HLS") advises that the Supreme Court of Victoria has handed down reasons for judgment in the MMFC –v- IPL proceeding in which the Court refused leave for MMFC (HLS's funded client) to file and serve a proposed amended statement of claim and held that the proceeding should be dismissed or permanently stayed.*
>
> *As a consequence, unless there is a successful appeal against the judgment, HLS will make a loss from the matter in an amount presently estimated to be in the region of $900,000. HLS will update the market as appropriate."*
>
> (the "MMFC Information")

We wish to draw your attention to the definition of "aware" in chapter 19 of the listing rules which states that:

"an entity becomes aware of information if a director or executive officer (in the case of a trust, director or executive officer of the responsible entity or management company) has, or ought reasonably to have, come into possession of the information in the course of the performance of their duties as a director or executive officer of that entity".

Further we wish to draw your attention to listing rule 3.1 which requires an entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities. The exceptions to this requirement are set out in listing rule 3.1A.

Paragraph 18 of Guidance Note 8 states:

> "Once a director or executive officer becomes aware of information, he or she must immediately consider whether that information should be given to ASX. An entity cannot delay giving information to ASX pending formal sign-off or adoption by the board, for example."

Please note that for disclosure not to be required under listing rule 3.1, all of the exceptions under listing rule 3.1A must apply:

"3.1A.1 A reasonable person would not expect the information to be disclosed.

3.1A.2 The information is confidential and ASX has not formed the view that the information has ceased to be confidential.

3.1A.3 One or more of the following applies.

- It would be a breach of a law to disclose the information.
- The information concerns an incomplete proposal or negotiation.
- The information comprises matters of supposition or is insufficiently definite to warrant disclosure.
- The information is generated for the internal management purposes of the entity.
- The information is a trade secret."

Finally, we would like to draw your attention to ASX's policy position on the concept of "confidentiality" which is detailed in paragraphs 34 to 40 of Guidance Note 8. In particular, paragraphs 34 and 35 of the Guidance Note state that:

> "'Confidential' in this context has the sense of 'secret'..." and loss of confidentiality may be indicated by otherwise unexplained changes to the price of the entity's securities, or by reference to the information in the media or analysts reports".

Having regard to the Announcement, the above definitions, listing rule 3.1 and Guidance Note 8 - Continuous Disclosure, we ask that you answer the following questions in a format suitable for release to the market in accordance with listing rule 18.7A.

1. Does the Company consider the MMFC Information (or any part of it) contained in the Announcement to be material to the Company?

2. When did the Company become aware of the MMFC Information contained in the Announcement? Please include details of the relevant time and circumstances of the Company becoming aware of the MMFC Information.

3. If the answer to any part of question 1 is "yes" and the Company became aware of the MMFC Information (or any part of it) referred to in the Announcement, prior to the time the Company released the Announcement, please advise the following:

   3.1 Please advise why the Company did not make an announcement at an earlier time or request a trading halt earlier.

   3.2 Why was the MMFC Information not released to the market at that earlier time? Please comment specifically on the application of listing rule 3.1?

4. If the answer to question 1 is "no", please advise the basis on which the Company does not consider the MMFC Information (or any part of it) contained in the Announcement to be material.

5. Please confirm that the Company is in compliance with listing rule 3.1.

Your responsibility under listing rule 3.1 is not confined to, or necessarily satisfied by, answering the questions set out in this letter.

Please note the ASX reserves its right under listing rule 18.7A to release this letter and the Company's response to the market. Accordingly the Company's response should address each question separately and be in a format suitable for release to the market.

If the information requested by this letter is information required to be given to ASX under listing rule 3.1 your obligation is to disclose the information immediately. Unless the information is required immediately under listing rule 3.1, a response is requested as soon as possible and, in any event, **not later than half an hour before the commencement of trading (7:30am WST) on Tuesday 14 June 2011.**

Your response should be sent to ASX by facsimile on facsimile number (08) 9221 2020. It should not be sent to the Company Announcements Office.

If you have any queries regarding any of the above, please contact me on (08) 9224 0023.

Yours sincerely

[sent electronically without signature]

Wade Baggott
Senior Adviser, Listings (Perth)