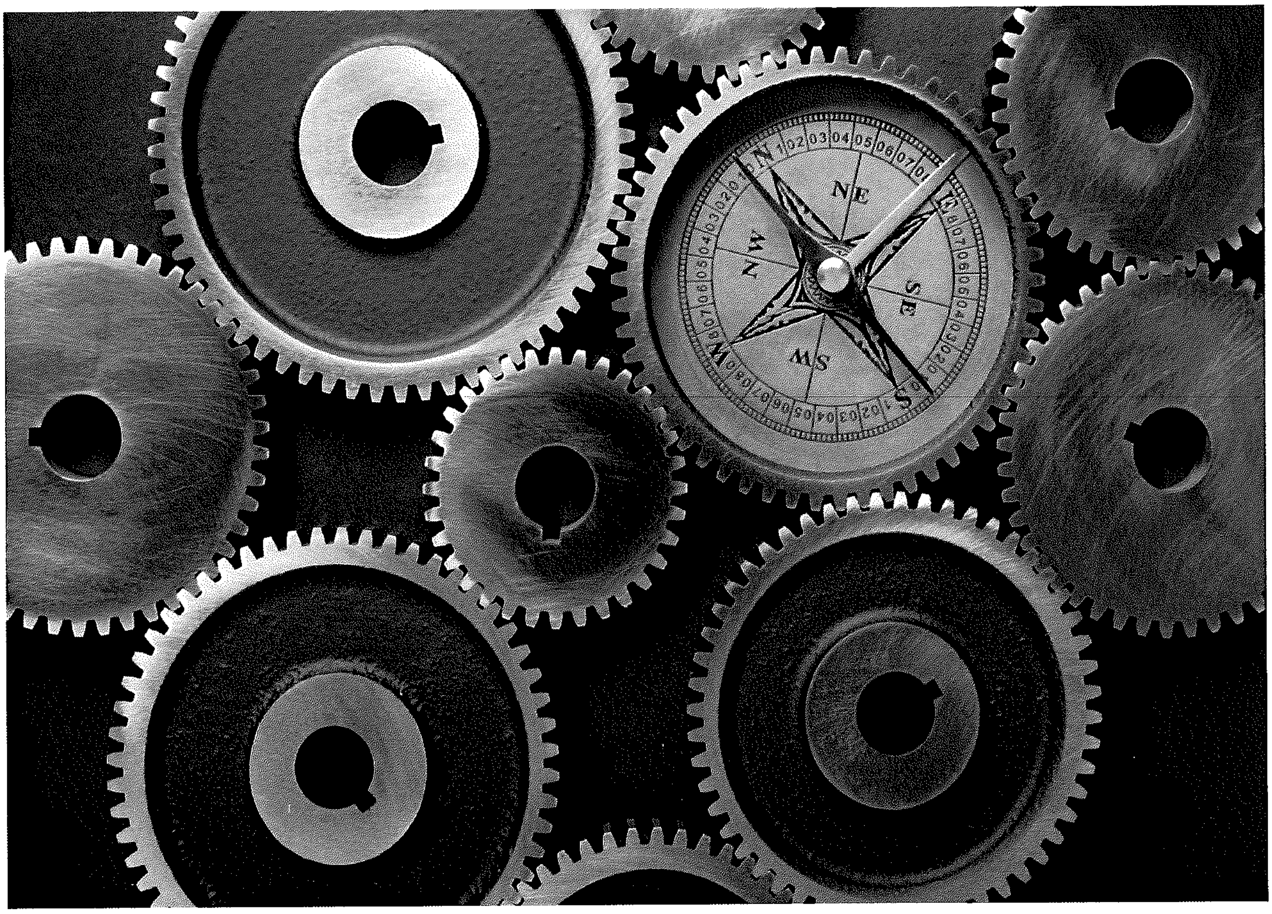
Annual Report

2015



ACN 120 394 194

(ASX: ILH)

For the year ended 30 June 2015

Contents

Corporate Information

ABN 20 120 394 194

Directors

David French[2], *Non-Executive Director*
Owen Evans[3], *Non-Executive Director*

Company Secretary

Reena Minhas

Registered Office

C-/o Kordamentha
Chifley Tower
Level 5
2 Chifley Square
Sydney, NSW 2000

Share Register

Computershare Investor Services Pty Limited
Level 2
45 St Georges Terrace
Perth WA 6000
Tel: (08) 9323 2000

ILH Group Limited shares are listed on the Australian Stock Exchange ("ASX").

Bankers

St George Bank Limited
Level 2, Westralia Plaza
167 St Georges Terrace
Perth WA 6000

Auditor

Stantons International
Level 2, 1 Walker Avenue
West Perth WA 6005

ILH Group Limited (subject to deed of Company Arrangement)
Period Ended 30 June 2015

Directors' Report 2015

Your Directors submit their report for the year ended 30 June 2015.

DIRECTORS

The names and details of the Company's Directors in office during the financial year and until the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.

Names, Qualifications, Experience and Special Responsibilities

David French, (Managing Director)

David was rated as high as number 3 in Australia as an investment analyst, holds a Bachelor of Economics, a Diploma in Corporate Management and is PS146 compliant. David has also completed a range of other courses relating to valuation of companies and investments.

During the past four years, Mr French served as a Director of the following listed companies:

- None

Owen Evans, (Non-Director)

Mr Evans is an experienced investment professional with almost 30 years' experience in research, valuation and funds management. He has been rated number one analyst for building materials, construction and emerging companies while at UBS Australia and judged Money Management Fund Manager of the Year in 2005 and 2006 as Chief Investment officer at MIR Australia.

During the past four years, Mr Evan served as a Director of the following listed companies:

- None

The Hon John Dawkins[1], *AO, B.Ec* (former Non-Executive Chairman)

The Hon John Dawkins resigned as Non-executive Chairman on the 1 October 2014.

Anne Tregonning[1], *B.Com, FCA, GAICD* (former Non-Executive Director)

Anne Tregonning resigned as Non-executive Chairman on the 1 October 2014.

Graeme Fowler, *B.Bus, CPA, MAICD* (former Managing Director and Chief Executive)

During the past four years, Mr Fowler served as a Director of the following listed company:

- Countplus Limited

Stephen Moss, *BD, STM, DM, MICD, CMC, FAICD* (former Executive Director)

Dr Moss was appointed to the ILH Board as an executive director on 26 September 2013 and resigned on 15 August 2014.

Beneficial Interests in the Shares of the Company and Related Bodies Corporate

As at the date of this report, the beneficial interests of the Directors in the shares of ILH Group Limited were:

	Number of Ordinary Shares
J Dawkins	3,249,335
A Tregonning	511,716
G Fowler	5,672,460
Owen Evans	986,923
Matthew Driscoll	Nil
David French	6,593,926

COMPANY SECRETARY

Reena Minhas *B.Sc, ACA*

Ms Minhas was appointed CFO of ILH Group Limited and its subsidiary companies on 7 August 2014 and Company Secretary on 1 September 2014.

Ms Minhas has over 10 years accounting experience in the corporate sector and in professional services in both Australia and the United Kingdom. She has previously worked as CFO of Energy One Limited, as well as with KPMG, PricewaterhouseCoopers and Xerox. Ms Minhas is no longer an executive of the company

Directors' Report continued

PRINCIPAL ACTIVITIES

The principal activities of the entities of the consolidated Group are the provision of legal services, wealth management and advice and online legal document services in Australia.

OPERATING AND FINANCIAL REVIEW

Group Overview

A detailed review of the operations of the Group during the financial year, its financial position and business strategies and prospects for future financial years is set out below.

Operating and financial review

Consolidated revenues of $12,852,019 were down 53% compared with previous corresponding annual period of $27,475,559.

The Group incurred a loss of $28,896,325 for the 30 June 2015 year, 30 June 2014: loss ($8,953,353).

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

The Company was suspended from trading on the ASX on 12 December 2014 at its request and on 17 December Michael Brereton and Cliff Rocke was appointed as the Administrators of the Group and assumed control of the Group and their business, property and affairs.

The Administrators' strategy was designed around the precarious situation and the need to maximise the proceeds from asset sales, and to minimise ongoing costs so as to obtain the highest return possible for creditors. On the 24 December 2014 the group sold its subsidiaries for an combined consideration of $4.5m.

Incomplete records

The management and affairs of the Company and all its controlled entities have not been under the control of the Directors of the Group since it entered into voluntary administration on 17 December 2014.

To prepare the financial report, the Directors have reconstructed the financial records of the Group using data extracted from the Group's accounting systems and the record of receipts and payments made available by the Administrator of the Company and its subsidiaries for the period from their appointment. However, it has not been possible for the Directors to obtain all the books and records of the Group for the period prior to the appointment of the Administrators.

Consequently, although the Directors have prepared this financial report to the best of their knowledge based on the information made available to them, they are of the opinion that it is not possible to state that this financial report has been prepared in accordance with Australian Accounting Standards including Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001, nor is it possible to state this financial report gives a true and fair view of the Group's financial position.

Directors' Report continued

SIGNIFICANT EVENTS AFTER THE REPORTING DATE

On the 1 April 2015, the Creditors resolved that the Company execute a Deed of Company Arrangement. On the 22 April 2015, the Company, the Deed Administrators and Pager Partners entered in to a DOCA. On the 2 March 2016 the creditors resolved to vary the terms of the DOCA as proposed by Benelong Capital Partners Pty Limited.

Declaration of Final Dividend

The Directors have not declared a dividend with respect to the financial year ended 30 June 2015 (2013: Nil).

ENVIRONMENTAL REGULATION

The Group's operations are not subject to any significant Commonwealth or State environmental regulations or laws.

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

Each of the Directors and Secretary of the Company has entered into a deed with the Company whereby the Company has provided certain contractual rights of access to books and records of the Company to those Directors and Secretary and to effect and maintain insurance in respect of the Directors and Officers liability and provide certain indemnities to each of the Directors, to the extent permitted by section 199B of the *Corporations Act 2001*.

The Company has put in place Prospectus Insurance and Directors and Officers Liability Insurance. The contract prohibits the disclosure of the nature of the liability and/or the amount of the premium.

DIRECTORS' MEETINGS

Due to the Company being placed into voluntary administration on 17 December 2014, information on the attendance at Directors' meetings is not available.

REMUNERATION REPORT (Audited)

This remuneration report for the year ended 30 June 2015 outlines the remuneration arrangements of the Company and the Group in accordance with the requirements of the *Corporations Act 2001* and its Regulations. This information has been audited as required by section 308(3C) of the Act.

The remuneration report details the remuneration arrangements for key management personnel ("KMP") of the Group who are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company and the Group, directly or indirectly, including any Director (whether executive or otherwise) of the Parent company.

For the purposes of this report, the term "executive" encompasses the Chief Executive and senior executives of the Parent and the Group.

The remuneration report is presented under the following sections:

1. Individual key management personnel disclosures
2. Remuneration at a glance
3. Board oversight of remuneration
4. Non-Executive Director remuneration arrangements
5. Executive remuneration arrangements
6. Company performance and the link to remuneration
7. Executive contractual arrangements
8. Equity instruments disclosures

1. Individual Key Management Personnel Disclosures

Details of KMP of the Parent and the Group are set out below:

Directors	
J Dawkins[1]	Non-Executive Chairman
A Tregonning[2]	Non-Executive Director
G Fowler[3]	Managing Director and Chief Executive
S Moss[4]	Executive Director
D French[5]	Head of Wealth Management/Managing Director
Matthew Driscoll[6]	Non-Executive Chairman
Owen Evans[7]	Non-Executive Director
Executives	
JM Rudd[8]	Chief Operating Officer
R Minhas[9]	Chief Financial Officer and Company Secretary
J Ridgway[10]	Head of Legal Services

Directors' Report continued

1John Dawkins resigned as Non-Executive Chairman on the 1 October 2015
2 Anne Tregonning resigned as Non-Executive director on 1 October 2015
3 Mr Fowler resigned as Managing Director on 1 October 2014
4 Dr Moss became an Executive Director on 26 September 2013 and resigned on 15 August 2014.
5 David French became a Group Executive from 1 July 2014,was appointed Managing Director on 1 October 2014 .*
6 Matthew Driscoll resigned as Non-Executive director on 4 September 2015
7 Owen Evans was appointed as Non-Executive director on 1 December 2014

[8] Mrs Rudd was CFO and Company Secretary for the period 1 July 2013 to 7 August 2014.
9 Ms Minhas became a Group Executive from 7 August 2014.*
10Mr Ridgway became a Group Executive from 1 July 2014.*
*Ms Minhas, Mr Ridgeway and Mr French are no longer executives of the company

There were no other changes to KMP after the reporting date and before the date the annual report was authorised for issue.

2. Remuneration at a Glance

ILH Group Limited's remuneration strategy is designed to attract, motivate and retain employees and Non-Executive Directors ("NEDs") by identifying and rewarding high performers and recognising the contribution of each employee to the continued growth and success of the Group.

The remuneration policy is to position total employment cost close to the median of its defined talent market to ensure a competitive offering.

The remuneration of NEDs of the Company consists only of Directors' fees and committee fees. Director and committee fees are reviewed annually against inflation and fees paid to NEDs of comparable companies.

The Company has been in administration since 17 December 2014, and currently there is no information available to outline on what basis remuneration has been paid to Directors and Key Management Personnel.

3. Board Oversight of Remuneration

Remuneration Assessment and Approval Process

The Nomination and Remuneration Committee of the Board of Directors of the Company is responsible for determining and reviewing remuneration arrangements for the Board and executives.

The Committee will assess the appropriateness of the nature and amount of remuneration of NEDs and executives on a periodic basis by reference to relevant employment market conditions, with the overall objective of ensuring maximum stakeholder benefit from the retention of a high performing Director and executive team.

Remuneration Strategy

The Group's remuneration strategy is designed to attract, motivate and retain employees and NEDs by identifying and rewarding high performers and recognising the contribution of each employee to the continued growth and success of the Group.

To this end, key objectives of the Company's reward framework are to ensure that remuneration practices:

- Are aligned to the Group's business strategy;
- Offer competitive remuneration benchmarked against the external market;
- Provide a strong linkage between individual and group performance and rewards;
- Align the interests of executives with shareholders through measurement of shareholder return;
- Have a portion of executive remuneration "at risk"; and
- Establish appropriate, demanding performance hurdles for variable executive remuneration.

Remuneration Structure

In accordance with best practice corporate governance, the structure of NED and executive remuneration is separate and distinct.

4. Non-Executive Director Remuneration Arrangements

Remuneration Policy

The Board, through the Nomination and Remuneration Committee, seeks to set aggregate remuneration at a level that provides the Company with the ability to attract and retain Directors of the highest calibre, whilst incurring a cost that is acceptable to shareholders.

The amount of aggregate remuneration sought to be approved by shareholders and the fee structure is reviewed annually against inflation and fees paid to NEDs of comparable companies. The Committee may also consider advice from external consultants when undertaking the annual review process.

The Company's Constitution and the ASX Listing Rules specify that the aggregate remuneration of NEDs shall be determined from time to time by a general meeting. The current aggregate remuneration level for Non-Executive Directors, as approved by shareholders, is $250,000 (2014: $250,000) per annum.

The Board will not seek any increase for the NEDs pool at the recent AGM.

Structure

The remuneration of NEDs consists of Directors' fees and committee fees. NEDs do not receive retirement benefits, nor do they participate in any incentive programs.

5. Executive Remuneration Arrangements

Remuneration Levels and Mix

The Group aims to reward executives with remuneration commensurate with their position and responsibilities within the Group so as to:

- Reward executives for Group, subsidiary and individual performance against targets set by reference to appropriate benchmarks;
- Align the interests of executives with those of shareholders; and
- Ensure total remuneration is competitive by market standards.

Directors' Report continued

Structure

In the 2015 financial year the executive remuneration framework consisted of the following component:

- Fixed remuneration

The table below illustrates the structure of ILH Group Limited's executive remuneration arrangements:

Remuneration Component	Vehicle	Purpose	Link to Performance
Fixed remuneration	• Comprises base salary, superannuation contributions and other benefits	• Set with reference to role, market and experience. • Executives are given the opportunity to receive their fixed remuneration in a variety of forms including cash and fringe benefits such as parking. It is intended that the manner of payment chosen will be optimal for the recipient without creating undue cost for the Group.	• Remuneration level is determined annually and is based on a financial scale linked to individual performance in the previous financial year.

Fixed Remuneration

Fixed remuneration is reviewed annually by the Board. The process consists of a review of Company, subsidiary and individual performance, relevant comparative remuneration externally and internally and, where appropriate, external advice on policies and practices. The Board has access to external advice independent of management, where appropriate.

Executive Share Trading Policy

The Company has in place a share trading policy which imposes trading restrictions on officers and employees of the Company and its related entities that are considered to be in possession of inside information.

Furthermore, executives and Directors are required to declare their intention to trade in shares to the Company Secretary, which is then presented to the Board.

Directors' Report continued

6. Company Performance and the Link to Remuneration

Group performance is reflected in the movement of the Group's EPS over time.

7. Executive Contractual Arrangements

Managing Director and Chief Executive

Due to the Company being placed into voluntary administration on 17 December 2014, information on the executive contractual arrangements is not available.

Chief Financial Officer and Company Secretary

Due to the Company being placed into voluntary administration on 17 December 2014, information on the executive contractual arrangements is not available.

8. Equity Instruments Disclosures

Unissued Shares

The Company has not issued any options during the year.

Directors' Report continued

9. Shareholdings of Key Management Personnel

Ordinary shares held in ILH Group Limited:

	Balance 1 July 2014	Dividend Reinvestment Plan	On Market Purchases	Deferred Employee Share Plan	Net Change (Other)*	Balance 30 June 2015
Directors						
J Dawkins	3,249,335	-	-	-	(3,249,335)	-
A Tregonning	511,716	-	-	-	(511,716)	-
G Fowler	5,672,460	-	-	-	(5,672,460)	-
S Moss	13,710,281	-	-	-	(13,710,281)	-
Owen Evans	-	-	-	-	986,923	986,923
M Driscoll	-	-	-	-	-	-
D French	6,593,926				-	6,593,926
Executives						
R Minhas	-	-	-	-	-	-
J Ridgway	2,028,782				(2,028,782)	-
JM Rudd	639,767	-	-	-	(639,767)	-
Total	**32,406,267**	-	-	-	**(24,825,418)**	**7,580,849**

*other changes include shares held at time of resignation.

	Balance 1 July 2013	Dividend Reinvestment Plan	On Market Purchases	Deferred Employee Share Plan	Other	Balance 30 June 2014
Directors						
J Dawkins	3,165,382	72,358	-	-	11,595	3,249,335
A Tregonning	487,636	24,080	-	-	-	511,716
G Fowler	5,533,757	138,703	-	-	-	5,672,460
S Moss(1)	-	-	-	-	13,710,281	13,710,281
Executives						
JM Rudd	484,484	9,727	-	145,556	-	639,767
R Minhas(2)	-	-	-	-	-	-
J Ridgway(3)	-	-	-	-	2,028,782	2,028,782
D French(3)	-	-	-	-	6,593,926	6,593,926
Total	**9,671,259**	**244,868**	-	**145,556**	**22,344,584**	**32,406,267**

1 S Moss commenced as a KMP on 26 August 2013 and ceased on 15 August 2014
2 R Minhas commenced as a KMP on 7 August 2014
3 J Ridgway and D French commenced as KMP's on 1 July 2014

Directors' Report continued

10. Transactions with Key Management Personnel

Due to the Company being placed into voluntary administration on 17 December 2014, information on the transactions with Key Management Personnel not available.

Remuneration of Key Management Personnel of the Company and the Group

Due to the Company being placed into voluntary administration on 17 December 2014, information on the transactions with Key Management Personnel not available.

Table 1: Remuneration for the Year Ended 30 June 2014

	Short-term			Post Employment	Long-term		Share-based Payment		
	Salary & Fees $	Cash Bonus $	Non-monetary Benefits $	Superannuation $	Long Service benefits $	Other Benefits $	Shares $	Total $	Performance related %
Non-Executive Directors									
J Dawkins	74,509	-	-	6,969	-	-	-	81,478	0.0%
A Tregonning	61,705	-	-	5,707	-	-	-	67,412	0.0%
Sub-Total Non-Executive Directors	**136,214**	-	-	**12,676**	-	-	-	**148,890**	
Executive Directors		-							
G Fowler	381,531	-	-	19,150	8,459	-	-	409,140	0.0%
S Moss[1]	227,446	-	127,081	21,039	-	-	-	375,566	0.0%
Sub-Total Executive Directors	**608,977**	-	**127,081**	**40,189**	**8,459**	-	-	**784,706**	
Other Key Management Personnel									
JM Rudd	232,693	-	-	19,785	7,111	-	10,644	270,233	0.0%
R Minhas[2]	-	-	-	-	-	-	-	-	0.0%
J Ridgway[3]	-	-	-	-	-	-	-	-	0.0%
D French[4]	-	-	-	-	-	-	-	-	0.0%
Sub-Total Other KMP	**232,693**	-	-	**19,785**	**7,111**	-	**10,644**	**270,233**	
Total	**977,884**	-	**127,081**	**72,650**	**15,570**	-	**10,644**	**1,203,829**	

[1] Dr Moss became an Executive Director on 26 September 2013 and resigned on 15 August 2014.
[2] Ms Minhas became a Group Executive from 7 August 2014.
[3] Mr Ridgway became a Group Executive from 1 July 2014.
[4] Mr French became a Group Executive from 1 July 2014.

END REMUNERATION REPORT (Audited)

Directors' Report continued

AUDITOR INDEPENDENCE AND NON-AUDIT SERVICES

A copy of the auditor's independence declaration received by the Directors in relation to the audit for the year is provided with this report on page 15 of this report.

INDEMNIFICATION OF AUDITORS

To the extent permitted by law, the Company has agreed to indemnify its auditors, Stantons International Audit and Consulting Pty Limited, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Stantons International Audit and Consulting Pty Limited during or since the financial year.

NON-AUDIT SERVICES

No non-audit services were provided by the entity's auditor, Stantons International Audit and Consulting Pty Limited. The Directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The nature and scope of each type of non-audit service provided means that auditor independence was not compromised.

Signed in accordance with a resolution of the current Directors.

Benjamin Harkham	Allan Farrar
Director	Director

Sydney, 31 May 2016

Stantons International Audit and Consulting Pty Ltd
trading as
Stantons International
Chartered Accountants and Consultants

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West Perth WA 6872
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West Perth WA 6005
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Tel: +61 8 9481 3188
Fax: +61 8 9321 1204

ABN: 84 144 581 519
www.stantons.com.au

31 May 2016

Board of Directors
ILH Group Limited
c/- Kordamentha
Chifley Tower
Level 5, 2 Chifley Square
Sydney
NSW AUSTRALIA 2000

Dear Sirs

RE: ILH GROUP LIMITED (SUBJECT TO DEED OF COMPANY ARRANGEMENT)

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of ILH Group Limited (Subject to deed of Company Arrangement).

As Audit Director for the audit of the financial statements of ILH Group Limited (Subject to deed of Company Arrangement) for the year ended 30 June 2015, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

Yours faithfully,

STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LIMITED
(Trading as Stantons International)
(An Authorised Audit Company)

Martin Michalik

Martin Michalik
Director

Consolidated Statement of Financial Position

As at 30 June 2015

	Note	CONSOLIDATED	
		2015 $	2014 $
ASSETS			
Current Assets			
Cash and cash equivalents	11	1,003,462	233,244
Trade and other receivables	12	-	8,578,754
Dividends receivable		-	112,513
Work in progress	13	-	1,783,895
		-	10,708,406
Assets classified as held for sale		-	781,333
Total Current Assets		1,003,462	11,489,739
Non-Current Assets			
Investment in an associate	17	-	2,784,281
Plant and equipment	14	-	727,738
Goodwill	15	-	22,183,651
Intangible assets	16	-	972,527
Deferred tax assets	8(d)	-	2,068,506
Total Non-Current Assets		-	28,736,703
TOTAL ASSETS		-	40,226,442
LIABILITIES			
Current Liabilities			
Trade and other payables	20	820,672	4,283,214
Interest-bearing loans and borrowings	21	11,938,334	14,844,525
Income tax payable	8(d)	-	78,640
Provisions	22	-	1,274,443
Other liabilities	23	-	1,475,695
Liabilities associated with assets classified as held for sale		-	80,551
Total Current Liabilities		12,759,006	22,037,068
Non-Current Liabilities			
Interest-bearing loans and borrowings	21	-	8,310
Provisions	22	-	587,958
Other liabilities	23	-	3,005,807
Total Non-Current Liabilities		-	3,602,075
TOTAL LIABILITIES		12,759,006	25,639,143
NET ASSET (DEFICIENCY) / NET ASSETS		(11,755,544)	14,587,299
EQUITY			
Contributed equity	24	41,415,857	38,862,375
Accumulated losses	25	(53,171,401)	(26,323,477)
Reserves	26	-	2,048,401
TOTAL EQUITY		(11,755,544)	14,587,299

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

Consolidated Statement of Profit or loss and other Comprehensive Income

For the year ended 30 June 2015

	Note	CONSOLIDATED 2015 $	2014 $
Professional fees		12,852,019	27,475,559
Total revenue		12,852,019	27,475,559
Movement in fair value of financial liabilities		78,763	575,056
Share of profit in an associate		-	124,289
Interest revenue		30,414	44,170
Dividend revenue		-	95
Other income		618	38,020
Total other income		109,795	781,630
Occupancy expenses		(1,147,163)	(3,022,724)
Salaries and employee benefits expenses	7(a)	(9,207,202)	(22,345,699)
Depreciation and amortisation expenses	7(b)	(248,160)	(715,243)
Advertising and marketing expenses		(148,020)	(530,890)
Administrative expenses	7(c)	(1,682,587)	(5,174,454)
Other expenses	7(d)	(4,825,503)	(1,961,780)
Net loss on disposal of subsidiaries	18	(1,845,553)	
Finance costs	7(e)	(712,691)	(1,102,159)
Share based payments expense	30	-	(29,109)
Total expenses		(19,816,879)	(34,882,058)
(Loss) before tax from continuing operations		(6,855,065)	(6,624,869)
Income tax benefit / (expense)	8(a)	(15,743)	2,128,911
(Loss) for the year from continuing operations		(6,870,808)	(4,495,958)
Impairment expense – Work in progress		(2,149,489)	-
Impairment expense – Dividends Receivable		(112,513)	-
Impairment expense – Investment in Associate		(2,811,044)	-
Impairment expense – Deferred Tax Assets		(1,564,453)	-
Impairment expense – Goodwill		(14,553,221)	-
Impairment expense – Plant and Equipment		(609,797)	-
Impairment expense – Intangibles		(225,000)	-
Net (loss) for the period after impairments		(28,896,325)	
Discontinued operations			
Profit/(loss) after tax for the year from discontinued operations	9	-	(4,459,372)
Net profit/(loss) for the year		(28,896,325)	(8,955,330)
Other comprehensive income			
Items that may not be reclassified subsequently to profit or loss.			
Net gains/(losses) on available-for-sale financial assets		-	1,977
Other comprehensive income/(losses) for the year, net of tax		-	1,977
Total comprehensive income/(loss) for the year		(28,896,325)	(8,953,353)
Basic earnings per share (cents)	11	(0.15)	(5.71)
Diluted earnings per share (cents)	11	(0.15)	(5.71)

The above Consolidated Statement of Profit or Loss and other Comprehensive Income should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows

For the year ended 30 June 2015

	Note	CONSOLIDATED	
		2015 $	2014 $
Cash flows from operating activities			
Receipts from customers		17,354,050	34,536,535
Interest received		30,414	44,170
Dividends received		-	214,879
Other revenue		618	38,020
Payments to suppliers and employees		(14,718,173)	(35,951,304)
Interest and other costs of finance paid		(237,181)	(20,301)
Income tax paid		(78,640)	171,748
Net cash provided by/(used) in operating activities	27(a)	2,351,088	(966,253)
Cash flows from investing activities			
Purchase of plant and equipment		(97,207)	(231,756)
Payment for intangible assets		(41,085)	(180,057)
Proceeds from the disposal of subsidiaries		4,436,086	-
Proceeds from the disposal of plant and equipment		-	425
Proceeds from available-for-sale investments		52,000	5,694
Payment for the acquisition of businesses		(1,993,536)	(4,309,964)
Net cash flows provided by/(used) in investing activities		2,356,258	(4,715,658)
Cash flows from financing activities			
Proceeds from borrowings		523,933	5,419,005
Repayment of borrowings		(3,675,615)	(1,131,788)
Dividends paid		-	(346,561)
Proceeds from issue of shares		-	81,362
Payments for share issue expenses		(1,614)	(21,521)
Net cash flows provided by/(used) in financing activities		(3,153,296)	4,000,497
Net increase in cash held		1,554,050	(1,681,414)
Cash and cash equivalents at the beginning of the financial Year		(550,588)	1,130,826
Cash and cash equivalents at the end of the financial year	12	1,003,462	(550,588)

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

Consolidated Statement of Changes in Equity

As at 30 June 2015

CONSOLIDATED	Contributed Equity $	Accumulated Losses $	Net Unrealised Losses Reserve $	General Reserve $	Total Equity $
Balance as at 1 July 2013	**34,831,886**	**(17,368,147)**	**(367)**	**2,495,053**	**19,958,425**
Loss for the year	-	(8,955,330)	-	-	(8,955,330)
Other comprehensive gains	-	-	1,977	-	1,977
Total comprehensive loss for the year	**-**	**(8,955,330)**	**1,977**	**-**	**(8,953,353)**
Transactions with owners in their capacity as owners					
Dividends paid	-	-	-	(448,262)	(448,262)
Share based payments	29,109	-	-	-	29,109
Issue of shares	4,016,444	-	-	-	4,016,444
Transaction costs on issue of shares	(21,520)	-	-	-	(21,520)
Income tax on items taken directly to or transferred from equity	6,456	-	-	-	6,456
Balance as at 30 June 2014	**38,862,375**	**(26,323,477)**	**1,610**	**2,046,791**	**14,587,299**

CONSOLIDATED	Contributed Equity $	Accumulated Losses $	Net Unrealised Losses Reserve $	General Reserve $	Total Equity $
Balance as at 1 July 2014	**38,862,375**	**(26,323,477)**	**1,610**	**2,046,791**	**14,587,299**
Loss for the year	-	(28,896,325)	-	-	(28,896,325)
Other comprehensive gains	-	-	-	-	-
Total comprehensive loss for the year	**-**	**(28,896,325)**	**-**	**-**	**(28,896,325)**
Transactions with owners in their capacity as owners					
Transfer	-	2,048,401	(1,610)	(2,046,791)	-
Share based payments	-	-	-	-	-
Issue of shares	2,553,482	-	-	-	2,553,482
Transaction costs on issue of shares	-	-	-	-	-
Income tax on items taken directly to or transferred from equity	-	-	-	-	-
Balance as at 30 June 2015	**41,415,857**	**(53,171,401)**	**-**	**-**	**(11,755,544)**

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

Notes to the Consolidated Financial Statements

For the year ended 30 June 2015

1. Corporate Information

The consolidated financial report of ILH Group Limited and its subsidiaries (collectively, the Group) for the year ended 30 June 2015 was authorised for issue in accordance with a resolution of Directors on 8 April 2016.

ILH Group Limited (the Parent) is a company limited by shares incorporated in Australia whose shares are publicly traded on the ASX. The company is domiciled in Australia and is a for-profit entity for the purposes of preparing the financial statements

The nature of the operations and principal activities of the Group are described in the Directors' Report.

2. Summary of Significant Accounting Policies

BASIS OF PREPARATION

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the *Corporations Act 2001,* Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. The financial report has also been prepared on a historical cost basis, except for available-for-sale investments, which have been measured at fair value.

The financial report is presented in Australian dollars.

Incomplete records

The management and affairs of the Company and all its controlled entities have not been under the control of the Directors of the Group since it entered into voluntary administration on 17 December 2014.

To prepare the financial report, the Directors have reconstructed the financial records of the Group using data extracted from the Group's accounting systems and the record of receipts and payments made available by the Administrator of the Company and its subsidiaries for the period from their appointment. However, it has not been possible for the Directors to obtain all the books and records of the Group.

Consequently, although the Directors have prepared this financial report to the best of their knowledge based on the information made available to them, they are of the opinion that it is not possible to state that this financial report has been prepared in accordance with Australian Accounting Standards including Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001, nor is it possible to state this financial report gives a true and fair view of the Group's financial position.

a) Going Concern

The Company was suspended from trading on ASX on 12 December 2014 at its request. On 17 December 2014, Michael Brereton, and Cliff Rocke of Korda Mentha were appointed as Voluntary Administrators of the Company and assumed control of the Company and its business, property and affairs.

There is significant uncertainty as to whether the consolidated entity will continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business.

2. Summary of Significant Accounting Policies (continued)

a) Going Concern (continued)

The financial report contains adjustments relating to the recoverability and classification of recorded assets to the amounts or classification of recorded assets or liabilities that might be necessary should the consolidated entity not be able to continue as going concern.

b) Compliance with IFRS

The financial report complies with Australian Accounting Standards and IFRS as issued by the International Accounting Standards Board.

c) New Accounting Standards and Interpretations

The Company has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are mandatory for the current reporting period. Any new, revised or amending Accounting Standards or Interpretations that are yet to be mandatory have not been early adopted.

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Company.

2. Summary of Significant Accounting Policies (continued)

d) Basis of Consolidation

The consolidated financial statements comprise the financial statements of ILH Group Limited and its subsidiaries (as outlined in note 28 as at 30 June each year ("the Group").

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements;
- The Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income ("OCI") are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

e) Business Combinations

Business combinations are accounted for using the acquisition method. The consideration transferred in a business combination shall be measured at fair value, which shall be calculated as the sum of the acquisition-date fair values of the assets transferred by the acquirer, the liabilities incurred by the acquirer to former owners of the acquiree and the equity issued by the acquirer, and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred, and included as administrative expenses.

2. Summary of Significant Accounting Policies (continued)

e) Business Combinations (continued)

When the Group makes an acquisition, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the Group's operating or accounting policies and other pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognised in accordance with AASB 139 either in profit or loss or as a change to OCI. If the contingent consideration is classified as equity, it should not be re-measured until it is finally settled within equity.

f) Investment in an Associate

The Group's investment in its associate, an entity in which the Group has significant influence, is accounted for using the equity method.

Under the equity method, the investment in the associate is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

The statement of comprehensive income reflects the Group's share of the results of operations of the associate. When there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

The Group's share of profit or loss of an associate is shown on the face of the statement of comprehensive income and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate.

The financial statements of the associate are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, and then recognises the loss as 'Share of losses of an associate' in the statement of comprehensive income.

Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

2. Summary of Significant Accounting Policies (continued)

g) Operating Segments

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity), whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available. This includes start-up operations which are yet to earn revenues. Management will also consider other factors in determining operating segments such as the existence of a line manager and the level of segment information presented to the Board of Directors.

Operating segments have been identified based on the information provided to the chief operating decision makers – being the executive management team.

The Group aggregates two or more operating segments when they have similar economic characteristics, and the segments are similar in each of the following respects:

- Nature of the products and services;
- Nature of the production processes;
- Type or class of customer for the products and services;
- Methods used to distribute the products or provide the services; and, if applicable
- Nature of the regulatory environment.

Operating segments that meet the quantitative criteria as prescribed by AASB 8 are reported separately. However, an operating segment that does not meet the quantitative criteria is still reported separately where information about the segment would be useful to users of the financial statements.

Information about other business activities and operating segments that are below the quantitative criteria are combined and disclosed in a separate category for "all other segments".

h) Cash and Cash Equivalents

Cash and cash equivalents in the statement of financial position comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts. Bank overdrafts are included within current interest-bearing loans and borrowings in current liabilities on the statement of financial position.

2. Summary of Significant Accounting Policies (continued)

i) Trade and Other Receivables

Trade receivables are initially recognised at the original fee amount. An estimate is made for doubtful debts when collection of the full amount is no longer probable. Bad debts are included in the statement of comprehensive income when identified. The Group's standard terms for settlement for trade receivables are 30 to 60 days.

Collectability of trade receivables is reviewed on an ongoing basis. Individual debts that are known to be uncollectible are written off when identified. An impairment allowance is recognised when there is objective evidence that the Group will not be able to collect the debt.

Financial difficulties of the debtor, default payments or debts more than 90 days overdue are considered objective evidence of impairment. The amount of the impairment loss is the receivable carrying amount compared to the value of estimated future cash flows.

The above policy applies to intercompany receivables. Intercompany receivables are repayable on demand.

j) Work in Progress

Work in progress represents costs incurred and includes profit recognised to date on the value of work completed on matters that are in progress at reporting date. Costs include both variable and fixed costs directly related to matters.

Work in progress is valued at net realisable value after providing for any foreseeable losses.

k) Investments and Other Financial Assets

Investments and financial assets in the scope of AASB 139 *Financial Instruments: Recognition and Measurement* are categorised as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale financial assets. The Group determines the classification of its financial assets upon initial recognition and, when allowed and appropriate, re-evaluates this designation at each financial year end.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of assets not at fair value through profit or loss, directly attributable transaction costs.

Recognition and De-recognition

All regular way purchases and sales of financial assets are recognised on the trade date i.e. the date that the Group commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets under contracts that require delivery of the assets within the period established generally by regulation or convention in the market place. Financial assets are derecognised when the right to receive cash flows from the financial assets has expired or when the entity transfers substantially all of the risks and rewards, it derecognises the asset if it has transferred control of the assets.

2. Summary of Significant Accounting Policies (continued)

k) Investments and Other Financial Assets (continued)

Available-For-Sale Securities

Available-for-sale investments are those non-derivative financial assets, principally equity securities that are designated as available-for-sale or are not classified as financial assets at fair value through profit or loss, loans and receivables, or held to maturity investments. After initial recognition available-for sale securities are measured at fair value with gains or losses being recognised as other comprehensive income/loss until the investment is derecognised or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported as OCI is recognised in profit or loss.

The fair values of investments that are actively traded in organised financial markets are determined by reference to quoted market bid prices at the close of business on the reporting date.

Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in the statement of comprehensive income when the loans and receivables are de-recognised or impaired, as well as through the amortisation process.

l) Plant and Equipment

Plant and equipment is stated at historical cost less accumulated depreciation and any accumulated impairment losses. Such costs include the acquisition cost or cost of replacing parts that are eligible for capitalisation when the cost of replacing the part is incurred. All other repairs and maintenance are recognised in profit or loss as incurred.

Depreciation rates used for each class of assets are as follows:

Class of fixed asset	Useful Life	Depreciation Rates	Depreciation Method
Plant and equipment	3 - 10 years	10.00 - 33.33%	Straight line
Leased equipment	Term of lease		Straight line

The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each reporting date.

De-recognition

An item of plant and equipment is de-recognised upon disposal or when no further future economic benefits are expected from its use or disposal.

Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is de-recognised.

2. Summary of Significant Accounting Policies (continued)

m) Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

Group as a Lessee

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised as an expense in profit or loss.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

Operating lease payments are recognised as an expense in the statement of comprehensive income on a straight-line basis over the lease term. Operating lease incentives are recognised as a liability when received and subsequently reduced by allocating lease payments between rental expense and reduction of the liability.

n) Impairment of Non-Financial Assets Other than Goodwill

Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

The Group conducts an annual internal review of asset values, which is used as a source of information to assess for any indicators of impairment. External factors, such as changes in expected future processes and economic conditions, are also monitored to assess for indicators of impairment. If any indication of impairment exists, an estimate of the asset's recoverable amount is calculated.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows that are largely independent of the cash inflows from the other assets or groups of assets (cash generating units). Non-financial assets other than goodwill that suffer impairment are tested for possible reversal of the impairment whenever events or changes in circumstances indicate that the impairment may have reversed.

2. Summary of Significant Accounting Policies (continued)

o) Goodwill and Intangibles

i) Goodwill

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of the business combination over the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities.

Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash generating units, or groups of cash generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units. Each unit or group of units to which the goodwill is so allocated:

- Represents the lowest level within the Group at which the goodwill is monitored for internal management purposes; and
- Is not larger than an operating segment determined in accordance with AASB 8 *Operating Segments*.

Impairment is determined by assessing the recoverable amount of the cash generating unit (group of cash generating units), to which the goodwill relates. When the recoverable amount of the cash generating unit (group of cash generating units) is less than the carrying amount, an impairment loss is recognised. When goodwill forms part of a cash generating unit (group of cash generating units) and an operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this manner is measured based on the relative values of the operation disposed of and the portion of the cash generating unit retained.

Impairment losses recognised for goodwill are not subsequently reversed.

ii) Intangibles

Intangible assets acquired separately or in a business combination are initially measured at cost. The cost of an intangible asset acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over the useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for prospectively by changing the amortisation period or method, as appropriate, which is a change in accounting estimate. The amortisation expense on intangible assets with finite lives is recognised in profit or loss in the expense category consistent with the function of the intangible asset.

2. Summary of Significant Accounting Policies (continued)

o) Goodwill and Intangibles (continued)

ii) Intangibles (continued)

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

Research and development costs

Research costs are expensed as incurred. Development expenditures on an individual project are recognised as an intangible asset when the Group can demonstrate:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale;
- Its intention to complete and its ability to use or sell the asset;
- How the asset will generate future economic benefits;
- The availability of resources to complete the asset; and
- The ability to measure reliably the expenditure during development.

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over the period of expected future benefit. Amortisation is recorded in cost of sales. During the period of development, the asset is tested for impairment annually.

A summary of the policies applied to the Group's intangible assets is as follows:

	Development costs
Useful lives	Finite
Amortisation method used	Amortised on a straight-line basis over the period of expected future sales from the related project
Internally generated or acquired	Internally generated

p) Trade and Other Payables

Trade payables and other payables are carried at amortised cost. However, due to their short term nature, they are not discounted. They represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 30 days of recognition.

2. Summary of Significant Accounting Policies (continued)

q) Interest-Bearing Loans and Borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Fees paid on the establishment of loan facilities that are yield related are included as part of the carrying amount of the loans and borrowings.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

r) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (i.e. an asset that necessarily takes a substantial period of time to get ready for its intended use or sale) are capitalised as part of the cost of that asset. All other borrowing costs are expensed in the period they occur.

s) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

When the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of comprehensive income net of any reimbursement.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the time value of money and the risks specific to the liability. The increase in the provision resulting from the passage of time is recognised in finance costs.

t) Employee Benefits

i) Wages, Salaries, Annual Leave and Sick Leave

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within twelve months of the reporting date are recognised in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Expenses for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

ii) Long Service Leave

The liability for long service leave is recognised and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to the expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

2. Summary of Significant Accounting Policies (continued)

u) Share-Based Payment Transactions

i) Equity Settled Transactions

The Group provides benefits to its employees (including KMPs) in the form of share-based payments, whereby employees render services in exchange for shares or rights over shares (equity-settled transactions).

There are currently two plans in place to provide these benefits:

- Tax Exempt Employee Share Plan ("TEESP"), which provides benefits to all eligible employees; and
- Deferred Employee Share Plan ("DESP"), which provides benefits to key employees and Directors of the Group.

The cost of these equity-settled transactions with employees is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by reference to the market price of the shares on the date of grant.

In valuing equity-settled transactions, no account is taken of any vesting conditions, other than conditions linked to the price of the shares of ILH Group Limited (market conditions) if applicable.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled (the vesting period), ending on the date on which the relevant employees become fully entitled to the award (the vesting date).

At each subsequent reporting date until vesting, the cumulative charge to the statement of comprehensive income is the product of:

- The grant date fair value of the award;
- The current best estimate of the number of awards that will vest, taking into account such factors as the likelihood of employee turnover during the vesting period and the likelihood of non-market performance conditions being met; and
- The expired portion of the vesting period.

The charge to the statement of comprehensive income for the period is the cumulative amount as calculated above less the amounts already charged in previous periods. There is a corresponding entry to equity.

Equity-settled awards granted by ILH to employees of subsidiaries are recognised in the Parent's separate financial statements as an additional investment in the subsidiary with a corresponding credit to equity. As a result, the expense recognised by ILH in relation to equity-settled awards only represents the expense associated with grants to employees of the Parent. The expense recognised by the Group is the total expense associated with all such awards.

Until an award has vested, any amounts recorded are contingent and will be adjusted if more or fewer awards vest than were originally anticipated to do so. Any award subject to a market condition is considered to vest irrespective of whether or not that market condition is fulfilled, provided that all other conditions are satisfied.

2. Summary of Significant Accounting Policies (continued)

u) Share-Based Payment Transactions (continued)

i) Equity Settled Transactions (continued)

If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. An additional expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

v) Contributed Equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

w) Revenue Recognition

Revenue is recognised and measured at the fair value of the consideration received or receivable to the extent it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

i) Rendering of Services

Revenue from the provision of legal services is recognised on an accruals basis in the period in which the legal service is provided and is calculated with reference to the professional staff hours incurred on each matter.

ii) On-line Legal and Non-Legal Documents and Publications

Revenue from the provision of on-line legal and non-legal documents and publications is recognised on an accruals basis at the time of delivery of the documents to customers.

iii) Subscription Income

Revenue from memberships granting the subscriber access to the knowledge base of weekly legal bulletins, on-line tools, calculators and services is recognised on a straight line basis which reflects the timing, nature and benefit provided. All memberships have a subscription period of either three or twelve months.

iv) Interest Revenue

Revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest revenue over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

v) Dividends

Revenue is recognised when the Group's right to receive the payment is established.

2. Summary of Significant Accounting Policies (continued)

x) Income and Other Taxes

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities based on the current period's taxable income. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Deferred income tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except:

- When the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- When the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- When the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss.

2. Summary of Significant Accounting Policies (continued)

x) Income and Other Taxes (continued)

i) Tax Consolidation Legislation

ILH and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation.

The head entity, ILH, and the controlled entities in the tax consolidated group continue to account for their own current and deferred tax amounts. The Group has applied the group allocation approach in determining the appropriate amount of current taxes and deferred taxes to allocate to members of the tax consolidated group.

In addition to its own current and deferred tax amounts, ILH also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the Group. Details of the tax funding agreement are disclosed in note 6.

Any difference between the amounts assumed and amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution form) wholly-owned tax consolidated entities.

ii) Other Taxes

Revenues, expenses and assets are recognised net of the amount of Goods and Services Tax ("GST") except:

- When the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority is classified as part of operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

y) Earnings Per Share

Basic earnings per share is calculated as net profit attributable to members of the Parent, adjusted to exclude any costs of servicing equity (other than dividends), divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings per share is calculated as net profit attributable to members of the Company, adjusted for costs of servicing equity (other than dividends) divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

3. Financial Risk Management Objectives and Policies

The Group's principal financial instruments comprise receivables, payables, bank loans and overdrafts, finance leases and cash.

The Group manages its exposure to key financial risks, including interest rate risk in accordance with the Group's financial risk management policy. The objective of the policy is to support the delivery of the Group's financial targets whilst protecting future financial security.

The main risks arising from the Group's financial instruments are interest rate risk, credit risk and liquidity risk. The Group uses different methods to measure and manage the different types of risks to which it is exposed. These include monitoring levels of exposure to interest rate risk and assessments of market forecasts for interest rates. Ageing analyses and monitoring of specific credit allowances are undertaken to manage credit risk, and liquidity risk is monitored through the development of future rolling cash flow forecasts.

The Board reviews and agrees policies for managing each of these risks as summarised below.

RISK EXPOSURES AND RESPONSES

Interest Rate Risk

The group does not have material Interest rate risk.

Credit Risk

The group does not have material credit risk.

3. Financial Risk Management Objectives and Policies (continued)

RISK EXPOSURES AND RESPONSES (CONTINUED)

Liquidity Risk

The Group's objective is to maintain adequate liquidity to meet the operating requirements of the business.

Due to the Company being placed into voluntary administration on 17 December 2014, information on the liquidity risk is not available.

The remaining contractual maturities of the Group's financial liabilities are:

	At Call $	≤6 months $	6-12 months $	1-5 years $	Total $
CONSOLIDATED					
30 June 2014					
Trade and other payables	-	4,283,214	-	-	4,283,214
Finance leases/HP agreements (gross)	-	77,586	22,308	8,432	108,326
Insurance premium funding facilities	-	267,697	97,398	-	365,095
Bank loans (secured) – refer note 22	13,599,098	-	-	-	13,599,098
Bank overdraft – refer note 22	783,832	-	-	-	783,832
Interest expense – bank loans	-	240,720	-	-	240,720
Interest expense – overdraft	-	114,816	-	-	114,816
Rent guarantees	-	-	295,485	414,825	710,310
Total	14,382,930	4,984,033	415,191	423,257	20,205,411

*Subsequent to year end the bank loan was revised, and based on the revised agreement it would be shown as $2.75m as 6-12 months and the remaining balance as 1-5 years (refer note 35).

4. Significant Accounting Judgements, Estimates and Assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements and estimates on historical experience and on other various factors it believes to be reasonable under the circumstances, the result of which forms the basis of the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions and conditions.

Management has identified the following critical accounting policies for which significant judgements, estimates and assumptions are made. Actual results may differ from these estimates under different assumptions and conditions and may materially affect financial results or the financial position reported in future periods.

Further details of the nature of these assumptions and conditions may be found in the relevant notes to the financial statements.

SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

Impairment of Goodwill

The Group determines whether goodwill is impaired at least on an annual basis. At the 30 June 2015 Goodwill was fully impaired.

Share Based Payment Transactions

The Group measures the cost of equity settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined based on the market price of an ILH share at the grant date.

Contingent Consideration Payable

Any contingent consideration clauses have been formulated using ILH's minimum expectations as a base (i.e. the contingent consideration is only payable on performance above these minimum expectations). Contingent consideration recognised represents the most probable outcome as determined by management. Future changes in the estimates of any contingent consideration payable will be recorded directly in the statement of comprehensive income in the period in which they occur.

Investment in an Associate

The Group has determined that based on the structure of the associate's Board of Directors and consideration of the holders of the remaining interest in the associate, the Group has significant influence but not control over the associate. Accordingly, the Group's investment in an associate is accounted for using the equity method.

4. Significant Accounting Judgements, Estimates and Assumptions (continued)

Deferred tax assets

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

The Group has $Nil (2014: $1,434,032) of tax losses carried forward that have been recognised as a deferred tax asset. These losses relate to losses in the current year, for which management consider it is highly probable that the Group will generate future taxable income in subsequent financial years to offset against the tax losses. On this basis, the Group has determined that it recognise deferred tax assets on the tax losses carried forward. Further details on taxes are disclosed in Note 8.

5. Segment Information

OPERATING SEGMENTS

ILH has identified its operating segments based on the internal management reporting that is used by the executive management team (the chief operating decision maker) in assessing performance and allocating resources.

ILH's operating segments have been identified based on how the financial and operating results of the Group are monitored and presented internally to the executive management team. The reportable segments are based on aggregated operating segments determined by the similarity of the products sold and the services provided, as these are the sources of the Group's major risks and have the most effect on the rates of return.

Rockwell Olivier (Perth), Rockwell Olivier (Sydney), Rockwell Olivier (Melbourne) and Signet Lawyers are operating within the legal services sector in the Australian market and have been aggregated to one reportable segment given the similarity of the services provided, method in which services are delivered, types of customers and regulatory environment.

CIPL is operating with the corporate advisory and wealth management services sector in the Australian market and has been aggregated to one reportable segment.

The ILH Head Office division has not been allocated to an operating segment, as the costs relate to managing group affairs, including group financing.

Notes to the Consolidated Financial Statements continued

For the year ended 30 June 2015

5. Segment Information (continued)

Year ended 30 June 2015	Legal $	Corporate Advisory and Wealth Management $	Total Segments $	Other* $	Consolidated $
Revenue and other income					
External customers	11,426,951	1,869,165	13,296,116	(444,097)	12,852,019
Inter-segment	39,389	-	39,389	(39,389)	-
Total revenue and other income	**11,466,340**	**1,869,165**	**13,335,505**	**(483,486)**	**12,852,019**
Results					
Total profit/(loss) before tax	**(459,396)**	**100,964**	**(358,432)**	**(28,521,893)**	**(28,880,325)**

No segment balance sheet information was relevant for June 2015 as the Corporate Advisory and Wealth Management was disposed of during the period.

*Includes eliminations, adjustments, corporate office overheads and group financing.

Year ended 30 June 2014	Legal $	Corporate Advisory and Wealth Management $	Total Segments $	Other* $	Consolidated $
Revenue and other income					
External customers	24,232,167	3,414,131	27,646,298	610,891	28,257,189
Inter-segment	1,142,376	-	1,142,376	(1,142,376)	-
Total revenue and other income	**25,374,543**	**3,414,131**	**28,788,674**	**(531,485)**	**28,257,189**
Results					
Total profit/(loss) before tax	**(2,666,768)**	**41,996**	**(2,624,772)**	**(4,000,097)**	**(6,624,869)**
Operating assets					
Total assets	29,290,293	8,899,777	38,190,070	1,255,039	39,445,109
Less deferred tax assets	(198,281)	(309,522)	(507,803)	(1,560,703)	(2,068,506)
Total operating assets	**29,092,012**	**8,590,255**	**37,682,267**	**(305,664)**	**37,376,603**
Operating liabilities					
Total liabilities	4,952,594	5,762,007	10,714,601	14,843,992	25,558,593
Less income tax receivable / (payable)	-	(78,640)	(78,640)	-	(78,640)
Total operating liabilities	**4,952,594**	**5,683,367**	**10,635,961**	**14,843,992**	**25,479,953**

6. Parent Entity Information

a) Information relating to ILH Group Limited

	2015 $	2014 $
Current assets	19,814,287	290,348
Total assets	19,814,287	36,506,706
Current liabilities	11,900,001	15,471,566
Total liabilities	11,900,001	15,885,189
Issued capital	41,415,857	38,862,375
Accumulated losses	(33,501,517)	(19,507,279)
General reserve	-	1,264,811
Accumulated gains / (losses) on available-for-sale assets	-	1,610
Total shareholders' equity	(7,914,286)	20,621,517
Profit / (loss) of the Parent entity	-	(265,713)
Total comprehensive income of the Parent entity	-	(265,713)

b) Guarantees entered into by the Parent entity in relation to the debts of its subsidiaries

The Parent entity has issued guarantees in relation to the debts of its subsidiaries. Refer to note 33 for further details of the guarantees.

i) Members of the tax consolidated group and the tax sharing arrangement

ILH and its subsidiaries have formed a tax consolidated Group. ILH Group Limited is the head entity of the tax consolidated Group. Members of the Group have entered into a tax funding agreement that provides for the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations. No amounts have been recognised in the financial statements in respect of this agreement on the basis that the possibility of default is remote.

ii) Tax effect accounting by members of the tax consolidated group

Measurement method adopted under UIG 1052 *Tax Consolidation Accounting*

The head entity and the controlled entities in the tax consolidated Group continue to account for their own current and deferred tax amounts. The Group has applied the group allocation approach in determining the appropriate amount of current taxes and deferred taxes to allocate to members of the tax consolidated Group. The current and deferred tax amounts of the members of the consolidated Group are recognised by the Company (as head entity in the tax consolidated Group).

6. Parent Entity Information (continued)

b) Guarantees entered into by the Parent entity in relation to the debts of its subsidiaries (continued)

i) Tax effect accounting by members of the tax consolidated group (continued)

Nature of the Tax Funding Agreement

Members of the tax consolidated Group have entered into a tax funding agreement. Amounts are recognised as payable to, or receivable by, the Company and each member of the tax consolidated Group in relation to the tax contribution amounts paid or payable between the Parent entity and the other members of the tax consolidated Group in accordance with this agreement. Where the tax contribution amount recognised by each member of the tax consolidated Group for a particular period is different to the aggregate of the current tax liability or asset and any deferred tax asset arising from unused tax losses and tax credits in respect of that period, the distribution is recognised as a contribution from (or distributed to) equity participants.

Tax Consolidation Contributions

ILH has recognised the following amounts as tax-consolidation contribution adjustments.

	PARENT	
	2015 $	2014 $
Total increase to tax payable of ILH Group Limited	-	**(786,090)**
Total increase to inter-company assets of ILH Group Limited	-	**(786,090)**

Notes to the Consolidated Financial Statements continued

For the year ended 30 June 2015

7. Revenue and Expenses

	CONSOLIDATED 2015 $	CONSOLIDATED 2014 $
a) Salaries and employee benefits expenses		
Salaries, wages and superannuation expense	**9,207,202**	22,345,699
	9,207,202	22,345,699
b) Depreciation and amortisation expenses		
Depreciation of plant and equipment	**147,940**	445,337
Loss on disposal of assets	**-**	57,715
Amortisation of intangible assets	**100,220**	212,191
	248,160	715,243
c) Administrative expenses		
Professional and consulting fees:		
Audit fees	**-**	262,012
Accounting fees	**89,305**	123,790
Computer consulting and expenses	**234,341**	390,935
Consulting fees	**82,144**	382,219
Legal fees	**807,838**	81,350
Sub-total professional and consulting fees	**1,213,628**	1,240,306
Insurance	**332,854**	872,926
Other administrative expenses	**136,105**	3,061,222
	1,682,587	5,174,454
d) Other expenses		
Author royalty fees	**282**	254
Debt collection	**-**	90,254
Bad and doubtful debts	**4,076,722**	1,552,059
Bank fees	**41,169**	149,685
Capital raising and investor relations	**92,192**	159,719
Other expenses	**376,848**	9,809
	4,825,503	1,961,780
e) Finance costs		
Interest – external entities	**712,691**	837,701
Interest accretion	**-**	264,458
	712,691	1,102,159

8. Income Tax

	CONSOLIDATED	
	2015 $	2014 $
a) Income tax expense		
The major components of income tax expense are:		
Statement of comprehensive income		
Current income tax		
Current income tax charge	*	-
Adjustment in respect of current income tax of previous years	*	16,535
Deferred income tax		
Relating to origination and reversal of temporary differences	*	(2,114,042)
Adjustment in respect of deferred income tax of previous years	*	(31,404)
Income tax (benefit) / expense reported in the statement of comprehensive income	*	(2,128,911)
Deferred income tax		
Gains/(losses) on available-for-sale financial assets	*	-
Income charged directly to other comprehensive income	*	-
b) Amounts charged or credited directly to equity		
Deferred income tax related to items charged/(credited) directly to equity		
Capital raising costs	*	(6,456)
	*	(6,456)
c) Numerical reconciliation between aggregate tax expense recognised in the statement of comprehensive income and tax expense calculated per the statutory income tax rate		
A reconciliation between tax expense and the product of accounting profit before income tax multiplied by the Group's applicable income tax rate:		
Accounting profit / (loss) before income tax from continuing operations	*	(6,624,869)
Accounting loss before tax from discontinued operations	*	(4,593,556)
Total accounting profit / (loss) before income tax	*	(11,218,425)
At the Parent Entity's statutory income tax rate of 30% (2013: 30%)	*	(3,365,528)
Adjustments in respect of income tax of previous years	*	(14,869)
Entertainment	*	36,277
Share based payments expense	*	8,733
Fair value movement of financial liabilities	*	(172,517)
Equity accounted investment	*	(37,287)
Impairment loss	*	1,243,886
Other	*	38,210
Aggregate income tax (benefit) / expense	*	(2,263,095)
Income tax (benefit) / expense reported in the consolidated income statement	*	(2,128,911)
Income tax benefit attributable to a discontinued operation	*	(134,184)
	*	(2,263,095)

8. Income Tax (continued)

	CONSOLIDATED			
	2015 $	2015 $	2014 $	2014 $
	Current Income Tax	Deferred Income Tax	Current Income Tax	Deferred Income Tax
d) Recognised deferred tax assets and liabilities				
Opening balance	*	*	227,602	(310,340)
Acquisitions	*	*	(117,960)	92,758
(Charged)/credited to income	*	*	(16,535)	2,279,632
Charged to equity	*	*	-	6,456
Other payments	*	*	(171,747)	-
Closing balance	*	*	(78,640)	2,068,506
Tax expense in statement of comprehensive income		*		(2,263,095)
Amounts recognised in the statement of financial position:				
Deferred tax assets		*		2,733,605
Deferred tax liabilities		*		(665,099)
Deferred tax liabilities (net)		*		2,068,506

8. Income Tax (continued)

	STATEMENT OF FINANCIAL POSITION	
	2015 $	2014 $
Deferred income tax as at 30 June 2015 relates to the following:		
CONSOLIDATED		
i) Deferred tax assets		
Employee provisions:		
Annual leave	*	298,193
Long service leave	*	270,856
Doubtful debts	*	347,617
Amortisation - intangible assets	*	53,474
Depreciation – assets expensed	*	211
Accrued audit fees	*	35,936
Other accruals	*	6,000
Unpaid superannuation	*	68,569
Lease incentive	*	-
Borrowing costs	*	4,739
Capital raising costs	*	79,794
Losses on discontinued operations	*	134,184
Losses available for offsetting future assessable income	*	1,434,032
Gross deferred tax assets	*	2,733,605
Set-off of deferred tax liabilities	*	(665,099)
Deferred tax assets (net)	*	2,068,506
ii) Deferred tax liabilities		
Work in progress	*	(535,168)
Plant and equipment	*	1,234
Deferred consideration provisions	*	-
Identified intangibles at acquisition	*	(3,750)
Prepayments	*	(127,415)
Gross deferred tax liabilities	*	(665,099)
Set-off of deferred tax assets	*	665,099
Deferred tax liabilities (net)	*	-

At 30 June 2015, there are no unrecognised temporary differences and tax losses from prior years.

* The Company was under External administration from 17 December 2014, consequently the Company does not have sufficient information to allow the level of disclosure required for the year ended 30 June 2015.

9. Dividends Declared

	CONSOLIDATED	
	2015 $	**2014 $**
a) Unrecognised amounts		
Dividends on ordinary shares - final franked dividend for 2014: 0.0 cents per share (2013: 0.4 cents per share)	-	-

	PARENT	
	2015 $	**2014 $**
b) Franking credit balance		
The amount of franking credits available for the subsequent financial year are:		
Franking account balance as at the end of the financial year at 30% (2014: 30%)	*	389,028
Net franking credits that will arise from the receipt of income tax receivable as at the end of the financial year	-	-
The amount of franking credits available for future reporting periods	*	389,028
Impact on the franking account of dividends proposed or declared before the financial report was authorised for issue but not recognised as a distribution to equity holders during the period	-	-
	*	389,028

* The Company was under External administration from 17 December 2014, consequently the Company does not have sufficient information to allow the level of disclosure required for the year ended 30 June 2015.

c) Tax rates

The tax rate at which paid dividends have been franked is 30% (2014: 30%).

Dividends proposed will be franked at the rate of 30% (2014: 30%).

10. Earnings per Share

The following reflects the income used in the basic and diluted earnings per share computations:

	CONSOLIDATED	
	2015 **$**	2014 $
a) Earnings used in calculating earnings per share		
For basic and diluted earnings per share:		
Net profit/(loss) attributable to ordinary equity holders of the Parent	**(28,896,325)**	(8,955,330)

	2015 No	2014 No
b) Weighted average number of shares		
Weighted average number of ordinary shares for basic and diluted earnings per share	**186,754,174**	156,783,843

No instruments (eg. share options) existed at reporting date which could potentially dilute basic earnings per share in either of the periods presented.

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

11. Cash and Cash Equivalents

	CONSOLIDATED	
	2015 **$**	2014 $
Cash at bank and in hand	**1,003,462**	233,244

Cash at bank earns interest at floating rates based on daily bank deposit rates. The carrying amounts of cash and cash equivalents approximate fair value.

	CONSOLIDATED	
	2015 **$**	2014 $
Reconciliation to statement of cash flows		
For the purposes of the statement of cash flows, cash and cash equivalents comprise the following at 30 June:		
Cash at bank and in hand	**1,003,462**	175,482
Short-term deposits	**-**	57,762
Cash and cash equivalents	**1,003,462**	233,244
Bank overdrafts (note 21)	**-**	(783,832)
	1,003,462	(550,588)

Notes to the Consolidated Financial Statements continued

For the year ended 30 June 2015

12. Trade and Other Receivables

	CONSOLIDATED	
	2015 $	2014 $
Trade receivables	-	8,446,378
Allowance for doubtful debts	-	(1,158,723)
	-	7,287,655
Unbilled client disbursements	-	209,022
Prepayments	-	894,158
Other receivables	-	187,919
Carrying amount of trade and other receivables	-	8,578,754

13. Work in Progress

	CONSOLIDATED	
	2015 $	2014 $
Work in progress	-	1,783,895

Allowance for recoverable amount

Work in progress is valued at its net realisable value after providing for any foreseeable losses that have been calculated using historical data.

14. Plant and Equipment

Reconciliation of Carrying Amounts at the Beginning and End of the Period

	CONSOLIDATED Plant and equipment	
	2015 $	2014 $
Year ended 30 June		
Balance as at 1 July net of accumulated depreciation	**727,738**	983,161
Additions	**29,999**	202,660
Acquisition of subsidiary	-	45,413
Disposals	-	(58,159)
Impairment	**(609,797)**	-
Depreciation charge for the year	**(147,940)**	(445,337)
Balance as at 30 June net of accumulated depreciation	-	727,738
As at 30 June		
Cost	-	2,931,329
Accumulated depreciation	-	(2,203,591)
Net carrying amount	-	727,738

15. Goodwill

a) Reconciliation of Carrying Amounts at the Beginning and End of the Period

	CONSOLIDATED	
	2015 $	2014 $
Year ended 30 June		
Balance as at 1 July net of accumulated impairment	22,183,651	14,590,139
Disposal of subsidiary	(7,633,430)	-
Impairment	(14,550,221)	-
Acquisition of subsidiary	-	12,493,512
Discontinued operations	-	(4,900,000)
Balance as at 30 June net of accumulated impairment	-	22,183,651
As at 30 June		
Cost (gross carrying amount)	-	27,749,477
Accumulated impairment	-	(665,826)
Discontinued operations	-	(4,900,000)
Net carrying amount	-	22,183,651

b) Description of the Group's Goodwill

After initial recognition, goodwill acquired in a business combination is measured at cost less any accumulated impairment losses. Goodwill is not amortised but is subject to impairment testing on an annual basis or whenever there is an indication of impairment (refer to section (c) of this note).

c) Impairment Tests for Goodwill with Indefinite Useful Lives

(i) Description of the Cash Generating Units and Other Relevant Information

Goodwill acquired through business combinations has been allocated to four individual cash generating units ("CGU") for impairment testing as follows:

- Rockwell Olivier (Sydney) cash generating unit;
- Signet Lawyers cash generating unit;
- Rockwell Olivier (Perth)* cash generating unit; and
- Capricorn Investment Partners Ltd cash generating unit.

*Rockwell Olivier (Perth) and Civic Legal merged effective 19 May 2014 and are treated as the one cash generating unit in the 2015 accounts of the Company.

Capricorn Investment Partners Ltd was disposed of on 24 December 2014.

The other three cash generating units Goodwill, Rockwell Oliver (Sydney), Rockwell Oliver (Perth) and Signet Lawyers has been fully impaired as at 30 June 2015 as all three entities are currently in Administration.

16. Intangible Assets

Reconciliation of Carrying Amounts at the Beginning and End of the Period

	CONSOLIDATED	
	2015 $	2014 $
Opening balance (net of accumulated amortisation)	**972,527**	666,330
Capitalisation of IT development costs	**-**	209,158
Acquisition of a subsidiary	**-**	309,230
Disposal on disposal of subsidiary	**(647,307)**	-
Amortisation	**(100,220)**	(212,191)
Impairment	**(225,000)**	-
Closing balance (net of accumulated amortisation)	**-**	972,527
Cost (gross carrying amount)	**-**	1,277,147
Accumulated amortisation	**-**	(304,620)
Net carrying amount at the end of the financial year	**-**	972,527

Notes to the Consolidated Financial Statements continued

For the year ended 30 June 2015

17. Investment in an Associate

Investment in Rockwell Olivier (Melbourne) Pty Ltd

The company finalised the sale of its interest in Rockwell Olivier (Melbourne) ("ROM") on the 25 February 2015. Proceeds totalling $52,000 were applied against the bank debt.

Since 1 November 2012 the Company had held a 49% interest in the Melbourne based legal practice of Rockwell Olivier (Melbourne) ("ROM").

ROM is a private entity that is not listed on any public exchange.

The following table illustrates the summarised financial information of the Group's investment in ROM:

	2015 $	2014 $
Share of the associate's statement of financial position		
Current assets	-	1,226,724
Non-current assets	-	221,907
Current liabilities	–	(417,997)
Non-current liabilities	–	(485,832)
Equity	-	544,802
Share of the associate's revenue and profit		
Revenue	-	2,254,924
Profit	-	124,289

18. Business Combinations

Disposal of Law Central Pty Ltd

On 24 December 2014 the Company disposed 100% of the shares of Law Central Co Pty Ltd. The offer was an al in-cash offer of $1.025 million and the sale completed as scheduled on 30 January 2015.

	$
Sales proceeds	
Deferred cash	1,025,000
	1,025,000
Net Assets disposed	
Current assets	102,482
Non-current assets	832,582
Current liabilities	(35,294)
Non-current liabilities	(19,438)
Net Assets disposed	**810396**
Profit on disposal of subsidiary	**214,604**

Disposal of Capricorn Investment Partners Limited

On 24 December 2014 the Company disposed 100% of the shares of Capricorn Investment Partners Limited ("CPL"). The offer was an al in-cash offer of $3.5 million and the sale completed as scheduled on 27 February 2015. All CIPL employees have been transferred in the transaction.

CIPL was originally acquired by the Group on 1 September 2013 has operations in Queensland, New South Wales and Victoria. The business consists of two divisions: Corporate Advisory in Professional Services; and Wealth Management.

	$
Sales proceeds	
Deferred cash	3,500,000
	3,500,000
Net Assets disposed	
Current assets	699,642
Non-current assets	7,975,361
Current liabilities	(865,574)
Non-current liabilities	(5,870,604)
Net Assets disposed	**8,980,871**
Intercompany loan	(3,420,714)
Net assets disposed	**5,560,157**
Loss on disposal of subsidiary	**(2,060,157)**

The net loss on the disposal of subsidiaries $1,845,553 is included in other expenses in the statement of comprehensive income.

(i)(ii) Total Net loss on disposal of subsidiaries was $1,845,553

19. Financial Assets

	CONSOLIDATED	
	2015 $	2014 $
Available-for-sale financial assets		
Shares in listed securities – at fair value	-	-
	-	-

Available-for-sale investments consist of investments in ordinary shares. The fair value of listed available-for-sale investments has been determined based on quoted market prices (Level 1).

Quoted market price represents the fair value based on quoted prices on active markets as at the reporting date without any deduction for transaction costs.

The shares in listed securities held by the Company were disposed of on 2 June 2014.

20. Trade and Other Payables

	CONSOLIDATED	
	2015 $	2014 $
Trade payables	**434,028**	1,299,441
Other payables and accruals	**386,644**	2,983,773
	820,672	4,283,214

a) Fair Value

Due to the short term nature of these payables, their carrying value is assumed to approximate their fair value.

b) Interest Rate and Liquidity Risk

Information regarding interest rate and liquidity risk exposure is set out in note 3.

Notes to the Consolidated Financial Statements continued

For the year ended 30 June 2015

21. Interest Bearing Loans and Other Borrowings

	CONSOLIDATED	
	2015 **$**	2014 $
Current		
Bank overdraft	-	783,832
Obligations under finance leases and hire purchase contracts (note 32i))	**38,333**	96,500
Insurance premium funding (unsecured)	-	365,095
Bank loan (secured)	**11,900,001**	13,599,098
	11,938,334	14,844,525
Non-Current		
Obligations under finance leases and hire purchase contracts (note 32(i))	-	8,310
Bank loan (secured)	-	-
	-	8,310

a) Assets Pledged as Security

The $11,900,001 bank loan is secured by a fixed and floating charge over the total assets of the Group.

b) Defaults and Breaches

* The Company was under External administration from 17 December 2014, consequently the Company does not have sufficient information to allow the level of disclosure required for the year ended 30 June 2015.

22. Provisions

	CONSOLIDATED	
	2015 $	2014 $
Current		
Long service leave	-	314,897
Annual leave	-	959,546
	-	1,274,443
Non-Current		
Long service leave	-	587,958
	-	587,958

23. Other Liabilities

	CONSOLIDATED	
	2015 $	2014 $
Current		
Contingent consideration payable[1]	-	1,471,984
Lease incentive obligation[2]	-	3,711
	-	1,475,695
Non-Current		
Contingent consideration payable[3]	-	3,005,807
Lease incentive obligation[2]	-	-
	-	3,005,807

Notes to the Consolidated Financial Statements continued

For the year ended 30 June 2015

24. Contributed Equity

	Consolidated 2015 Shares	Consolidated 2014 Shares	Consolidated 2015 $	Consolidated 2014 $
Fully paid shares	**267,320,780**	165,702,280	**41,415,857**	38,678,900
Partly paid shares[1]	-	1,509,056	-	183,475
Forfeited shares held in trust[2]	-	(54,444)	-	-
	267,320,780	167,156,892	**41,415,857**	38,862,375

Fully paid ordinary shares carry one vote per share and carry the right to dividends. The shares have no par value.

Movement in Ordinary Shares on Issue

	Shares	$
Opening balance as at 1 July 2014	167,156,892	38,862,375
Issue of shares at 2.55 cents per share being part consideration for the acquisition of Capricorn Investment Partners Limited and The Pentad Group	105,659,529	2,694,318
Issue of shares at 2.55 cents per share being satisfaction of member profit share entitlements	6,385,216	162,823
Issue of shares at 2.55 cents per share being directors remuneration	1,374,980	35,062
Shares approved by shareholders but not issued	(13,255,837)	(338,721)
Balance as at 30 June 2015	**267,320,780**	**41,415,857**

1

	Shares	$
Opening balance as at 1 July 2013	111,521,145	34,831,886
Issue of shares at 7.2 cents per share being part consideration for the acquisition of CIPL on 2 September 2013	40,377,523	2,907,182
Issue of shares at 7.2 cents per share being part consideration for the acquisition of the business and assets of Pentad on 2 September 2013	12,308,333	886,200
Issue of shares at 9.0 cents per share being part consideration for services performed by Corporate Advisor, Taylor Collison on 5 September 2013	444,444	40,000
Issue of shares under the Deferred Employee Share Plan	245,556	36,335
Forfeited shares under the Deferred Employee Share Plan	(200,000)	(7,226)
Issues of shares under Dividend Reinvestment Plan	1,255,471	101,701
Issue of shares at 7.9 cents per share being part consideration for services performed by US Corporate Advisor, RB Milestone Group on 6 January 2014	400,000	31,600
Issue of shares at 8.1 cents per share in part satisfaction of 2013 principal profit share entitlement on 6 January 2014	388,307	31,453
Issue of shares at 4.4 cents per share in part satisfaction of 2013 principal profit share entitlement on 30 April 2014	416,113	18,308
Costs associated with issuing shares	-	(21,520)
Income tax on items taken directly to or transferred from equity	-	6,456
Balance as at 30 June 2014	**167,156,892**	**38,862,375**

Notes to the Consolidated Financial Statements continued

For the year ended 30 June 2015

25. Accumulated Losses

	CONSOLIDATED	
	2015 **$**	2014 $
Accumulated losses	**(53,171,401)**	(26,323,477)
Balance at beginning of year	**(26,323,477)**	(17,368,147)
Loss for the period	**(28,896,325)**	(8,955,330)
Transfer from reserves	**2,048,401**	-
Balance at end of the year	**(53,171,401)**	(26,323,477)

Accumulated losses represent net losses incurred prior to the listing of the Company on 17 August 2007 ($17,368,147) and the loss for the year ended 30 June 2014.

26. Reserves

	CONSOLIDATED	
	2015 **$**	2014 $
Net unrealised losses reserve	-	1,610
General reserve	-	2,046,791
Balance at end of the year	-	2,048,401

27. Cash Flow Reconciliation

	CONSOLIDATED	
	2015 $	2014 $
a) Reconciliation of net profit / (loss) after tax to net cash flows from operations		
Net profit / (loss) after tax from continuing operations	**(28,896,325)**	(4,495,958)
Net loss after tax from discontinuing operations	**-**	(4,459,372)
	(28,896,325)	(8,955,330)
Adjustments for:		
Depreciation and amortisation expenses	**248,160**	657,528
(Profit) / Loss on disposal of assets	**(37,950)**	57,715
Loss on disposal of subsidiaries	**1,845,533**	-
Share based payments expense	**7,618**	29,109
Movement in fair value of financial liabilities	**(78,763)**	(575,056)
Interest	**475,509**	-
Share of profit of an associate	**-**	(124,289)
Impairment losses	**22,025,517**	4,146,286
Bad debts	**4,076,722**	-
Changes in assets and liabilities:		
Decrease in trade and other receivables	**7,638,193**	3,018,934
(Increase)/decrease in work in progress	**1,783,895**	1,145,089
(Increase)/decrease in available-for-sale assets	**-**	3,718
Increase/(decrease) in income tax payable	**-**	188,282
(Decrease)/increase in trade and other payables	**(4,795,981)**	1,352,260
Increase/(decrease) in net deferred tax liabilities	**(78,640)**	(2,279,631)
(Decrease)/increase in provisions	**(1,862,401)**	483,626
(Decrease) in other liabilities	**-**	(114,494)
Net cash used in operating activities	**2,351,088**	(966,253)
b) Non-cash financing and investing activities		
Settlement of a subsidiary purchase with shares	**-**	3,793,382
Settlement of an associate purchase with shares	**-**	-
	-	3,793,382

28. Related Parties

a) Subsidiaries

The consolidated financial statements include the financial statements of ILH Group Limited and the subsidiaries listed in the following table:

Name	Country of Incorporation	% EQUITY INTEREST		$ INVESTMENT	
		2015	2014	2015	2014
Rockwell Olivier (Sydney) Pty Ltd	Australia	*	100%	-	2
Capricorn Investment Partners Limited	Australia	-	100%	-	13,007,438
Rockwell Olivier (Perth) Pty Ltd	Australia	*	100%	-	1
Civic Legal Pty Ltd	Australia	-	100%	-	1
Signet Lawyers Pty Ltd	Australia	*	100%	-	1
Law Central Co Pty Ltd	Australia	-	100%	-	712,884
				-	13,720,327

All subsidiaries are domiciled in Australia.

Subsidiaries were in volunanty administration at 30 June 2015.

b) Ultimate Parent

ILH Group Limited is the ultimate Australian Parent entity and the ultimate Parent of the Group.

c) Key Management Personnel

Details relating to KMP, including remuneration paid, are included in note 29.

29. Key Management Personnel

a) Compensation of Key Management Personnel

	2015 $	2014 $
Short-term employee benefits	*	1,104,965
Post-employment benefits	*	72,650
Other long-term benefits	*	15,570
Share-based payments	*	10,644
	*	1,203,829

* The Company was under External administration from 17 December 2014, consequently the Company does not have sufficient information to allow the level of disclosure required for the year ended 30 June 2015.

30. Share Based Payment Plans

a) Recognised Share-Based Payment Expenses

The expense recognised for employee services received during the year is shown in the table below:

	CONSOLIDATED	
	2015 $	2014 $
Expense arising from equity-settled share-based payment transactions	*	29,109
	*	29,109

* The Company was under External administration from 17 December 2014, consequently the Company does not have sufficient information to allow the level of disclosure required for the year ended 30 June 2015.

The share-based payment plans are described below. There have been no cancellations or modifications to any of the plans during the year.

b) Types of Share-Based Payment Plans

Tax Exempt Employee Share Plan ("TEESP")

All employees are eligible to participate in the TEESP if they meet the following criteria:

- They have an adjusted taxable income of less than $180,000 per annum;
- They are a permanent full-time or permanent part-time employee of the Group;
- They have met the probation period under the terms of their employment contract;
- They are at least 18 years of age; and
- They are an Australian resident for tax purposes.

Employees who participate in the TEESP can nominate to contribute up to $1,000 per annum from their pre-tax wages or salary by way of an effective salary sacrifice towards acquiring fully paid ordinary shares in the Company.

In accordance with the rules of the TEESP, shares acquired under the plan must not be withdrawn or otherwise dealt with, commencing from the date the employee acquires a beneficial interest in those shares until the earliest of the date that:

- Is three years after the acquisition date; or
- The employee ceases to be an employee of the Group.

The rules of the TEESP do not contain any provisions that could result in an employee forfeiting ownership of shares under the plan.

30. Share Based Payment Plans (continued)

b) Types of Share-Based Payment Plans (continued)

Deferred Employee Share Plan ("DESP")

Shares are granted to key employees and Directors of the Group. The DESP is designed to align participants' interests with those of shareholders by increasing the value of the Company's shares.

Employees are eligible to participate in the DESP if they meet the following criteria:

- They are a permanent full-time or permanent part-time employee of the Group;
- They have met the probation period under the terms of their employment contract;
- They are at least 18 years of age; and
- They are an Australian resident for tax purposes.

Under the DESP, the fair value of the shares is set at the market price of the shares on the date of grant.

When a participant ceases employment prior to the vesting of their shares, the shares are forfeited in full or in part, depending on the terms of award of those shares.

In the event of a change of control, the performance period end date will be brought forward to the date of the change of control and awards will vest subject to performance over this shortened period.

The vesting period of each share is three years. There are no cash settlement alternatives.

c) Summary of shares granted under TEESP and DESP arrangements

The following table illustrates the number of and movements in shares granted during the period under the TEESP and the DESP:

	CONSOLIDATED	
	2015 $	2014 $
TEESP:		
Opening balance	*	252,672
Transferred to departed employees during the year[1]	-	-
Closing balance	*	252,672
DESP:		
Opening balance	*	**1,763,500**
Granted during the year	*	**245,556**
Shares transferred upon vesting	*	**(300,000)**
Shares forfeited and held in trust	*	**(200,000)**
Closing balance	*	**1,509,056**

1 Shares are transferred out of an employee trust into the employee's name on termination of employment.

* The Company was under External administration from 17 December 2014, consequently the Company does not have sufficient information to allow the level of disclosure required for the year ended 30 June 2015.

30. Share Based Payment Plans (continued)

d) Weighted Average Remaining Contractual Life

The weighted average remaining contractual life as at 30 June 2015 for the shares issued under the DESP is * years (2013: 0.91 years).

* The Company was under External administration from 17 December 2014, consequently the Company does not have sufficient information to allow the level of disclosure required for the year ended 30 June 2015.

e) Weighted Average Fair Value

As at 30 June 2015, the weighted average fair value of shares granted under the DESP was * cents (2013: 12.0 cents).

* The Company was under External administration from 17 December 2014, consequently the Company does not have sufficient information to allow the level of disclosure required for the year ended 30 June 2015.

31. Expenditure Commitments

i) *Leasing commitments*

Operating Lease Commitments – Group as Lessee

The Group has entered into operating leases for the rental of office space at its various commercial premises. These non-cancellable leases have remaining terms from 1 to 5 years. The leases have renewal options. Renewals are at the option of the specific entity that holds the lease.

Future minimum rental amounts payable under non-cancellable operating leases as at 30 June 2014 are as follows:

	CONSOLIDATED	
	2015 $	2014 $
Within one year	*	1,858,430
After one year but not more than five years	*	4,337,728
After more than five years	-	-
Total minimum lease payments	*	6,196,158

* The Company was under External administration from 17 December 2014, consequently the Company does not have sufficient information to allow the level of disclosure required for the year ended 30 June 2015.

Finance Lease and Hire Purchase Commitments – Group as Lessee

The Group has finance leases and hire purchase contracts for various items of plant and equipment with a carrying amount of $* (2014: $104,810). These contracts expire within 1 to 3 years. The leases have terms of renewal and purchase options. Renewals are at the option of the specific entity that holds the lease.

	CONSOLIDATED	
	2015 $	2014 $
Within one year	*	99,894
After one year but not more than five years	*	8,432
Total minimum lease payments	*	108,326
Less amounts representing finance charges	*	(3,516)
Present value of minimum lease payments	*	104,810

* The Company was under External administration from 17 December 2014, consequently the Company does not have sufficient information to allow the level of disclosure required for the year ended 30 June 2015.

	CONSOLIDATED	
	2015 $	2014 $
Included in the financial statements as:		
Current interest-bearing loans and borrowings (note 21)	*	96,500
Non-current interest-bearing loans and borrowings (note 21)	*	8,310
Total interest-bearing loans and borrowings	*	104,810

* The Company was under External administration from 17 December 2014, consequently the Company does not have sufficient information to allow the level of disclosure required for the year ended 30 June 2015.

31. Expenditure Commitments (continued)

ii) Plant and Equipment Rental Commitments

The Group has contractual obligations for the rental of plant and equipment. The rental agreements expire within 6 years and have purchase options on expiry. Rental commitments contracted for at reporting date but not recognised as liabilities are as follows:

	CONSOLIDATED	
	2015 $	2014 $
Within one year	*	16,751
After one year but not more than five years	*	52,549
After more than five years	-	-
Total minimum rental payments	*	69,300

* The Company was under External administration from 17 December 2014, consequently the Company does not have sufficient information to allow the level of disclosure required for the year ended 30 June 2015.

iii) Remuneration Commitments

	CONSOLIDATED	
	2015 $	2014 $
Commitments for the payment of salaries and other remuneration under long-term employment contracts in existence at the reporting date but not recognised as liabilities, payable:		
Within one year	*	2,004,176
After one year but not more than five years	*	5,816,354
Total minimum remuneration commitments	*	7,820,530

* The Company was under External administration from 17 December 2014, consequently the Company does not have sufficient information to allow the level of disclosure required for the year ended 30 June 2015.

32. Contingencies

Cross Guarantees

Pursuant to Class Order 98/1418, relief has been granted to Rockwell Olivier (Sydney) Pty Ltd, Civic Legal Pty Ltd, RO International Tax Services Pty Ltd, Law Central Co Pty Ltd, PLN Lawyers Pty Ltd, Signet Lawyers Pty Ltd, Capricorn Investment Partners Limited, Rockwell Olivier (Perth) Pty Ltd and Rockwell Olivier Pty Ltd from the *Corporations Act 2001* requirements for preparation, audit and lodgment of their financial reports.

As a condition of the Class Order, ILH Group Limited, Rockwell Olivier (Sydney) Pty Ltd, Civic Legal Pty Ltd, Law Central Co Pty Ltd, PLN Lawyers Pty Ltd, Signet Lawyers Pty Ltd, Capricorn Investment Partners Limited and Rockwell Olivier (Perth) Pty Ltd entered into a Deed of Cross Guarantee. The effect of the deed is that ILH Group Limited has guaranteed to pay any deficiency in the event of the winding up of a controlled entity or if they do not meet their obligations under the terms of overdrafts, loans, leases or other liabilities subject to the guarantee. The controlled entities have also given a similar guarantee in the event that ILH Group Limited is wound up or if it does not meet its obligations under the terms of overdrafts, loans, leases or other liabilities subject to the guarantee.

The consolidated statement of comprehensive income and consolidated statement of financial position of the Group represent the financial performance and position of the entities that are members of the Closed Group.

33. Auditor's Remuneration

The current auditors are Stantons International Audit and Consulting Pty Limited.

The former auditor of ILH was Ernst & Young.

	CONSOLIDATED	
	2015 $	2014 $
Amounts received or due and receivable by Ernst & Young (Australia) for:		
• an audit or review of the financial report of the Company	*	214,793
• other services in relation to the Company		
– tax compliance	*	22,700
	*	237,493
Amounts received or due and receivable by non Ernst & Young (Australia) firms for:		
• other services in relation to the Company		
– special audits required by regulators	*	34,812
– taxation services	*	8,190
	*	43,002
	*	280,495

* The Company was under External administration from 17 December 2014, consequently the Company does not have sufficient information to allow the level of disclosure required for the year ended 30 June 2015.

34. Events after Reporting Date

On the 1 April 2015, the Creditors resolved that the Company execute a Deed of Company Arrangement. On the 22 April 2015, the Company, the Deed Administrators and Pager Partners entered in to a DOCA. On the 2 March 2016 the creditors resolved to vary the terms of the DOCA as proposed by Benelong Capital Partners Pty Limited.

Directors' Declaration

In accordance with a resolution of the current directors of ILH Group Limited, I state that:

1. In the opinion of the current directors:

   a) As set out in Note 2, although the Directors have prepared the consolidated financial statements, notes thereto, and the remuneration disclosures contained in the Remuneration Report in the Directors' Report to the best of their knowledge based on the information made available to them, they are of the opinion that it is not possible to state that the consolidated financial statements, notes thereto, and the remuneration disclosures contained in the Remuneration Report in the Directors' Report, are in accordance with the *Corporations Act 2001*, including:

      i. Giving a true and fair view of the financial position as at 30 June 2015 and performance; and

      ii. Complying with Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001;*

   b) The financial statements and notes also comply with International Financial Reporting Standards as disclosed in Note 2, and

   c) Subject to the successful recapitalisation of the Company, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

2. This declaration has been made after receiving the declarations required to be made to the current Directors in accordance with section 295A of the *Corporations Act 2001* for the financial year ended 30 June 2015.

On behalf of the Board.

Benjamin Harkham

Director

Allan Farrar

Director

Sydney, 31 May 2016

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QUALIFIED INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
ILH GROUP LIMITED (SUBJECT TO DEED OF COMPANY ARRANGEMENT)

Report on the Financial Report

We have audited the accompanying financial report of ILH Group Limited (Subject to deed of Company Arrangement), which comprises the statement of financial position as at 30 June 2015, the statement of profit and loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration.

Directors' responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In note 2, the directors also state, in accordance with Australian Accounting Standard AASB 101 Presentation of Financial Statements, that the financial statements comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

Because of the matter discussed in the basis of Disclaimer of Auditor's Opinion paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Independence

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

Basis for Disclaimer of Auditor's Opinion

The company was placed into voluntary administration on 17 December 2014. Consequently, the financial information relating to the year under audit was not subject to the same accounting and internal controls processes, which includes the implementation and maintenance of internal controls that are relevant to the preparation and fair presentation of the financial report. Whilst the books and records of the company have been reconstructed to the maximum extent possible, we were unable to satisfy ourselves as to the completeness of the general ledger and financial records as well as the relevant disclosures in the financial report.

As stated in Note 2, the current Directors are unable to state that the financial report is in accordance with all the requirements of the Corporations Act 2001 and the Australian Accounting Standards.

Disclaimer of Auditor's Opinion

In our opinion:

(a) because of the existence of the limitation on the scope of our work, as described in the Basis for Disclaimer of Auditor's Opinion paragraph noted above, and the effects of such adjustments, if any, as might have been determined to be necessary had the limitation not existed, we are unable to, and do not express, an opinion as to whether the financial report of ILH Group Limited (Subject to deed of Company Arrangement) is in accordance with the Corporations Act 2001, including:

  (i) giving a true and fair view of the company's financial position as at 30 June 2015 and of their performance for the year ended on that date;
  (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and
  (iii) complying with all the requirements of the International Financial Reporting Standards.

Report on the Remuneration Report

We have audited the remuneration report included on pages 6 to 13 of the directors' report for the year ended 30 June 2015. The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards

Disclaimer of opinion

Because of the existence of the limitation on scope of our work, as described in the Basis of Disclaimer of Auditor's Opinion, and the effects of such adjustments, if any, as might have been determined to be necessary had the limitation not existed, we are unable to, and do not express, an opinion on the remuneration report of ILH Group Limited (Subject to deed of Company Arrangement) for the year ended 30 June 2015 and whether it complies with Section 300A of the Corporations Act 2001.

STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD
(Trading as Stantons International)
(An Authorised Audit Company)

Stantons International Audit & Consulting Pty Ltd

Martin Michalik
Director

West Perth, Western Australia
31 May 2016

ASX Additional Information

Additional information required by the ASX and not shown elsewhere in this report is as follows. The information is current as at 17 September 2014.

a) Distribution of Equity Securities

Ordinary Share Capital

- 167,611,336 fully paid ordinary shares are held by 888 individual shareholders.
- All issued ordinary shares carry one vote per share and the right to dividends.

The numbers of shareholders by size of holding are:

1 – 1,000	20
1,001 – 5000	65
5,001 – 10,000	181
10,001 – 100,000	455
100,001 and over	167
	888
Holding less than a marketable parcel	340

b) Substantial Shareholders

Stephen Moss	13,710,281	8.18%
Bradley Maguire	8,438,721	5.03%

c) 20 Largest Holders of Quoted Equity Securities

Lavalhars Pty Ltd <The Stephen Moss S/F A/C>	13,710,281	8.18
Australian Share Finance Pty Ltd <Bradley Maguire S/Fund A/C>	7,823,673	4.67
Legal Australia Pty Ltd <Davies Super Fund A/C>	7,412,821	4.42
Bobbin Ed Pty Ltd <Dolcezza Di Non Fare A/C>	6,038,405	3.60
ABN Amro Clearing Sydney Nominees Pty Ltd <Custodian A/C>	5,957,815	3.55
Capricorn Investment Partners Ltd <D&S French Athelstane A/C>	5,312,031	3.17
Mr Michael John Cranny	4,567,669	2.73
Alford Consultants Pty Ltd <Warmington Family A/C>	3,105,392	1.85
Mr Lance Livermore & Mrs Pamela Carolyn Livermore <Pace Superfund A/C>	3,105,392	1.85
Primeyield Pty Ltd <Loran Investment A/C>	3,105,392	1.85
Mr John Paul Olivier	3,068,340	1.83
Mr Graeme Hilton George Fowler	2,724,996	1.63
Mr Graeme Hilton Fowler + Mrs Louise Patricia Fowler <Fowler Super Fund A/C>	2,607,711	1.56
Aloa Pty Limited	2,536,428	1.51
Yeras Pty Ltd <Kordic Family No 1 A/C>	2,259,913	1.35
Mrs Anna Catelli + Mr Gray Porter <Catelli/Porter Superfund A/C>	2,191,672	1.31
Mr Stephen Peter Skinner + Mrs Erin Marie Skinner <Skinner Super Fund A/C>	2,055,000	1.23
Pango Road Pty Limited <Ridgway Superannuation A/C>	2,028,782	1.21
Brendalis Pty Ltd <Taylor Family A/C>	2,000,349	1.19
Silverfox Investments Pty Ltd <Lou Kelly Testamentary Fund A/C>	1,909,000	1.14
	83,521,062	**49.83**