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IMAGINE UN LIMITED
ABN: 97 009 201 763

FURTHER UPDATE ON RESTRUCTURE

11th DECEMBER 2008

The Board of Imagine Un Limited (**IUL**) advises that its operational subsidiary, Imagine Essential Services Limited (**IES**), has made significant progress in settling the disputes between itself and its licensees which arose as a consequence of the ACCC investigation into the company and the subsequent Federal Court Orders issued in settlement of the ACCC case.

Following “in principle” agreements reached at group mediation recently held with 60 licensees, IES has now facilitated agreement to settle the individual disputes of almost 90% of the licensees who registered to participate in the Alternative Dispute Resolution Program. It is anticipated that the remainder of the required mediations will be completed before the end of February 2009.

Reaching acceptable outcomes with these licensees enables IES to continue to operate its licensed business. By early 2009 IES will be able to shift its entire focus to growing its own revenues (in turn increasing IUL’s revenues) thus ensuring that IES is able to meet the future obligations imposed upon it under the terms of settlement of the individual disputes to licensees.

IUL continues to provide support to IES as it finalises all of its issues with its current licensee network, and it will continue to provide limited support to IES on an ongoing basis as IES rebuilds its business to become a key sales driver of the Imagine GreenPlans.



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In order to facilitate this rebuilding process, the Board of IUL is pleased to announce that with immediate effect Mr. Daniel Watson B.Bus. (B.A.), MAICD, AIMM., previously a Director of IES, has been appointed as General Manager of IUL.

The Board of IUL also wishes to advise that it is in discussions with Mr. Watson to explore the potential of transferring, for token consideration, the ownership of IES from IUL to interests associated with Mr. Watson, before the liabilities to the licensees accruing as a consequence of the settlement agreements become due and payable. It is proposed that a new Master Licence between Imagine Global P/L, as owner of the Imagine IP, and IES will be negotiated prior to this transfer.

The Board of IUL is pleased that this further "in principle" restructuring has been agreed- both as a necessary step in its own right and because of the increased certainty it creates. This will also greatly assist in the achievement of the future financing requirements of IUL's restructuring plan.

Further announcements are expected to be made at or before IUL's Annual General Meeting to be held on 19 December 2008.

For further information, please contact:

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