



ACN 120 394 194
Level 22, 1 Market Street
Sydney NSW 2000
Phone (02) 8263 6601
www.ilh.com.au

24 October 2014

The Manager
Company Announcements Office
ASX Limited

Dear Sir/Madam,

Re: 2014 Notice of Annual General Meeting

In accordance with the ASX Listing Rules, attached are the following documents which will be sent to Shareholders:

- Chairman's Letter
- Notice of AGM
- Independent Expert's Report
- Shareholder Proxy Form

The Company's 2014 Annual Report has been separately released to the ASX.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Reena Minhas', written in a cursive style.

Reena Minhas
Company Secretary



ACN 120 394 194
Level 22, 1 Market Street
Sydney NSW 2000
Phone (02) 8263 6601
www.ilh.com.au

24 October 2014

Dear Shareholder,

Re: ILH Group Limited – Annual General Meeting

On behalf of the Board, I am pleased to invite you to attend the ILH Group Limited (“ILH” or “the Company”) Annual General Meeting (“AGM”) that is to be held at the offices of Rockwell Olivier, Level 22, 1 Market Street, Sydney on Tuesday, 25 November 2014 at 3pm AEDST.

The enclosed Notice of Meeting describes the business that will be proposed at the meeting and sets out the procedures for your participation and voting. The AGM is an important forum for our Shareholders, giving them the opportunity to consider the performance of ILH and hear from the Board and senior management, as well as to vote on items of business. Shareholders, proxy holders and corporate representatives are all eligible to ask questions during the AGM.

If you are unable to attend the AGM, I would encourage you to vote by completing and returning the attached Proxy Form using the reply paid envelope provided or by faxing it to the Company’s Share registry on 1800 783 447 (within Australia) or +61 3 9473 2555 (outside Australia) so that it is received no later than 48 hours prior to the scheduled commencement of the meeting.

Corporate Shareholders will be required to complete a “Certificate of Appointment of Corporate Representative” to enable a person to attend on their behalf. A form of this certificate can be obtained from Computershare Investor Services Pty Limited who can be contacted by phone on 1300 726 186 (within Australia), or if outside Australia on +61 3 9938 4311.

All Shareholders can submit questions in advance of the AGM to the following email address graeme@ilh.com.au. We intend to respond to the most commonly asked questions at the AGM.

The ILH Group Limited 2014 Annual Report is available at www.ilh.com.au/shareholders.

The Directors thank you for your support and look forward to a much improved year ahead.

Yours sincerely,

A handwritten signature in dark ink, appearing to read 'Matthew Driscoll', written in a cursive style.

Matthew Driscoll
Chairman



ILH GROUP LIMITED

Notice of Annual General Meeting

**To be held on Tuesday, 25 November 2014 at 3.00pm AEDST
at Level 22, 1 Market Street, Sydney, New South Wales**

This Notice of Annual General Meeting and Explanatory Statement should be read in its entirety. If Shareholders are in doubt as to how to vote, they should seek advice from their accountant, solicitor or other professional adviser prior to voting.

An Independent Expert's Report is attached to this Notice as Schedule 1 as required by ASX Listing Rule 10.1 and as recommended by ASIC Regulatory Guide 110. The report concludes that the transaction, the subject of Resolutions 3(a) and 3(b) in this Notice of Meeting, is fair and reasonable to the Company's non-associated Shareholders, for the reasons set out in the report.

ILH Group Limited

ACN 120 394 194

Notice of Annual General Meeting

Notice is hereby given that an Annual General Meeting ("AGM") of Shareholders of ILH Group Limited ("Company" or "ILH") will be held on Tuesday, 25 November 2014 at 3.00pm AEDST at Level 22, 1 Market Street, Sydney, New South Wales.

AGENDA

ORDINARY BUSINESS

Financial Statements and Reports

To receive and consider the Company's financial statements and the reports from the Directors and the Auditors for the year ended 30 June 2014.

Resolution 1 - Remuneration Report

To consider the Remuneration Report as it appears in the Annual Report for the year ended 30 June 2014, and if thought fit, to pass the following non-binding **ordinary resolution** of the Company in accordance with section 250R(2) of the Corporations Act.

"That the Remuneration Report of the Company for the year ended 30 June 2014 be approved".

A voting exclusion statement in relation to this resolution is set out below, in the "other information" section.

Note: the vote on this resolution is advisory only and does not bind the Directors or the Company.

Resolution 2 – Re-election of Directors

- a) The re-election of Mr Matthew Driscoll as a Director of the Company.

To consider and, if thought fit, pass the following resolution as an **ordinary resolution**.

"That Mr Matthew Driscoll who ceases to hold office in accordance with Clause 11.11 of the Company's constitution, and, being eligible, stands for re-election, be re-elected as a Director of the Company."

- b) The re-election of Mr David French as a Director of the Company.

To consider and, if thought fit, pass the following resolution as an **ordinary resolution**.

"That Mr David French who ceases to hold office in accordance with Clause 11.11 of the Company's constitution, and, being eligible, stands for re-election, be re-elected as a Director of the Company."

See the accompanying Explanatory Statement for information about the re-election of Directors.

SPECIAL BUSINESS

Resolution 3 – Approval of the sale of the Eaton Capital Partners (“Eaton”) corporate advisory business

Resolution 3(a) – Approval of the sale of Eaton to a related party

To consider and if thought fit, to pass the following resolution as an **ordinary resolution**:

"That, subject to and conditional upon the passing of Resolution 3(b), for the purposes of Chapter 2E of the Corporations Act, ASX Listing Rule 10.1 and for all other purposes, the Shareholders of the Company approve the sale of the Eaton corporate advisory business to Symon Capital Pty Ltd (“Symon”), in consideration of the selective Share buy-back (cancellation) of 13,710,821 ILH Shares and \$164,175 cash, for the purpose and on the terms set out in the Explanatory Statement."

Short Explanation: Shareholder approval is sought under ASX Listing Rule 10.1 to allow the Company to dispose of Eaton to Symon. Shareholder approval is required because Eaton is a substantial asset of the Company and Symon is a related party of the Company as stated in the Explanatory Statement.

This resolution is dependent on Resolution 3(b). If one resolution is not passed, neither will take effect.

Shareholder approval is also sought under Chapter 2E of the Corporations Act because the Company is giving a financial benefit to Symon who is a related party of the Company.

DMR Corporate has prepared an Independent Experts Report (“IER”) which comments on the fairness and reasonableness of the transaction to those Shareholders that are not associated with Symon and Lavalhars Pty Ltd (“Lavalhars”) (a company associated with Stephen Moss). The IER concludes that the transaction is fair and reasonable to the non-associated Shareholders. Shareholders are encouraged to carefully consider the IER.

The Board recommends that Shareholders vote in favour of Resolution 3(a).

Voting Exclusion: The Company will in accordance with Listing Rule 10.10.1 disregard any votes cast on Resolution 3(a) by a person who is a party to the transaction, namely Symon, Lavalhars and Stephen Moss, and any associate of those people. However, the Company need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with the direction on the proxy form to vote as the proxy decides.

As Resolutions 3(a) and 3(b) are interdependent, votes which are disregarded on Resolution 3(b) will also be disregarded on Resolution 3(a).

Resolution 3(b) – Approval of a selective buy-back (cancellation) of Shares as part proceeds for the sale of Eaton

To consider and if thought fit, to pass the following resolution as a **special resolution**:

"That, subject to and conditional upon the passing of Resolution 3(a), in accordance with section 257D of the Corporations Act and for all other purposes, approval is given for the Company to selectively buy-back (cancel) 13,710,821 fully paid ordinary Shares in the capital of the Company held by Lavalhars (a company associated with Stephen Moss, a former director of the Company), for the purpose and on the terms set out in the Explanatory Statement."

Short Explanation: In order for the selective Share buy-back (cancellation) to proceed, resolution 3(b) (a special resolution) must be passed by at least 75% of all votes cast by Shareholders entitled to vote on the special resolution (whether in person or by proxy, attorney or representative).

DMR Corporate has prepared an IER which comments on the fairness and reasonableness of the transaction to those Shareholders that are not associated with Symon and Lavalhars. The IER concludes that the interdependent proposals the subject of Resolutions 3(a) and 3(b) are fair and reasonable to the non-associated Shareholders. Shareholders are encouraged to carefully consider the IER.

Voting Exclusion: The Company will disregard any votes cast on Resolution 3(b) by Lavalhars or any of its associates. In accordance with section 257D(1)(a) of the Corporations Act 2001, no votes may be cast in favour of the resolution by Lavalhars or any of its associates. However, the Company need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with the direction on the proxy form to vote as the proxy decides.

As Resolutions 3(a) and 3(b) are interdependent, votes which are disregarded on Resolution 3(a) will also be disregarded on Resolution 3(b).

The Board recommends that Shareholders vote in favour of Resolution 3(b).

Resolution 4 – To approve the proposed issues of Shares in lieu of cash liabilities

Resolution 4(a) - Approval of the issue of Shares by the Company to the non-related party vendors of Capricorn Investment Partners Limited ("CIPL") as satisfaction of deferred consideration in lieu of cash payment liabilities

To consider and if thought fit, to pass the following resolution as an **ordinary resolution**:

"That, for the purposes of ASX Listing Rule 7.1 and for all other purposes, the Shareholders of the Company approve the issue of \$598,662 in ordinary Shares in the Company to the non-related party vendors of CIPL (the number of Shares and issue price to be calculated in accordance with the formula set out in the Explanatory Statement), for the purpose and on the terms set out in the Explanatory Statement."

Short Explanation: Under ASX Listing Rule 7.1, the Company may not issue or agree to issue equity securities in any 12 month period representing more than 15% of its ordinary Share capital on issue at the commencement of that period without Shareholder approval. Further, equity securities issued with prior Shareholder approval are not included in the calculation under ASX Listing Rule 7.1.

This resolution is dependent on Resolution 4(b). If one resolution is not passed, neither will take effect.

The Board notes that as a condition of the Company's revised bank funding arrangements (refer to the ASX announcement dated 18 September and the Explanatory Statement), deferred consideration amounts payable to the vendors of CIPL must be satisfied by way of Shares only and not in cash.

Please refer to the Explanatory Statement for details.

The Board recommends that Shareholders vote in favour of Resolution 4(a).

Voting Exclusion: For the purposes of ASX Listing Rule 7.3, the Company will disregard any votes cast on Resolution 4(a) by a person who may participate in the proposed issue and any person who might obtain a benefit if the resolution is passed, except a benefit solely in their capacity as a holder of ordinary securities, and any associates of those persons. However, the Company need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with the direction on the proxy form to vote as the proxy decides.

As Resolutions 4(a) and 4(b) are interdependent, votes which are disregarded on Resolution 4(b) will also be disregarded on Resolution 4(a).

Resolution 4(b) - Approval of the issue of Shares by the Company to the related party vendors of CIPL as satisfaction of deferred consideration in lieu of cash payment liabilities

To consider and if thought fit, to pass the following resolution as an **ordinary resolution**:

"That, for the purposes of ASX Listing Rule 10.11, Chapter 2E of the Corporations Act and for all other purposes, the Shareholders of the Company approve the issue of \$196,656 in ordinary Shares in the Company to the related party vendors of CIPL (the number of Shares and issue price to be calculated in accordance with the formula set out in the Explanatory Statement), for the purpose and on the terms set out in the Explanatory Statement."

Short Explanation: Under ASX Listing Rule 10.11, shareholder approval is required for the issue of equity securities to a related party of a listed company. Once approval is obtained pursuant to Listing Rule 10.11, the Company is entitled to rely on Listing Rule 7.2, Exception 14 as an exception to any requirement that may otherwise apply requiring Shareholder approval under Listing Rule 7.1. This means that if approval is obtained under Listing Rule 10.11, approval is not required under Listing Rule 7.1, as set out in the explanatory memorandum.

Shareholder approval is also sought under Chapter 2E of the Corporations Act because the Company is giving a financial benefit to a related party of the Company.

The Board notes that as a condition of the Company's revised bank funding arrangements (refer to the ASX announcement dated 18 September and the Explanatory Statement), deferred consideration amounts payable to the vendors of CIPL must be satisfied by way of Shares only and not in cash.

Please refer to the Explanatory Statement for details.

The Board recommends that Shareholders vote in favour of Resolution 4(b).

Voting Exclusion: For the purposes of ASX Listing Rule 10.13, the Company will disregard any votes cast on Resolution 4(b) by David French and Sandra French. However, the Company need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with the direction on the proxy form to vote as the proxy decides.

As Resolutions 4(a) and 4(b) are interdependent, votes which are disregarded on Resolution 4(b) will also be disregarded on Resolution 4(a).

Resolution 4(c) - Approval of the issue of Shares by the Company to the vendors of the business and assets of The Pentad Group ("Pentad") as satisfaction of deferred consideration in lieu of cash payment liabilities

To consider and if thought fit, to pass the following resolution as an **ordinary resolution**:

"That, for the purposes of ASX Listing Rule 7.1 and for all other purposes, the Shareholders of the Company approve the issue of \$1,899,000 in ordinary Shares in the Company to the vendors of Pentad (the number of Shares and issue price to be calculated in accordance with the formula set out in the Explanatory Statement), for the purpose and on the terms set out in the Explanatory Statement."

Short Explanation: Under ASX Listing Rule 7.1, the Company may not issue or agree to issue equity securities in any 12 month period representing more than 15% of its ordinary Share capital on issue at the commencement of that period without Shareholder approval. Further, equity securities issued with prior Shareholder approval are not included in the calculation under ASX Listing Rule 7.1.

The Board notes that as a condition of the Company's revised bank funding arrangements (refer to the ASX announcement dated 18 September and the Explanatory Statement), deferred consideration amounts payable to the vendors of Pentad must be satisfied by way of Shares only and not in cash.

Please refer to the Explanatory Statement for details.

The Board recommends that Shareholders vote in favour of Resolution 4(c).

Voting Exclusion: For the purposes of ASX Listing Rule 7.3, the Company will disregard any votes cast on Resolution 4(c) by a person who may participate in the proposed issue and any person who might obtain a benefit if the resolution is passed, except a benefit solely in their capacity as a holder of ordinary securities, and any associates of those persons. However, the Company need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with the direction on the proxy form to vote as the proxy decides.

Resolution 4(d) - Approval of the issue of Shares by the Company in satisfaction of ILH member firm profit share entitlements in lieu of a cash payment liability

To consider and if thought fit, to pass the following resolution as an **ordinary resolution**:

“That, for the purposes of ASX Listing Rule 7.1 and for all other purposes, the Shareholders of the Company approve the issue of \$162,823 in ordinary Shares in the Company to employees of ILH (the number of Shares and issue price to be calculated in accordance with the formula set out in the Explanatory Statement), for the purpose and on the terms set out in the Explanatory Statement.”

Short Explanation: Under ASX Listing Rule 7.1, the Company may not issue or agree to issue equity securities in any 12 month period representing more than 15% of its ordinary Share capital on issue at the commencement of that period without Shareholder approval. Further, equity securities issued with prior Shareholder approval are not included in the calculation under ASX Listing Rule 7.1.

Please refer to the Explanatory Statement for details.

Voting Exclusion: For the purposes of ASX Listing Rule 7.3, the Company will disregard any votes cast on Resolution 4(d) by a person who may participate in the proposed issue and any person who might obtain a benefit if the resolution is passed, except a benefit solely in their capacity as a holder of ordinary securities, and any associates of those persons. However, the Company need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with the direction on the proxy form to vote as the proxy decides.

The Board recommends that Shareholders vote in favour of Resolution 4(d).

Resolution 4(e) - Approval of the issue of Shares by the Company in satisfaction of the Hon. John Dawkins remuneration entitlements as ILH Chairman for the period 1 May 2014 to 30 September 2014 in lieu of a cash payment liability

To consider and if thought fit, to pass the following resolution as an **ordinary resolution**:

“That, for the purposes of ASX Listing Rule 10.11 and for all other purposes, the Shareholders of the Company approve the issue of \$35,062 in ordinary Shares in the Company to the Hon. John Dawkins (the number of Shares and issue price to be calculated in accordance with the formula set out in the Explanatory Statement), for the purpose and on the terms set out in the Explanatory Statement.”

Short Explanation: Under ASX Listing Rule 10.11, shareholder approval is required for the issue of equity securities to a related party of a listed company. Once approval is obtained pursuant to Listing Rule 10.11, the Company is entitled to rely on Listing Rule 7.2, Exception 14 as an exception to any requirement that may otherwise apply requiring Shareholder approval under Listing Rule 7.1.

This means that if approval is obtained under Listing Rule 10.11, approval is not required under Listing Rule 7.1, as set out in the explanatory memorandum.

Please refer to the Explanatory Statement for details.

Voting Exclusion: For the purposes of ASX Listing Rule 10.13, the Company will disregard any votes cast on Resolution 4(e) by the Hon. John Dawkins. However, the Company need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with the direction on the proxy form to vote as the proxy decides.

The Board recommends that Shareholders vote in favour of Resolution 4(e).

Resolution 5 – Approval of additional placement facility

To consider and if thought fit, to pass the following resolution as a **special resolution**:

“That for the purposes of ASX Listing Rule 7.1A and for all other purposes, the Shareholders approve the issue of an additional 10% of issued capital of the Company (at the time of the issue) by way of placements over a 12 month period (additional placement facility) calculated in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 and on the terms set out in the Explanatory Statement.”

Short Explanation: Under ASX Listing Rule 7.1A, eligible entities may obtain the approval of Shareholders by special resolution at an AGM to issue an additional 10% of issued capital by way of placements over a 12 month period. The Company is an eligible entity (being an entity with market capitalisation of \$300 million or less and is not included in the S&P/ASX 300 index) and seeks Shareholder approval under this resolution for the additional placement facility.

The Board recommends that Shareholders vote in favour of Resolution 5.

Voting Exclusion: The Company will, in accordance with ASX Listing Rule 14.11 of the Listing Rules, disregard any votes cast in respect of this resolution by a person (and any such associates of such a person) who may participate in the 10% placement facility and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of securities, if this Resolution is passed. At this point in time, there is no potential allottee to who securities may be issued under this resolution.

However, the Company will not disregard any votes on the resolution if:

- It is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- It is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a directions on the proxy form to vote as the proxy decides.

OTHER INFORMATION

Quorum

- The Constitution of the Company provides that at least three Shareholders be present in person or by proxy to constitute a quorum.
- The quorum must be present at all times during the meeting.
- If a quorum is not present within 30 minutes after the scheduled time for the meeting, the meeting will be dissolved.

Voting and Required Majority

- In accordance with section 249HA of the Corporations Act for resolutions 1, 2(a), 2(b), 3(a), 4(a), 4(b), 4(c), 4(d) and 4(e) to be effective:
 - not less than 28 days written notice has been given; and
 - each ordinary resolution must be passed by more than 50% of all the votes cast by Shareholders entitled to vote on the resolutions (whether in person or by proxy, attorney or representative).
- In accordance with sections 9 and 249HA of the Corporations Act for resolutions 3(b) and 5 to be effective:
 - not less than 28 days written notice has been given; and
 - the special resolution must be passed by at least 75% of all the votes cast by Shareholders entitled to vote on the special resolution (whether in person or by proxy, attorney or representative).
- Subject to exclusions noted, on a show of hands every Shareholder has one vote and, on a poll, every Shareholder has one vote for each Share held.
- In accordance with the restrictions contained in the Corporations Act, any Key Management Personnel (“KMP”) of the Company whose remuneration is included in the Remuneration Report will not be eligible to vote on resolution 1. The voting exclusion on the KMP also extends to any closely related parties of the KMP.

Proxies

- Pursuant to regulation 7.11.37 of the Corporations Regulations 2001 the Board has determined that all Shares in the Company will be taken to be held by the persons registered as Shareholders at 8.00pm (AEDST) on Friday, 21 November 2014.
- All holders of Shares are entitled to attend and vote at the AGM and may appoint a proxy for that purpose. A proxy need not be a Shareholder of the Company.
- The Proxy Form sent with this Notice should be used for the AGM. The Proxy Form must be received by the Company as set out below.
- Each Shareholder who is entitled to cast 2 or more votes at the AGM may appoint up to 2 proxies and may specify the proportion or number of votes that each proxy is entitled to exercise. If a Shareholder does not specify the proportion or number of that Shareholder’s votes each proxy may exercise, each proxy will be entitled to exercise half of the votes. An additional Proxy Form will be supplied by the Company on request.

- Any Shareholder may appoint an attorney to act on his or her behalf. The power of attorney, or a certified copy of it, must be received by the Company as set out below.
- Any corporation which is a Shareholder of the Company may appoint a corporate representative to act on its behalf. Appointments of corporate representatives must be received by the Company as set out below.

Proxies, powers of attorneys and corporate representative authorisations granted by the Shareholders must be received by the Company no later than 3.00 pm (AEDST) on Sunday, 23 November 2014.

Shareholders are able to lodge proxies by facsimile or by mail. The proxy form must be lodged at the Company's Share registry using the reply paid envelope or by posting, delivery or facsimile to:

ILH Group Limited
C/- Computershare Investor Services Pty Limited
GPO Box 242, Melbourne, VIC 3001, Australia
Facsimile: 1800 783 447 (Australia); +61-3-9473 2555 (Outside Australia)

Please refer to the Proxy Form accompanying this Notice for more information.

Submission of written questions to the Company or Auditor

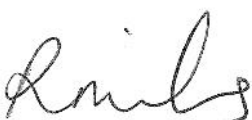
- A Shareholder who is entitled to vote at the meeting may submit a written question to the Company or Auditor in advance of the meeting.
- Questions may be directed to the Board about the business of the Company or the Remuneration Report.
- A question may be directed to the Auditor provided it relates to:
 - The content of the Auditor's Report to be considered at the meeting;
 - The conduct of the audit or the Auditor's independence; or
 - The accounting policies adopted by the Company in relation to the preparation of the financial statements.

The Auditor may, but is not obliged to, answer any written or oral questions that are put by Shareholders.

All questions must be sent to the Company and must be received by the Company Secretary no later than five (5) business days before the date of the AGM. Written questions should be sent to the contact below for receipt no later than **Monday, 17 November 2014:**

Company Secretary - ILH Group Limited
Level 22
1 Market Street
Sydney NSW 2000

By order of the Board.



Reena Minhas
Company Secretary
24 October 2014

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared for the information of Shareholders in relation to the business to be conducted at the Company's AGM.

The purpose of this Explanatory Statement is to provide Shareholders with all information known to the Company which is material to a decision on how to vote on the resolutions in the accompanying Notice of Meeting ("**Notice**").

This Explanatory Statement should be read in conjunction with the Notice. Capitalised terms in this Explanatory Statement are defined in the Glossary.

The Board also recommends that Shareholders refer to and consider the Company's ASX releases dated 3, 12 and 18 June 2014, 1, 15 and 29 August 2014, 18, 23 and 30 September 2014 and 22 October 2014.

Summary of Recent Company Announcements

- Cost savings initiatives
 - The ASX release dated 3 June 2014 announced \$2.4 million in annualised cost savings which will be generated in the period to January 2015. Management is on track in delivering these reductions.
- Fundamental shift in strategy and business model
 - The ASX release dated 1 August 2014 titled "Update on FY14 and Management Initiatives" announced a shift in strategy and business model from one of aggregation to integration. Under the integration model, ILH will operate as one business rather than a portfolio of independent businesses, with a focus on maximising Group client relationship opportunities and with an integrated back office targeting operational efficiencies. A number of senior management appointments were announced as a key element of this change. Management is on track with implementation of this strategy.
 - There will be no material acquisition activity for the Group during FY15 whilst integrated Legal Services and Wealth Management platforms are developed and finalised. Future acquisitions will be fully integrated on these platforms to achieve available revenue and cost synergies.
- Wealth Management continues to meet expectations
 - The Wealth Management business, CIPL (incorporating Pentad), has met expectations in earnings and synergy opportunities with the legal businesses.
 - Funds under management have grown 7.6% since the acquisition of this business to approximately \$480m, enhancing earnings growth potential.
 - Recurring revenues have continued to grow with \$3.6m anticipated in FY15.
 - The Board remains confident about the future of this business and the contribution of the Wealth Management division to the complementary business strategy of the Company.
 - In the medium term, the management anticipate further Wealth Management acquisitions in line with its complementary business strategy.

- Law Central
 - The ASX release dated 18 June 2014 announced a new joint venture arrangement with PantherCorp to enhance the reach of the two businesses by offering cross referral opportunities to the different client bases.
 - The ASX release dated 23 September 2014 announced that Law Central had signed an Agreement to Supply Services to Business Centric Services Group Ltd (BCSG) in the Australian market. Under terms of the agreement Law Central is to provide a customised platform involving a suite of documents for use by the SME customers of a leading Australian bank. The partnership with BCSG now gives Law Central the capability to operate in both retail and wholesale markets.
- First Quarter Financial Update
 - The ASX release dated 22 October 2014 announced that the Company has had a solid start to FY15 achieving satisfactory financial results in the first quarter to 30 September (unaudited).

	Actual (unaudited) \$000's	FY15 Guidance \$m
ILH Group		
Operating Revenue	8,078	-
EBITDA	868	2.5 to 3.0
Wealth Management (included above)		
Recurring Revenue	940	3.6
Funds Under Advice	<u>30/9/14</u> \$509m	<u>30/6/14</u> \$480m

- The Directors also advised that the Company recorded positive operating cash flows for the September quarter.

Revised Bank Funding Arrangements

The Company's ASX release dated 18 September 2014 announced that an agreement had been reached for revised bank funding arrangements.

The revised facility agreement dated 17 September 2014 has a maturity date of 31 January 2016 and is subject to the following revised and additional conditions.

- Revised interest cover ratio targets which have also been reset from 1 July 2014, the first calculation period being 1 July 2014 to 31 December 2014.
- Revised loan amortisation schedule:
 - \$250k per quarter from December 2014 (unchanged).
 - \$2m by 15 March 2015 (new). In this regard the Board advises that management is advanced on a number of appropriate measures.
 - \$300k per quarter from December 2015 (unchanged).

The Directors advise that the Company met its scheduled loan amortisation payment of \$200k in September 2014.

- Deferred consideration amounts payable to the vendors of CIPL and Pentad must be satisfied by way of the issue of Shares only and not in cash.

The Board and management are confident that as a result of initiatives implemented over the last several months and those still underway, these revised and additional conditions can be achieved by the Company.

ILH - Board of Directors

The Company's ASX release dated 30 September 2014 advised that effective 1 October 2014, the Hon. John Dawkins would resign as Non-Executive Chairman and Director, and Ms Anne Tregonning would resign as a Non-Executive Director.

On the same date, Mr Matthew Driscoll would be appointed as Non-Executive Chairman and Director of the Company and Mr David French would be appointed as Executive Director.

As the term of Mr Dawkins expires at the upcoming AGM, he and Ms Tregonning have decided that this is the appropriate time for them to retire.

Both have been directors since the IPO of the Company in 2007.

In that time the company has had six profitable years and developed a track record of dividend payments.

The last year has been a difficult one for the company, both as a result of market conditions and the costs associated with an unsuccessful attempt to complete what could well have been a transformational merger/acquisition. Additionally, the Company experienced a disappointing performance of the newly acquired Eaton corporate advisory business.

In the wake of these matters, the Board and management have implemented a strategy which is expected to secure a positive future for the Group.

Both Mr Dawkins and Ms Tregonning fully support this strategy but note that it may take some time for the benefits of the strategy to be fully realised. It is therefore in the interests of the company that the implementation of the strategy is overseen by a board which has a long term commitment to the Company.

Mr Dawkins and Ms Tregonning invited Mr Driscoll and Mr French to join the Board and have every confidence in their ability to steer the Company through the months and years ahead.

The Company wishes to thank Mr Dawkins and Ms Tregonning for their services and contribution over the past eight years.

Mr Driscoll has significant experience across a number of industries including financial services, online technologies, property and resources, and in business strategy planning and growth, mergers and acquisitions, and equity and debt raisings.

He has over 28 years' experience in capital markets and the financial services industry generally including with Hartley's, William Noall, Burdett Buckeridge and Young, Westpac and ANZ McCaughan.

He has held Company Chairman, Director and Audit Committee roles with listed and private companies, and is currently Executive Chairman (and Founder) of ASX-listed resources company Killara Resources Limited, non-executive director and responsible manager of Advocate Strategic Investment, Director (and past Chairman) of WorkSpace Australia Limited, a multi-regional business incubator network.

He was previously a founding member of the Stockbrokers Association of Australia ethics committee, and independent non-executive director of various listed and not for profit companies including chairing multiple audit and risk committees.

Mr Driscoll has successfully mentored several high growth businesses, including Credit on Line, an international online micro-financier.

Mr French was recently appointed ILH Group Head of Wealth Management and Business Consulting and is the Managing Director and Head of Financial Planning of ILH subsidiary, CIPL. The CIPL business now manages around \$480 million in investments for more than 1,000 clients.

Mr French has 24 years' experience in finance and economics, 19 of which are in investment markets, and was rated one of the top three investment analysts in Australia for his sectors of responsibility. He has previously been employed with UBS, Portfolio Partners, Hartley Poynton and The Rock Building Society Limited.

Mr French holds a Bachelor of Economics and a Diploma in Corporate Management, and has also completed a range of other courses relating to the valuation of companies and investments. He is Treasurer of Home Support Association, a disability services organisation, and a past director of Rockhampton Regional Development Limited and The Rockhampton Chamber of Commerce.

About ILH

ILH (ASX: ILH) seeks to be a leading provider of integrated professional services for private, SME and corporate clients within our chosen markets.

The Group strategy is to integrate complementary professional service businesses to maximise client relationship synergies and operational efficiencies with a focus on profitable niche markets.

ILH has three complementary business units: Legal Services (Rockwell Olivier), on-line legal services (Law Central), Wealth Management and Business Advisory (CIPL and Pentad).

Rockwell Oliver provides a range of corporate and commercial legal services to companies and businesses in Australia, across the Pacific region (Pacific Legal Network) and internationally, as well as private client or personal legal services in the form of advice on superannuation, estate planning, family law, trusts, taxation, property and employment (Argyle Private).

Law Central provides standard legal documents on the internet for use predominantly by accountants and financial planners. Law Central also provides a legal information service as well as training and education products.

CIPL and Pentad provide advice to individuals and small business in areas including financial planning, life insurance, and share trading and managed funds, and business consulting services.

For more information please visit: www.ilh.com.au

Financial Statements and Reports

The Corporations Act requires that the Financial Report, Directors' Report and Auditor's Report of the Company for the most recent financial year be considered at the AGM. While this item of business does not require a formal resolution to be put to Shareholders, the Chairman will give Shareholders a reasonable opportunity to raise questions on these reports at the AGM.

A copy of the Financial Report, the Directors' Report and Auditor's Report is available on the Company's website at www.ilh.com.au

As required under the Corporations Act 2001, the Chairman will also allow time during the AGM for Shareholders to ask the Auditor questions about, and make comments on, the reports and the Company's management, business, operations, financial performance and business strategies.

Resolution 1 - Remuneration Report

Purpose of the Resolution

The Corporations Act requires that the Directors include a separately identified Remuneration Report in their annual Director's Report and that a resolution to adopt the Remuneration Report be put to a vote of Shareholders at the AGM.

Additional Information

A copy of the Remuneration Report for the year ended 30 June 2014 is included as part of the Directors' Report which can be found in the Company's 2014 Annual Report as forwarded or available on the Company's website at www.ilh.com.au.

Voting on the adoption of the Remuneration Report is for advisory purposes only and will not bind the Directors or the Company. The Chairman of the meeting will allow a reasonable opportunity for Shareholders to ask questions about or comment on the Remuneration Report at the meeting.

If 25% or more of the votes cast on this Resolution are against the adoption of the Remuneration Report, the Company will be required to consider, and report to Shareholders on, what action (if any) has been taken to address Shareholders' concerns at next year's AGM. Depending on the outcome of next year's voting on the Company's Remuneration Report, Shareholders may be required to consider a resolution to call another general meeting in accordance with the Corporations Act at which the Directors who held office at the date of the Directors' Report (excluding the Managing Director) will be required to seek re-election.

Directors' Recommendation

The Directors unanimously recommend that Shareholders vote in favour of adopting the Remuneration Report.

As stated in the Notice of AGM, any KMP whose remuneration is included in the Remuneration Report (and any closely related parties of such a KMP) are not eligible to vote on this resolution, excepted as stated in the Notice of AGM.

Resolution 2(a) – Re-election of Director Mr Matthew Driscoll

Clause 11.10 of the Company's Constitution provides that the Directors may at any time appoint a person to be a Director, either to fill a casual vacancy or as an addition to the existing Directors, but so that the total number of Directors does not at any time exceed the maximum number specified by the Constitution. Clause 11.11 provides that any Director appointed pursuant to clause 11.10 holds office until the next AGM of the Company and is then eligible for re-election but shall not be taken into account in determining the Directors who are to retire by rotation at that meeting.

Mr Matthew Driscoll retires from office in accordance with the requirement of Clause 11.11 of the Constitution and submits himself for re-election in accordance with Clause 11.11.

Directors' Recommendation and Undirected Proxies

The Directors (with Mr Matthew Driscoll abstaining) support the re-election of Mr Matthew Driscoll. The Chairman of the meeting (with Mr Matthew Driscoll excusing himself as Chairman for the purposes of this resolution) intends to vote all undirected proxies received by the Chairman in favour of the resolution.

Resolution 2(b) – Re-election of Director Mr David French

Clause 11.10 of the Company's Constitution provides that the Directors may at any time appoint a person to be a Director, either to fill a casual vacancy or as an addition to the existing Directors, but so that the total number of Directors does not at any time exceed the maximum number specified by the Constitution. Clause 11.11 provides that any Director appointed pursuant to clause 11.10 holds office until the next AGM of the Company and is then eligible for re-election but shall not be taken into account in determining the Directors who are to retire by rotation at that meeting.

Mr David French retires from office in accordance with the requirement of Clause 11.11 of the Constitution and submits himself for re-election in accordance with Clause 11.11.

Directors' Recommendation and Undirected Proxies

The Directors (with Mr David French abstaining) support the re-election of Mr David French. The Chairman of the meeting intends to vote all undirected proxies received by the Chairman in favour of the resolution.

Resolution 3(a) - Approval of the sale of Eaton to a related party

Resolution 3(b) - Approval of a selective buy-back (cancellation) of Shares as part proceeds for the sale of Eaton

Background to Resolutions 3(a) and 3(b)

On 7 August 2014, an agreement was signed for the sale of the Eaton corporate advisory business, conditional on Shareholder approval.

The Eaton business was acquired in September 2013 and has not met the Board or CIPL's expectations.

Agreement has been reached with Symon (a company related to former ILH Executive Director Stephen Moss) to buy the business. It has been agreed that the risk to and benefit of the business will pass to the buyer effective 15 May 2014, with title passing to the buyer only upon Shareholder approval being obtained.

Consideration for the sale will consist of the selective Share buy-back (cancellation) of 13,710,821 ILH Shares and \$164,175 cash.

Stephen Moss was an Executive Director of ILH (resigned effective 15 August 2014) and has Shareholder interests in the Company of 8.2%.

The Eaton business has a value in excess of 5% of the value of Shareholders' funds as set out in the latest financial statements of the Company.

As such the transaction is the disposal of a substantial asset of the Company to a related party of the Company and therefore requires Shareholder approval under ASX listing rules 10.1. Additionally part of the consideration for the disposal of Eaton is a selective buy-back, which requires approval by Shareholders of a special resolution under section 257D of the Corporations Act.

Finding of the Independent Expert's Report – transaction is Fair and Reasonable

As required by the ASX Listing Rules, the Company has appointed DMR Corporate to prepare an independent expert's report to consider whether the disposal of Eaton to Symon and the selective Share buy-back (cancellation) is fair and reasonable to the Company's non-associated Shareholders. The report is included at Schedule 1. Before voting, Shareholders are encouraged to read the report in its entirety.

The IER concludes that the disposal of Eaton to Symon and the selective Share buy-back (cancellation) is fair and reasonable to the Company's non-associated Shareholders.

DMR Corporate has given, and has not withdrawn, its consent to the inclusion of its report in the Notice in the form and context in which it appears.

The report by DMR Corporate sets out further details in relation to the Eaton transaction. In order to assist Shareholders, the Board has set out below the advantages and disadvantages outlined by DMR Corporate report.

Advantages and disadvantages of the transaction proceeding

- The DMR Corporate report concludes that the proposed transaction is fair.

This is on the basis that the value of the consideration being offered by Symon exceeds the value of Eaton. Additionally the DMR Corporate report concludes that the buy-back (cancellation) of the Shares results in a slight increase in the value of the Shares held by the continuing Shareholders.

- The cash component of the consideration (\$164,175) will be a useful addition to ILH's working capital.
- Revenues for Eaton have proven to be highly unpredictable. Separating Eaton from ILH may reduce the volatility of ILH's revenues.
- The removal of uncertainties surrounding Eaton from ILH may improve ILH's ability to raise additional capital to pursue its growth strategies.
- ILH will be active in two rather than three business sectors. This will facilitate greater board and management focus.
- A large parcel of 13.7 million Shares will be cancelled, whereas if these Shares were placed on the market to be sold it could severely depress the value of the ILH Shares over a long period of time.
- The Moss Shares (being those held by Lavalhars) represent 8.2% of the issued capital of ILH and is the largest Shareholding. Cancellation of these Shares will increase the relative stakes of other Shareholders as set out in the following table.

	Before Proposed Transaction		After Proposed Transaction	
	Shares (millions)	%	Shares (millions)	%
Stephen Moss interests	13.7	8.2%	-	-
Bradley Maguire interests	8.4	5.0%	8.4	5.5%
Brett Davies interests	7.4	4.4%	7.4	4.8%
David French interests	6.6	3.9%	6.6	4.3%
Michael Cranny interests	6.5	3.9%	6.5	4.2%
Peter Bobbin interests	6.0	3.6%	6.0	3.9%
Graeme Fowler interests	5.7	3.4%	5.7	3.7%
John Dawkins interests	3.2	1.9%	3.2	2.1%
ABN AMRO Nominees	3.2	1.9%	3.2	2.0%
Warmington family	3.1	1.9%	3.1	2.0%
Livermore family	3.1	1.9%	3.1	2.0%
Primeyield Pty Ltd	3.1	1.9%	3.1	2.0%
John Paul Olivier interests	3.1	1.8%	3.1	2.0%
Taylor family interests	3.1	1.8%	3.1	2.0%
John Ridgway interests	3.0	1.8%	3.0	2.0%
Stephen Skinner interests	2.6	1.6%	2.6	1.7%
Aloa Pty Ltd	2.5	1.5%	2.5	1.6%
Kordic family interests	2.3	1.4%	2.3	1.5%
Catelli / Porter interests	2.2	1.3%	2.2	1.5%
Silverfox Investments	1.9	1.1%	1.9	1.2%
Hygo	*		1.8	1.2%
Top 20 Shareholders	90.9	54.2%	79.0	51.3%
Other Shareholders	76.7	45.8%	74.9	48.7%
Total	167.6	100.0%	153.9	100.0%

* Hygo's Shares not included in top 20 before proposed transaction.

- Cancellation of the Moss Shares will reduce concentration of ownership of ILH. The top 20 Shareholders will move from 54.2% to 51.3% of ILH. Lower levels of concentration may be associated with increased liquidity.

Disadvantages

- The proposed transaction will concentrate ILH's earning streams from three to two business segments.
- The proposed transaction is a step back from ILH's objective of growth via acquisitions.
- Stephen Moss is a well-credentialed senior executive. His departure will reduce the depth and experience of the management team.

Advantages and disadvantages of the transaction not proceeding.

Advantages

- ILH might receive some or all of the expected completion fees noted in section 7.3 of the IER.

Disadvantages

- Shareholders will miss the advantages of a sale of the Eaton business.

After considering the advantages and disadvantages of the proposed transaction, the Independent Expert concludes that the transaction is reasonable.

The selective buy-back (cancellation) of Shares is subject to approval by Shareholders of a special resolution under section 257D of the Australian Corporation and Securities Legislation.

The buy-back (cancellation) of Shares would be effective 25 November 2014.

Eaton

The Eaton business was established by Stephen Moss in 2010 as a specialist corporate advisor to the professional services sector.

Stephen Moss has substantial experience in advising law firms in relation to strategy, corporate finance, mergers and acquisitions, capital raising, leadership and change.

The Eaton business was acquired by CIPL effective December 2012.

On 2 September 2013 the Shareholders of ILH approved the acquisition of CIPL for \$1,182,869 cash plus 40.4 million ILH Shares. At that time Stephen Moss owned 31.6% of CIPL Shares. Consequently he received \$269,223 cash plus 13.7 million ILH Shares in consideration for his CIPL Shares.

Between its acquisition by ILH and May 2014, Eaton significantly underperformed against the forecasts that were made prior to the CIPL acquisition and anticipated synergies between Eaton and the rest of the ILH were not realised.

Consequently Stephen Moss and the ILH Board agreed that the best interests of all parties would be served by separating Eaton from ILH – to be effected by the sale by ILH of Eaton to Stephen Moss (or a company nominated by him).

The 30 June 2014 financial statements record the transaction in the statement of comprehensive income and show the operating results of the business as loss after tax for the year from discontinued operations of \$4.5m, including an impairment charge of \$4.1m. In addition the assets and liabilities associated with Eaton have been recorded in the balance sheet as asset classified as held for sale and liabilities directly associated with assets classified as held for sale.

The asset classified as held for sale recorded in the balance sheet includes the value of the business according to the agreed sale consideration. The Moss Shares have been valued based on the closing Share price at balance date. Movement between the Share price at balance date and on the date of selective Share buy-back will be recorded as a gain or loss on sale in the FY15 financial year.

At 30 June 2014, Eaton was classified as a discontinued operation. The results for the year are below:

	2014 \$
Revenue	404,339
Expenses	(851,609)
Gross profit / (loss)	(447,270)
Impairment loss recognised on the re-measurement to fair value	(4,146,286)
Profit/(loss) before tax from a discontinued operation	(4,593,556)
Tax income:	
Related to current pre-tax profit/(loss)	134,184
Related to measurement to fair value less costs of disposal (deferred tax)	-
Profit/(loss) for the year from a discontinued operation	(4,459,372)

The major classes of assets and liabilities of Eaton classified as held for distribution as at 30 June 2014 are as follows:

	2014 \$
<i>Assets</i>	
Goodwill	753,714
Trade and other receivables	27,619
Assets classified as held for sale	781,333
<i>Liabilities</i>	
Trade and other payables	4,926
Provisions	11,450
Deferred consideration	64,175
Liabilities associated with assets classified as held for sale	80,551
Net assets directly associated with disposal of a business	700,782

Consideration

The number of Shares to be bought back (cancelled) as consideration has been calculated as 13,710,281. The value attributed to those Shares is calculated based on the closing Share price at the balance date of the ILH reporting period, being 30 June 2014. The calculation is therefore:

Number of Shares	13,710,281
Closing Share price at 30 June 2014	\$0.043
Value of the Shares based on closing Share price at 30 June 2014	\$589,542

The number of Shares is fixed per the agreement, not the value. Therefore the value recorded in the accounts can be determined by the value per Share at the balance date.

Any movement in the Share price between 30 June 2014 and the settlement date will be treated as a gain or loss on disposal in the FY15 financial year.

The value of the consideration for Eaton as at 30 June 2014 is calculated as:

	\$
Share consideration	589,542
Cash	164,175
Total Consideration	753,714

ASX Listing Rules 10.1

Listing Rule 10.1 provides that Shareholder approval is required before a listed company may dispose of a substantial asset to a related party.

For the purpose of ASX Listing Rule 10.1, an asset is deemed substantial if its value, or the value of the consideration paid, is 5% or more of the equity interests of the entity set out in the latest accounts given to ASX under the Listing Rules. As at 30 June 2014, the Company had equity interests (as defined in the ASX Listing Rules) of \$14,587,299. Given the assessed value of the consideration being offered is greater than 5% of the equity interests of the Company, the proposed disposal is deemed to be substantial.

For the purpose of the ASX Listing Rules, Symon is deemed a related party of the Company and accordingly Shareholder approval under Listing Rule 10.1 is required to permit the Company to dispose of Eaton (a substantial asset) to Symon. This is the purpose of Resolution 3(a).

Information regarding the transaction, the terms of the disposal and information about the effect of the transaction on the Company is set out above. The Directors of the Company have commissioned DMR Corporate to prepare a report on whether the disposal of Eaton to Symon and the selective Share buy-back (cancellation) is fair and reasonable to the Company's non-associated Shareholders. The IER is attached to this Explanatory Statement at Schedule 1.

The IER concludes that the disposal of Eaton to Symon and the selective Share buy-back (cancellation) is fair and reasonable to the Company's non-associated Shareholders. Shareholders are encouraged to read the IER.

Corporations Act requirements – Chapter 2E

Chapter 2E of the Corporations Act prohibits a public company from giving a financial benefit to a related party of the public company unless it falls within a specified exception or Shareholder approval is obtained to the giving of the financial benefit to the related party.

For the purposes of Chapter 2E, Stephen Moss and Symon are a related party of the Company. The Company is seeking Shareholder approval to dispose of Eaton to Symon which is a financial benefit requiring Shareholder approval.

The following information is provided to Shareholders for the purposes of Chapter 2E:

- a) The related party to whom a financial benefit is to be given under Resolution 3(a) is Symon.
- b) The nature of the financial benefit given to Symon is the disposal of Eaton to it.
- c) The Directors recommend that Shareholders not associated with Symon vote in favour of Resolution 3(a). The reasons for the Director's recommendations are set out above.
- d) No director has an interest in the proposed resolution.

Section 257D of the Corporations Act

Shareholders are asked to approve the buy-back of 13,710,821 Shares from Lavalhars, a company associated with Stephen Moss, a former Executive Director of the Company.

Under the Corporations Act, a company may make a selective buy-back if the buy-back does not materially prejudice the company's ability to pay its creditors and it follows the procedure set out in Division 2 of Part 2J.1 of the Corporations Act, including that a special resolution approving the selective Share buy-back is passed at a general meeting. The Company has entered into the Business Sale Deed with Lavalhars to buy back and cancel the 13,710,821 Shares upon such Shareholder approval being obtained.

The Board believes that it is in the best interests of all Shareholders for the Company to buy-back and cancel these Shares, decreasing the total number of Shares on issue, and increasing earnings per Share.

To assist your review of the resolution, you should also consider the following:

Share capital details:

Shares on issue at the date of this Notice	167,611,336
The number and percentage of Shares to be bought back	13,710,821 (8.2%)
Shares on issue upon completion of the selective Share buy-back (cancellation)	153,901,055

Particulars of the terms of the Share buy-back (cancellation): No cash consideration is being provided to Lavalhars. Rather, pursuant to the terms of the Business Sale Deed the Company is disposing of Eaton to Symon (which is also controlled by Stephen Moss). The Shares are being transferred to the Company as part consideration of the sale of Eaton to Symon. The Shares will be cancelled immediately after registration of the transfer from Lavalhars.

The financial effect of the Share buy-back (cancellation) on the Company: As explained, the Company is paying for the Shares with non-cash consideration (i.e. the transfer of Eaton). The Directors do not believe that the buy-back will have an adverse effect on the Company's ability to pay its creditors.

The effect the Share buy-back (cancellation) will have on the control of the Company: Please refer to the table on page 17 outlining the top 20 Shareholders before and after the transaction.

Advantages and disadvantages of the Share buy-back (cancellation): Please refer to the section titled "advantages and disadvantages of the transaction proceeding and not proceeding".

Share price information: The Company's closing Share price on 23 October 2014, being the last trading day immediately prior to the Company's lodging the Notice was \$0.023.

Other information: There is no other information known to the Company that is material to the decision as to how to vote on the proposed resolution that has not previously been disclosed to Shareholders. No director or associate of a Director is participating in the selective Share buy-back (cancellation).

Directors' Recommendation and Undirected Proxies

The Board recommends that Shareholders vote in favour of Resolutions 3(a) and 3(b). The Chairman of the meeting intends to vote all undirected proxies received by the Chairman in favour of the resolution 3(a) and 3(b).

Resolution 4(a) - Approval of the issue of Shares by the Company to the non-related party vendors of CIPL as satisfaction of deferred consideration in lieu of cash payment liabilities

Resolution 4(b) - Approval of the issue of Shares by the Company to the related party vendors of CIPL as satisfaction of deferred consideration in lieu of cash payment liabilities

Background to resolution 4(a) and 4(b)

The 30 June 2014 balance sheet included deferred consideration payable to the vendors of CIPL.

A condition of the revised bank funding arrangements for the Company announced on 18 September 2014 requires these deferred consideration amounts to be satisfied by way of the issue of Shares only and not in cash.

The Board has signed a Deed of Variation dated 23 October 2014 with the vendors of CIPL ("CIPL Deed of Variation") which revises these deferred consideration arrangements from cash based payments to Share based payments, subject to Shareholder approval.

Wealth Management

Given the inherent earnings cyclicity of the legal services businesses, the Board introduced a complementary business strategy with the acquisition of two Wealth Management businesses, CIPL and Pentad, in September 2013.

This complementary business strategy aims to provide ILH with recurring revenue and diversification of earnings. Additionally, these particular businesses were seen to have strong growth prospects as well as being highly revenue synergistic with the Group's existing legal businesses, providing cross referral opportunities going forward.

The Wealth Management business, CIPL (incorporating Pentad), has met expectations in earnings as well as synergy opportunities with the legal businesses.

Deferred Payments – CIPL and Pentad

Deferred consideration of \$5,002,211 was payable over a two year period in cash and scrip if certain performance conditions are satisfied.

The table below sets out the breakdown of the total consideration payable by the Company to CIPL and Pentad Shareholders.

	At Completion \$	Deferred Consideration October 2014 \$	Deferred Consideration October 2015 \$	Total \$
Cash	4,506,119	1,551,606	1,551,605	7,609,330
ILH Shares	4,741,727	-	1,899,000	6,640,727
Total	9,247,846	1,551,606	3,450,605	14,250,057

Deferred consideration attributable to the CIPL vendors

	Deferred Consideration A October 2014 \$	Deferred Consideration B October 2015 \$	Total \$
Cash	602,106	602,105	1,204,212
Total	602,106	602,105	1,204,212

Deferred Consideration A - \$602,106 is payable in cash in October 2014, subject to CIPL (including Eaton and Pentad) achieving earnings before interest, tax and amortisation ("EBITA") of at least \$1.728 million for the 12 months ending 31 August 2014. If this target is achieved, the deferred consideration will be paid in full. Should this minimum target not be achieved, no Deferred Consideration A will be payable.

Deferred Consideration B - \$602,105 is payable in cash in October 2015, subject to CIPL (including Pentad) achieving an EBITA of at least \$1.909 million for the 12 months ending 31 August 2015. If this target is achieved, the deferred consideration will be paid in full. Should this minimum target not be achieved, no Deferred Consideration B will be payable.

The Board notes that a portion of this CIPL deferred consideration was attributable to the Eaton business which has been disposed effective 15 May 2014 (subject to Shareholder approval at this EGM).

The following table shows revised Deferred Consideration A and B attributable to CIPL Shareholders ex-Eaton.

	Deferred Consideration A October 2014 \$	Deferred Consideration B October 2015 \$	Total \$
Cash	397,659	397,659	795,318
Total	397,659	397,659	795,318

In respect of Deferred Consideration A, given:

- The disposal of the Eaton business effective 15 May 2014 and the subsequent inability to assess performance against the original targets;
- The change in ILH business strategy and business model in June 2014 to one of integration and the subsequent inability to assess performance against the original targets;
- Wealth Management meeting the expectations of the Board in respect of the 12 months ended 31 August 2014;
- Synergy targets having been achieved in respect of the interaction between CIPL and Pentad for the 12 months ended 31 August 2014, and

in respect of Deferred Consideration B, given:

- The disposal of the Eaton business effective 15 May 2014 and the subsequent inability to assess performance against the original targets;
- The change in ILH business strategy and business model in June 2014 to one of integration and the subsequent inability to assess performance against the original targets;
- Wealth Management meeting the expectations of the Board in respect of the 12 months ended 31 August 2014;
- Synergy targets having been achieved in respect of the interaction between CIPL and Pentad for the 12 months ended 31 August 2014; and
- In lieu of a continuing cash liability for the Company,

the CIPL Deed of Variation provides for the payment of Deferred Consideration A and the early payment of Deferred Consideration B, in the form of Shares rather than cash, effective the date of the AGM, subject to approval by Shareholders.

Additionally, the CIPL Deed of Variation provides an extension to the existing agreement from 1 September 2015 to 1 September 2019, that ILH will not without the prior agreement of CIPL vendor representative David French part with control of a CIPL Group Company, sell or otherwise dispose of the whole or any substantial part of the business, undertaking or assets of a CIPL Group Company, or pass a resolution to wind up a CIPL Group Company or cause it to stop carrying on any material part of its business. The CIPL Group is defined as CIPL and any subsidiary of CIPL.

The Board considers the CIPL Deed of Variation to be appropriate in the circumstances and enables the business to meet its bank funding conditions, to move forward under the new integration strategy of ILH, and move forward without cash liabilities on the balance sheet and with increased certainty.

The Deferred Consideration A and B will be paid as follows:

- Non-related party vendors of CIPL \$598,662; and
- Related party vendors of CIPL \$196,656

Resolution 4(a) seeks Shareholder approval of the issue of shares to the non-related party vendors of CIPL under Listing Rule 7.1. Resolution 4(b) seeks Shareholder approval of the issue of shares to the related party vendors of CIPL under Listing Rule 10.11.

ASX Listing Rules 7.1

Listing Rule 7.1 provides, subject to certain exceptions, a listed company must not issue equity securities where the number of equity securities proposed to be issued represents more than 15% of the company's Shares then on issue without the approval of Shareholders.

Listing Rule 7.3 sets out the matters which must be included in the notice of meeting convened to seek Shareholder approval under Listing Rule 7.1. For the purposes of Listing Rule 7.3, the following information is provided to Shareholders in relation to Resolution 4(a):

- The amount of deferred consideration payable to the non-related party vendors of CIPL is \$598,662.
- The maximum number of Shares to be issued by the Company will be calculated as follows:

$N = \$598,662 \text{ divided by Issue Price.}$

Where:

N	the maximum number of Shares to be issued by the Company
Issue Price	the lesser of \$0.04 (4 cents) and the Rights Issue Price
Rights Issue Price	a) the issue price of a Share in the capital the Company offered to existing Shareholders by the Company under a rights issue to be made by the Company; or b) if a rights issue has not been announced to the ASX by the Company on or before 5.00pm on 28 November 2014, it means VWAP.
VWAP	means the volume weighted average price of fully paid ordinary Shares of the Company calculated over the 10 trading days on which trades in that class of Shares were recorded on the ASX immediately before the day on which the AGM to approve the issue of Shares is held or 28 November 2014, whichever is earlier.

If the above calculation would result in a fraction of a Share being issued, the number of Shares will be rounded down to the nearest whole number.

- The Shares will be allotted and issued no later than five business days after the date of this Meeting.
- The Shares will be issued for the Issue Price as calculated by the above formula.

- The allottees of the Shares will be the non-related party vendors of CIPL. Under this resolution the Shares will not be issued to related parties of the Company. However there are some shares being issued under the CIPL Deed of Variation to related parties of the Company. To this end, see resolution 4(b) for the issue of shares to entities controlled by David French and his spouse.
- The Shares to be issued will be fully paid ordinary Shares of the Company that rank equally with the Company's current issued Shares.
- The Company is issuing the Shares to satisfy deferred consideration cash obligations as set out above.
- It is intended that the Shares will be allotted on one date.

ASX Listing Rule 10.11

Listing Rule 10.11 provides that unless one of the exceptions in Listing Rule 10.12 applies, an entity must not issue or agree to issue equity securities to a related party without the approval of holders of ordinary securities. David French is a director of the Company and therefore is considered a related party of the Company. Under the CIPL Deed of Variation the following entities (which are related to David French) will receive shares in the company in lieu of cash consideration:

- David McKay French and Sandra Mary French as trustee for the French Superannuation Fund; and
- David McKay French and Sandra Mary French as trustee for The Athelstane Trust.

Once approval is obtained pursuant to Listing Rule 10.11, the Company is entitled to rely on Listing Rule 7.2, Exception 14 as an exception to any requirement that may otherwise apply requiring Shareholder approval under Listing Rule 7.1.

Shareholder approval is sought under Listing Rule 10.11. In compliance with Listing Rule 10.13, Shareholders are advised of the following information in relation to Resolution 4(b).

- The Shares will be allotted to the following related parties of the Company:

Name	Maximum number of Shares to be issued	Relationship between the entity and the Director
David McKay French and Sandra Mary French as trustee for the French Superannuation Fund	\$158,425 at an issue price determined by the formula noted below	The entity is an associate of David French
David McKay French and Sandra Mary French as trustee for The Athelstane Trust	\$38,231 at an issue price determined by the formula noted below	The entity is an associate of David French

- The maximum number of Shares to be issued by the Company:
 - to the French Superannuation Fund will be calculated as follows:

$$N = \$158,425 \text{ divided by Issue Price}$$

- to the Athelstane Trust will be calculated as follows:

$$N = \$38,231 \text{ divided by Issue Price}$$

Where:

N	the maximum number of Shares to be issued by the Company
Issue Price	the lesser of \$0.04 (4 cents) and the Rights Issue Price
Rights Issue Price	c) the issue price of a Share in the capital the Company offered to existing Shareholders by the Company under a rights issue to be made by the Company; or d) if a rights issue has not been announced to the ASX by the Company on or before 5.00pm on 28 November 2014, it means VWAP.
VWAP	means the volume weighted average price of fully paid ordinary Shares of the Company calculated over the 10 trading days on which trades in that class of Shares were recorded on the ASX immediately before the day on which the AGM to approve the issue of Shares is held or 28 November 2014, whichever is earlier.

If the above calculation would result in a fraction of a Share being issued, the number of Shares will be rounded down to the nearest whole number.

- The Shares will be allotted and issued no later than five business days after the date of this Meeting.
- The Shares will be issued for an Issue Price according to the formula noted above.
- The Shares to be issued will be fully paid ordinary Shares of the Company that rank equally with the Company's current issued Shares.
- The Company is issuing the Shares to satisfy deferred consideration cash obligations as set out above.

Important Note

Should Shareholders resolve not to approve this issue of Shares under resolution 4(a) and 4(b), or if ILH does not issue the Shares before 8.00 pm (AEDST) on 5 December 2014 (or a date otherwise agreed by the parties), Deferred Consideration A would be payable in the form of cash on 19 December 2014 and ILH would be in breach of the conditions to the revised bank funding arrangements, and, Deferred Consideration B would be payable in cash on 1 September 2015.

Corporations Act requirements – Chapter 2E

Chapter 2E of the Corporations Act prohibits a public company from giving a financial benefit to a related party of the public company unless it falls within a specified exception or Shareholder approval is obtained to the giving of the financial benefit to the related party.

For the purposes of Chapter 2E, the French Superannuation Fund and The Athelstane Trust are related parties of the Company. The Company is seeking Shareholder approval to the issue of Shares to each of the French Superannuation Fund and The Athelstane Trust because the issue of Shares may constitute giving a financial benefit.

The following information is provided to Shareholders for the purposes of Chapter 2E:

- The related party to whom a financial benefit is to be given under Resolution 4(a) is the French Superannuation Fund and The Athelstane Trust.
- The nature of the financial benefit given to each of the French Superannuation Fund and The Athelstane Trust is the issue of Shares to it.

- The Directors (other than David French) recommend that Shareholders not associated with the above related parties vote in favour of Resolution 4(a). The reasons for the Directors' recommendations is that the Board considers that the agreement to issue Shares to satisfy deferred consideration cash obligations is appropriate in the circumstances and enables the business to meet its bank funding conditions, to meet its obligation in Shares rather than cash, move forward under the new integration strategy of ILH, and move forward without cash liabilities on the balance sheet and with increased certainty.
- David French has an interest in the proposed resolution. The Company will disregard any votes cast on Resolution 4(a) by David French or any associates of David French.

Directors' Recommendation and Undirected Proxies

The Board (other than David French) recommends that Shareholders vote in favour of Resolutions 4(a) and 4(b). The Chairman of the meeting intends to vote all undirected proxies received by the Chairman in favour of the resolutions 4(a) and 4(b).

Resolution 4(c) - Approval of the issue of Shares by the Company to the vendors of the business and assets of Pentad as satisfaction of deferred consideration in lieu of cash payment liabilities

Background

The 30 June 2014 balance sheet included deferred consideration payable to the vendors of Pentad.

A condition of the revised bank funding arrangements for the Company announced on 18 September 2014 requires these deferred consideration amounts to be satisfied by way of the issue of Shares only and not in cash.

The Board has signed a Deed of Variation dated 23 October 2014 with the vendors of Pentad ("Pentad Deed of Variation") which revises these deferred consideration arrangements from cash based payments to Share based payments.

Deferred Consideration Attributable to the Pentad Vendors

	Deferred Consideration C October 2014 \$	Deferred Consideration D October 2015 \$	Deferred Consideration E October 2015 \$
Cash	949,500	949,500	-
ILH Shares	-	-	1,899,000
Total	949,500	949,500	1,899,000

Deferred Consideration C - Payable in cash in October 2014, subject to Pentad first achieving agreed target synergies (with CIPL) of at least \$181,036 for the 12 months ending 31 August 2014. If this minimum target is not achieved, then no Deferred Consideration C will be payable.

If the agreed target synergies (above) are achieved, the October 2014 deferred consideration will be determined on the basis of recurring revenue from acquired Pentad clients, subject to a maximum consideration of \$949,500 and a minimum of zero (pro rata basis).

The full amount would be payable where there was no change in recurring revenue from acquired clients in the 12 months ending 31 August 2014 (\$2,110,000). The amount payable would reduce pro rata for any reduction in recurring revenue from acquired clients.

The Board notes that the Deferred Consideration C targets were achieved and the deferred payment is due and payable in cash.

Deferred Consideration D - Payable in cash in October 2015, subject to Pentad first achieving agreed target synergies (with CIPL) of at least \$362,072 for the 12 months ending 31 August 2015. If this minimum target is not achieved, then no Deferred Consideration D will be payable.

If the agreed target synergies (above) are achieved, the October 2015 deferred consideration will be determined on the basis of recurring revenue from acquired Pentad clients, subject to a maximum deferred consideration of \$1,899,000 less the amount of any Pentad payment in October 2014 (above).

The full amount would be payable where there was no change in recurring revenue from acquired clients (\$2,110,000). The amount payable would reduce pro rata for any reduction in recurring revenue from acquired clients.

It is proposed that Deferred Consideration D be amended for the reasons, and on the terms, set out below under the heading, 'Variation to Deferred Consideration C and Deferred Consideration D'.

Deferred Consideration E - Payable in ILH Shares in October 2015, subject to Pentad first achieving agreed target synergies (with CIPL) of at least \$362,072 for the 12 months ending 31 August 2015. If this minimum target is not achieved, then no Deferred Consideration E is payable.

If the agreed target synergies (above) are achieved, then up to \$1,899,000 in Shares is payable on a pro rata basis in October 2015 where Pentad achieves growth in recurring revenue from acquired clients for the 12 months ending 31 August 2015. This would be payable based on a three times multiple of the growth in recurring revenue from acquired clients.

The full amount would be payable where acquired recurring revenue is \$633,000 higher than at acquisition. No Deferred Consideration E will be payable if there is no change in the recurring revenue from specific clients acquired at acquisition.

Variation to Deferred Consideration C and Deferred Consideration D

Given Deferred Consideration C is due and payable in cash, and, in respect of Deferred Consideration D, given:

- The change in ILH business strategy and business model in June 2014 to one of integration and the subsequent inability to assess performance against the original targets;
- Wealth Management meeting the expectations of the Board in respect of the 12 months ended 31 August 2014;
- Deferred consideration targets having been achieved in respect of the 12 months ended 31 August 2014; and
- In lieu of a continuing cash liability for the Company,

the Pentad Deed of Variation provides for the payment of Deferred Consideration C and the early payment of Deferred Consideration D in the form of Shares rather than cash effective the date of this AGM, and the waiver of the synergy targets for Deferred Consideration E, subject to approval by Shareholders.

The Board considers the Pentad Deed of Variation to be appropriate in the circumstances and enables the business to meet its bank funding conditions, to meet its obligation under Deferred Consideration C in Shares rather than cash, move forward under the new integration strategy of ILH, and move forward without cash liabilities on the balance sheet and with increased certainty.

Important Note

Should Shareholders resolve not to approve this issue of Shares, Deferred Consideration C would be payable in the form of cash within 28 days of the AGM and ILH would be in breach of the conditions to the revised bank funding arrangements, and Deferred Consideration D would be payable in cash in September 2015.

ASX Listing Rules 7.1

Listing Rule 7.1 provides, subject to certain exceptions, a listed company must not issue equity securities where the number of equity securities proposed to be issued represents more than 15% of the Company's Shares then on issue without the approval of Shareholders.

The issue of Shares under the Deferred Consideration C and D will exceed the Company's 15% capacity under Listing Rule 7.1. The purpose of Resolution 4(c) is to seek Shareholder approval to issue Shares for Deferred Consideration C and D up to the maximum subscription of \$1,899,000.

Listing Rule 7.3 sets out the matters which must be included in the notice of meeting convened to seek Shareholder approval under Listing Rule 7.1. For the purposes of Listing Rule 7.3, the following information is provided to Shareholders in relation to Resolution 4(c).

- The amount of deferred consideration payable is \$1,899,000.
- The maximum number of Shares to be issued by the Company will be calculated as follows:

$$N = \$1,899,000 \text{ divided by Issue Price.}$$

Where:

N	the maximum number of Shares to be issued by the Company
Issue Price	the lesser of \$0.04 (4 cents) and the Rights Issue Price
Rights Issue Price	a) the issue price of a Share in the capital the Company offered to existing Shareholders by the Company under a rights issue to be made by the Company; or b) if a rights issue has not been completed by the Company by the date of allotment and issue of the Earn-Out Shares, it means VWAP.
VWAP	means the volume weighted average price of fully paid ordinary Shares of the Company calculated over the 10 trading days on which trades in that class of Shares were recorded on the ASX immediately before the day on which the AGM to approve the issue of Shares.

If the above calculation would result in a fraction of a Share being issued, the number of Shares will be rounded down to the nearest whole number.

- The Shares will be allotted and issued no later than five business days after the date of this Meeting.
- The Shares will be issued for the Issue Price as calculated by the above formula.
- The allottees of the Shares will be the vendors of Pentad. The Shares will not be issued to related parties of the Company.
- The Shares to be issued will be fully paid ordinary Shares of the Company that rank equally with the Company's current issued Shares.
- The Company is issuing the Shares to satisfy deferred consideration cash obligations as set out above.
- It is intended that the Shares will be allotted on one date.

Directors' Recommendation and Undirected Proxies

The Board recommends that Shareholders vote in favour of Resolution 4(c). The Chairman of the meeting intends to vote all undirected proxies received by the Chairman in favour of the resolution.

Resolution 4(d) - Approval of the issue of Shares by the Company in satisfaction of ILH member firm profit share entitlements in lieu of a cash payment liability

Background

The Company seeks approval to issue \$162,823 in ordinary Shares in the Company as satisfaction of the ILH member firm profit share entitlements (Rockwell Olivier Sydney).

The Company has reached agreement for the payment of these ILH member firm profit share entitlements in respect of FY14 as Shares in lieu of a cash payment obligation.

The issue of Shares for the payment of ILH member firm profit share entitlements will exceed the Company's 15% capacity under Listing Rule 7.1. Details about the ASX Listing Rules requirements regarding Listing Rule 7.1 is set out in the section concerning Resolution 4(a) above.

The purpose of Resolution 4(d) is to seek Shareholder approval to issue Shares as satisfaction of the ILH member firm profit share entitlements in lieu of a cash payment liability. For the purposes of Listing Rule 7.3, the following information is provided to Shareholders in relation to Resolution 4(d).

- The amount payable is \$162,823.
- The maximum number of Shares to be issued by the Company will be calculated as follows:

$$N = \$162,823 \text{ divided by Issue Price.}$$

Where:

N	the maximum number of Shares to be issued by the Company
Issue Price	the lesser of \$0.04 (4 cents) and the Rights Issue Price
Rights Issue Price	a) the issue price of a Share in the capital the Company offered to existing Shareholders by the Company under a rights issue to be made by the Company; or b) if a rights issue has not been announced to the ASX by the Company on or before 5.00pm on 28 November 2014, it means VWAP.
VWAP	means the volume weighted average price of fully paid ordinary Shares of the Company calculated over the 10 trading days on which trades in that class of Shares were recorded on the ASX immediately before the day on which the AGM to approve the issue of Shares is held or 28 November 2014, whichever is earlier.

If the above calculation would result in a fraction of a Share being issued, the number of Shares will be rounded down to the nearest whole number.

- The Shares will be allotted and issued no later than five business days after the date of this Meeting.
- The Shares will be issued for the Issue Price as calculated by the above formula.
- The allottees of the Shares will be employees of ILH. The Shares will not be issued to related parties of the Company.
- The Shares to be issued will be fully paid ordinary Shares of the Company that rank equally with the Company's current issued Shares.
- The Company is issuing the Shares to satisfy cash obligations as set out above.
- It is intended that the Shares will be allotted on one date.

Directors' Recommendation and Undirected Proxies

The Board recommends that Shareholders vote in favour of Resolution 4(d). The Chairman of the meeting intends to vote all undirected proxies received by the Chairman in favour of the resolution.

Resolution 4(e) - Approval of the issue of Shares in satisfaction of the Hon. John Dawkins remuneration entitlements as ILH Chairman for the period 1 May 2014 to 30 September 2014 in lieu of a cash payment liability.

Background

The Company seeks approval to issue \$35,062 in ordinary Shares in the Company as satisfaction of Director/Chairman remuneration for the period 1 May 2014 to 30 September 2014.

The Company has reached agreement for the payment of this remuneration as Shares in lieu of a cash payment obligation.

ASX Listing Rule 10.11

Listing Rule 10.11 provides that unless one of the exceptions in Listing Rule 10.12 applies, an entity must not issue or agree to issue equity securities to a related party without the approval of holders of ordinary securities. The Hon. John Dawkins was a director of the Company in the last six months and therefore is considered a related party of the Company.

Once approval is obtained pursuant to Listing Rule 10.11, the Company is entitled to rely on Listing Rule 7.2, Exception 14 as an exception to any requirement that may otherwise apply requiring Shareholder approval under Listing Rule 7.1.

Shareholder approval is sought under Listing Rule 10.11. In compliance with Listing Rule 10.13, Shareholders are advised of the following information in relation to Resolution 4(e).

- The Shares will be allotted to Hon. John Dawkins.
- The amount of remuneration payable is \$35,062.
- The maximum number of Shares to be issued by the Company will be calculated as follows:

$N = \$35,062 \text{ divided by Issue Price.}$

Where:

N	the maximum number of Shares to be issued by the Company
Issue Price	the lesser of \$0.04 (4 cents) and the Rights Issue Price
Rights Issue Price	a) the issue price of a Share in the capital the Company offered to existing Shareholders by the Company under a rights issue to be made by the Company; or b) if a rights issue has not been announced to the ASX by the Company on or before 5.00pm on 28 November 2014, it means VWAP.
VWAP	means the volume weighted average price of fully paid ordinary Shares of the Company calculated over the 10 trading days on which trades in that class of Shares were recorded on the ASX immediately before the day on which the AGM to approve the issue of Shares is held or 28 November 2014, whichever is earlier.

If the above calculation would result in a fraction of a Share being issued, the number of Shares will be rounded down to the nearest whole number.

- The Shares will be allotted and issued no later than five business days after the date of this Meeting.
- The Shares will be issued for the Issue Price as calculated by the above formula.
- The Shares to be issued will be fully paid ordinary Shares of the Company that rank equally with the Company's current issued Shares.
- The Company is issuing the Shares to satisfy cash payment obligation for the remuneration entitlements of Hon. John Dawkins as ILH Chairman for the period 1 May 2014 to 30 September 2014.

Directors' Recommendation and Undirected Proxies

The Board recommends that Shareholders vote in favour of Resolution 4(e). The Chairman of the meeting intends to vote all undirected proxies received by the Chairman in favour of the resolution.

Resolution 5 - Approval of additional placement facility

Background

Listing Rule 7.1A permits eligible entities that have obtained the approval of Shareholders by special resolution at an AGM to issue an additional 10% of issued capital by way of placements over a 12 month period (additional placement facility). This is in addition to the existing 15% placement capacity permitted by Listing Rule 7.1.

The Company is an eligible entity (being an entity with market capitalisation of \$300 million or less and is not included in the S&P/ASX 300 index) and seeks Shareholder approval under this resolution for the additional placement facility.

Directors' Recommendation and Undirected Proxies

The Board recommends that Shareholders vote in favour of Resolution 5. The Chairman of the meeting intends to vote all undirected proxies received by the Chairman in favour of the resolution.

Requirements of Listing Rule 7.1A

(a) Quoted securities

Any equity securities issued under the additional placement facility must be in the same class as an existing class of equity securities of the Company that are quoted on ASX. As at the date of this Notice, the Company has one class of equity securities quoted on ASX being fully paid ordinary Shares (ASX: ILH).

(b) Number of equity securities that may be issued

Listing Rule 7.1 permits the Company to issue 15% of issued capital over a 12 month period without Shareholder approval. The additional placement facility under Listing Rule 7.1A is in addition to the Company's 15% placement capacity under Listing Rule 7.1. The effect of Shareholders passing this resolution is to allow the Company to issue up to 25% of its issued capital during the next 12 months without obtaining specific Shareholder approval before the placement.

The exact number of additional equity securities that the Company may issue under the additional placement facility is not fixed but is calculated under a formula prescribed by the Listing Rules (set out below).

At the date of this Notice the Company has 167,611,336 Shares on issue (excluding Shares proposed to be cancelled under Resolution 3(b) of this Notice of Meeting and Shares proposed to be issued under Resolutions 4(a), 4(b), 4(c), 4(d) and 4(e) of this Notice of Meeting). If Resolution 5 is passed, the Company will be permitted to issue (as at the date of this Notice):

- 25,141,700 equity securities under Listing Rule 7.1 (15% placement capacity); and
- 16,761,134 equity securities under Listing Rule 7.1A (10% additional placement facility).

Should Resolutions 3(b), 4(a), 4(b), 4(c), 4(d) and/or 4(e) of this Notice of Meeting be approved by Shareholders at the AGM, then the number of equity securities permitted to be issued by the Company would correspondingly change according to those Resolutions approved.

(c) Formula for calculating the number of equity securities that may be issued under the additional placement facility.

If this resolution is passed, the Company may issue or agree to issue, during the 12 month period after this Meeting, the number of equity securities calculated in accordance with the following formula.

$$(A \times D) - E$$

Where:

A	The number of Shares on issue 12 months before the date of issue or agreement: <ul style="list-style-type: none"> • plus the number of Shares issued in the 12 months under an exception in Listing Rule 7.2, • plus the number of partly paid Shares that became fully paid in the 12 months; • plus the number of Shares issued in the 12 months with approval of Shareholders under Listing Rules 7.1 or 7.4, • less the number of Shares cancelled in the 12 months.
D	10%
E	The number of equity securities issued or agreed to be issued under Listing Rule 7.1A.2 in the 12 months before the date of issue or agreement to issue that are not issued with the approval of Shareholders under Listing Rule 7.1 or 7.4.

For the purposes of ASX Listing Rule 7.3A, the following information is provided:

(a) Minimum price (prescribed by Listing Rule 7.1A.3)

The minimum price at which the ordinary Shares will be issued under the additional placement facility will be no less than 75% of the volume weighted average price for securities in the same class, calculated over the 15 trading days on which trades in that class were recorded immediately before:

- the date on which the price at which the securities are to be issued is agreed; or
- if the securities are not issued within five trading days of the date above, the date on which the securities are issued.

(b) Risk of economic and voting dilution

If this resolution is passed and the Company issues securities under the additional placement facility, then there is a risk to existing Shareholders of economic and voting dilution including the risk that:

- The market price for equity securities in the same class may be significantly lower on the issue date of the new equity securities than on the date of this Meeting; and
- The new equity securities may be issued at a price that is at a discount to the market price for equity securities in the same class on the issue date or the new equity securities may be issued consideration for the acquisition of a new asset.

The following table identifies the potential dilution to existing Shareholders following the issue of equity securities under the additional placement facility (based on the formula set out above) using different variables for the number of issued Shares and the market price of Shares. The numbers are calculated on the basis of the latest available market price of Shares before the date of this Notice and the current number of Shares on issue.

Variable A in Listing Rule 7.1A		Nominal issue price		
		\$0.012 (50% decrease in market price)	\$0.023 (market price)	\$0.046 (100% increase in market price)
Current issued capital A = 167,611,336 Shares	Shares issued under LR 7.1A	16,761,134	16,761,134	16,761,134
	Voting dilution	10%	10%	10%
	Funds raised	\$192,753	\$385,506	\$771,012
50% increase in issued capital A = 251,417,004 Shares	Shares issued under LR 7.1A	25,141,700	25,141,700	25,141,700
	Voting dilution	10%	10%	10%
	Funds raised	\$289,130	\$578,259	\$1,156,518
100% increase in issued capital A = 335,222,672 Shares	Shares issued under LR 7.1A	33,522,267	33,522,267	33,522,267
	Voting dilution	10%	10%	10%
	Funds raised	\$385,506	\$771,012	\$1,542,024

This table has been prepared based on the following assumptions:

- the market price of Shares is \$0.023 being the closing price of the Shares on 23 October 2014;
- the Company issues the maximum number of equity securities available under the 10% additional placement facility;
- the 10% voting dilution reflects the aggregate percentage dilution against the issued Share capital at the time of issue. That is why the voting dilution is shown in each example as 10%;
- the calculations above do not show the dilution that may be caused to a particular Shareholder by reason of placements under the 10% additional placement facility, based on that Shareholders holding at the date of the meeting. All Shareholders should consider the dilution caused to their own Shareholding depending on their specific circumstances;
- existing Shareholders' holdings do not change from the date of this Meeting to the date of the issue under the additional placement facility;
- the Company issues Shares only and does not issue other types of equity securities (such as options) under the additional placement facility;
- any increase in Variable A (being the issued Share capital at the time of issue) is due to an issue of Shares which is an exception in Listing Rule 7.2, for example a pro-rata rights issue. However, a 15% placement under Listing Rule 7.1 does not increase variable "A" for the purposes of calculating the placement capacity under Listing Rule 7.1A; and
- the table shows only the effect of issues of Shares under Listing Rule 7.1A and not under the 15% placement capacity under Listing Rule 7.1.

(c) Placement period

Equity securities may be issued under the additional placement facility at any time after the date of the AGM (to which this Notice of Meeting relates i.e. 25 November 2014) at which approval is obtained and expiring on the first to occur of the following:

- the date which is 12 months after the date of the AGM at which approval is obtained (i.e. 25 November 2015); and
- the date of approval by Shareholders of the Company's ordinary Shares of a transaction under Listing Rule 11.1.2 or 11.2.

The approval to the additional placement facility under this resolution will cease to be valid in the event that Shareholders approve a transaction under Listing Rule 11.1.2 (a significant change to the nature or scale of activities) or Listing Rule 11.2 (disposal of main undertaking).

(d) *Purposes for which equity securities may be issued*

The Company may seek to issue equity securities under the additional placement facility for the following purposes:

- To repay debt, and
- To improve the Company's working capital position, and
- To fund business growth, to acquire new assets or make investments, to develop the Company's existing assets and operations and for general working capital; and
- Non-cash consideration to acquire new assets or make investments. In these circumstances the Company would provide a valuation of the non-cash consideration as required by Listing Rule 7.1A.3.

(e) *Allocation policy*

The Company's allocation policy for the issue of equity securities under the additional placement facility will depend on the prevailing market conditions at the time of the proposed issue. The allottees will be determined on a case-by-case basis having regard to the factors such as:

- the methods of raising funds that are available to the Company, including but not limited to, rights issues or other issues in which existing security holders can participate;
- the effect of the issue of the new securities on the control of the Company;
- the financial situation and solvency of the Company; and
- advice from corporate and other advisors.

At the date of this Notice the proposed allottees under the additional placement facility have not been determined but may include existing Shareholders and new investors. None of the allottees will be a related party or an associate of a related party of the Company. Existing Shareholders may or may not be entitled to subscribe for equity securities under the additional placement facility and it is possible that their Shareholding will be diluted.

If the additional placement facility is used to acquire new assets or investments then it is likely that the allottees will be the vendors of these assets/investments.

The Company will comply with the disclosure obligations under Listing Rules 7.1A(4) and 3.10.5A upon issue of any equity securities under the additional placement facility.

(f) Equity securities issued under previous placement facility approval

The Company has not previously obtained Shareholder approval under Listing Rule 7.1A.

Voting Exclusion

The Voting Exclusion Statement is set out under Resolution 5 in the Notice of Meeting. At the date of the Notice, the proposed allottees of any Securities which may be issued in accordance with this resolution are not as yet known or identified. In these circumstances (and in accordance with the note set out in ASX Listing Rule 14.11.1 relating to ASX Listing Rules 7.1 and 7.1A), for a person's vote to be excluded, it must be known that that person will participate in the proposed issue. Where it is not known who will participate in the proposed issue (as is the case in respect of the Securities which may be issued in accordance with this resolution), Shareholders must consider the proposal on the basis that they may or may not get a benefit and that it is possible that their holding will be diluted and there is no reason to exclude their votes.

Glossary

In this Explanatory Statement, the following terms have the following meanings unless the context otherwise requires:

AEDST	Australian Eastern Daylight Saving Time as observed in Sydney, New South Wales
Annual General Meeting or AGM	Means the meeting convened by the Notice of Annual General Meeting
ASX	ASX Limited (ACN 008 624 691)
Board	Board of Directors of ILH Group Limited
Business Sale Deed	Means the Business Sale Deed between the Company, Stephen Moss, Symon and Lavalhars dated 15 August 2014
CIPL	Capricorn Investment Partners Limited (ACN 095 998 771) a wholly owned subsidiary of ILH
CIPL Deed of Variation	Means the Deed dated 23 October between the Company and the vendors of CIPL, varying the terms of the acquisition contract
Company or ILH	ILH Group Limited (ACN 120 394 194)
Corporations Act	Corporations Act 2001 (Cth)
Director	Director of the Company
DMR Corporate	DMR Corporate Pty Ltd
Eaton	Means the Eaton Capital Partners corporate advisory business
Explanatory Statement	Means the Explanatory Statement accompanying the Notice of Annual General Meeting
IER	The Independent Expert's Report prepared by DMR Corporate Pty Ltd
KMP	Key Management Personnel
Lavalhars	Lavalhars Pty Ltd (ACN 010 528 739) as trustee of the Stephen Moss Superannuation Fund
Listing Rules or ASX Listing Rules	The listing rules of the ASX
Meeting	The Meeting convened by this Notice of Annual General Meeting
Moss Shares	Has the meaning given to that term in the Independent Expert Report
Notice of Annual General Meeting or Notice	Means the Notice of Annual General Meeting accompanying the Explanatory Statement
Pentad	The Pentad Group
Pentad Deed of Variation	Means the Deed dated 23 October between CIPL (as 100% owned subsidiary of the Company) and the vendors of Pentad, varying the terms of the acquisition contract
Proposed Transaction	Has the meaning given to that term in the Independent Expert Report
Security(ies)	Ordinary fully paid Shares in the capital of the Company
Share(s)	Ordinary fully paid Shares in the capital of the Company
Shareholder	A holder of a Share in ILH Group Limited
Symon	Symon Capital Pty Ltd (ACN 132 758 082)

DMR CORPORATE



DMR Corporate Pty Ltd		A.C.N. 063 564 045
470 Collins Street		
Melbourne	Telephone	(03) 9629 4277
Victoria 3000	Facsimile	(03) 9629 4598
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13 October 2014

The Directors
ILH Group Ltd
Level 22, 1 Market Street
Sydney NSW 2000

Dear Sirs,

1. Introduction

- 1.1 You have advised DMR Corporate Pty Ltd (“DMR Corporate”) that ILH Group Limited (“ILH”) is proposing to sell the corporate advisory business and associated assets (“Eaton”), currently conducted by Capricorn Investment Partners Limited (“Capricorn”). The detailed proposal is set out in a Business Sale Deed executed by the parties on 7 August 2014.
- 1.2 Eaton is to be acquired by Symon Capital Pty Ltd (“Symon Capital”), a company associated with Dr Stephen Moss, a director of ILH.
- 1.3 The consideration for Eaton comprises:
 - \$164,175 cash; plus
 - 13,710,281 ILH shares (“the Moss Shares”) currently held by Lavalhars Pty Ltd, an entity associated with Dr Moss, which are to be bought back and cancelled by ILH.
- 1.4 You have requested DMR Corporate to prepare an independent expert’s report for circulation to the shareholders of ILH with the notice of annual general meeting at which the proposed disposal of Eaton is to be approved.
- 1.5 The sale of Eaton is deemed to be a related party transaction and prior shareholder approval pursuant to ASX Listing Rule 10.1 is required.
- 1.6 ASIC Regulatory Guide 110 (“RG110”) deals with Share buy-backs. RG110 provides that where a company proposes to buy-back a significant percentage of shares or the holding of a major shareholder, it should consider providing an independent expert’s report.
- 1.7 The content of independent expert reports is governed by ASIC Regulatory Guide 111 – Content of Expert Reports (“RG111”).

- 1.8 The independent expert's report will assess whether the proposed transaction is fair and reasonable to the Non-Associated Shareholders (all shareholders other than Dr Moss and his associates).

2 The Proposed Transactions

- 2.1 ILH is seeking shareholder approval for a number of resolutions. We are only required to report on the following two resolutions or transactions:

2.2 Transaction (1)

- 2.3 The ratification of the sale of Eaton to Dr Moss for \$164,175 cash plus the Moss Shares.

2.4 Transaction (2)

- 2.4.1 The selective share buyback and subsequent cancellation of the Moss Shares as part consideration of the sale price of Eaton.

- 2.4.2 The selective share buyback will require a special resolution of ILH shareholders in favour of the selective share buyback (with votes attaching to shares held by Dr Moss or any of his associates being disregarded).

- 2.4.3 Following completion of the proposed selective share buyback, neither Dr Moss nor any of his associated companies will have a substantial interest in the issued capital of ILH.

- 2.5 These two resolutions are interdependent. If one resolution is not passed, neither of these resolutions will take effect. As such we regard the two resolutions as forming one overall transaction to which we refer as "the Proposed Transaction" in the balance of this report

3 Summary Opinions

- 3.1.1 In our opinion the Proposed Transaction, set out in Section 2 above, is **fair and reasonable** to the continuing shareholders of ILH.

- 3.1.2 Our principal reasons for reaching the above opinion are:

3.1.3 Assessment as to Fairness

- 3.1.3.1 We have concluded that the value of Eaton that is to be sold to Dr Moss is in a range of \$333,000 to \$407,000. As the value of the consideration is \$616,000 we have concluded that the sale is fair to the continuing ILH shareholders.

3.1.4 Assessment as to Reasonableness

- 3.1.4.1 The proposed sale of Eaton is considered to be reasonable as the advantages of proceeding with the Proposed Transaction and the disadvantages of not proceeding with the Proposed Transaction outweigh the disadvantages of proceeding with the Proposed Transaction and the advantages of not proceeding with the Proposed Transaction.

4 Structure of this Report

The remainder of this report is divided into the following sections:

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5 Purpose of the Report**5.1 RG 111 – Content of Expert Reports (“RG111”)**

5.1.1 This report has been prepared in accordance with the ASIC Regulatory Guides, particularly RG 111 – Content of Expert Reports (“RG111”).

5.1.2 RG111.9 It has long been accepted in Australian mergers and acquisitions practice that the words ‘fair and reasonable’ in S640 established two distinct criteria for an expert analysing a control transaction:

- is the offer ‘fair’; and
- is it ‘reasonable’?

5.1.3 That is, ‘fair and reasonable’ is not regarded as a compound phrase.

5.1.4 RG111.10 Under this convention, an offer is ‘fair’ if the value of the offer price or consideration is equal to or greater than the value of the securities the subject of the offer. This comparison should be made assuming 100% ownership of the ‘target’ and irrespective of whether the consideration is scrip or cash. The expert should not consider the percentage holding of the ‘bidder’ or its associates in the target when making this comparison. For example, in valuing securities in the target entity, it is inappropriate to apply a discount on the basis that the shares being acquired represent a minority or ‘portfolio’ parcel of shares.

5.1.5 RG111.11 An offer is ‘reasonable’ if it is fair. It might also be ‘reasonable’ if, despite being ‘not fair’, the expert believes that there are sufficient reasons for security holders to accept the offer in the absence of any higher bid before the close of the offer.

5.2 ASX - Listing Rule 10.1

5.2.1.1 Listing Rule 10.1 requires that a company obtain shareholder approval at a general meeting before selling or acquiring an asset, which has a value in excess of 5% of the shareholders funds as set out in the latest financial statements given to the ASX under the listing rules, to or from:

- 1) a related party;
- 2) a subsidiary;
- 3) a substantial shareholder who is entitled to at least 10% of the voting securities, or a person who was a substantial shareholder entitled to at least 10% of the voting securities at any time in the 6 months before the transaction;
- 4) an associate of a person referred to in paragraphs (i), (ii) or (iii) above;
- 5) a person whose relationship to the entity or a person referred to above is such that, in the ASX's opinion, the transaction should be approved by security holders.

5.2.1.2 The Moss Shares represent 8.2% of ILH's share capital.

5.2.1.3 As Dr Moss is a director and substantial shareholder of ILH, Listing Rule 10.1 will apply to Proposed Transaction.

5.2.1.4 The notice of any meeting of shareholders to approve any transaction referred to in Listing Rule 10.1 shall be accompanied by a report from an independent qualified person who shall state his opinion as to whether the transaction is fair and reasonable to the shareholders, other than those whose votes are to be disregarded (i.e. the non-associated shareholders).

5.3 Selective Capital Reduction

5.3.1 Section 257D of the Corporations Act 2001 ("the Act") provides that a company must obtain the approval of its shareholders in the form of a special resolution for the terms of any selective share buy-back agreement. Furthermore, Section 257D specifies that no votes in favour of this resolution may be cast by any person whose shares are proposed to be bought back by the Company.

5.3.2 Section 257D(2) of the Act requires the Company to provide a statement with the notice of meeting sent to all shareholders of the Company setting out "all information known to the Company that is material to the decision on how to vote on the resolution [to approve the terms of the buy-back]. However, the Company does not have to disclose information if it would be unreasonable to require the Company to do so because the Company had previously disclosed the information to its shareholders."

5.3.3 Furthermore, Section 257G of the Act obliges the Company to include with the offer to buy-back shares a statement setting out "all information known to the Company that is material to the decision whether to accept the [buy-back] offer."

5.3.4 Interests associated with Dr Moss presently have a relevant interest in 8.2% of ILH's issued shares and following the proposed selective share buy-back Dr Moss will not have any relevant interests in ILH's issued shares.

- 5.3.5 The directors of ILH have requested DMR Corporate to independently assess whether the selective share buy-back is fair and reasonable.

5.4 General

- 5.4.1 In determining whether the Proposed Transaction is fair, we have:

- valued Eaton;
- valued the consideration offered by Symon Capital (comprising cash and the Moss Shares); and
- compared the value of the consideration offered with the our valuation of Eaton; and
- considered the impact of the buy-back on the continuing shareholders of ILH.

- 5.4.2 In determining whether the Proposed Transaction is reasonable we have analysed other significant factors, which ILH shareholders should consider prior to accepting or rejecting the Proposed Transaction.

6 Key Information

6.1 Background

- 6.1.1 Eaton:

- was established by Dr Moss in 2010;
- is based in Sydney, NSW;
- is a specialist corporate advisor to the professional services sector, with substantial experience in advising law firms;
- services include advice in relation to strategy, corporate finance, mergers & acquisitions, capital raising, leadership and change; and
- was acquired by Capricorn effective December 2012.

- 6.1.2 On 2 September 2013 the shareholders of ILH approved the acquisition of Capricorn for \$1,182,869 cash plus 40.4 million ILH shares. Pursuant to that transaction Dr Moss received \$269,223 cash plus 13.7 million ILH shares in consideration for his Capricorn shares.

- 6.1.3 Between its acquisition by ILH and July 2014 Eaton significantly underperformed against the forecasts that were made prior to the Capricorn acquisition. Furthermore anticipated synergies between Eaton and the rest of the ILH group were not realised. Consequently Dr Moss and the ILH board agreed that the best interests of all parties would be served by separating Dr Moss and Eaton from ILH – to be affected by the sale by ILH of Eaton to Dr Moss.

7 Valuation of Eaton

7.1 Value definition

- 7.1.1 Our valuation of Eaton has been made on the basis of fair market value, defined as the price that could be realized in an open market over a reasonable period of time given the current market conditions and currently available information, assuming that potential buyers have full information, in a transaction between a willing but not anxious seller and a willing but not anxious buyer acting at arm's length.

7.2 Valuation methodologies

- 7.2.1 In selecting appropriate valuation methodologies, we considered the applicability of a range of generally accepted valuation methodologies. These included:

- capitalisation of future maintainable earnings ("FME");
- net present value of future cash flows;
- asset based methods;
- comparable market transactions; and
- alternate acquirer.

- 7.2.2 For the purpose of this report we have relied on the capitalisation of FME approach.

7.3 Income earned but not invoiced

- 7.3.1 As at 30 June 2014 Eaton had an expected value of completion fees earned but not invoiced of \$2.2 million. The equivalent amount as at 30 June 2013 was \$2.1 million, giving a movement for the year ended 30 June 2014 of \$0.1 million.

- 7.3.2 The expected completion fees receivable are determined by multiplying each completion fee to which Eaton may be entitled by an estimate of the likelihood of completion and summing the resultant weighted fees.

- 7.3.3 We have been advised that none of the expected completion fees as at 30 June 2013 were received during the year ended 30 June 2014. This was due in part to resources being focused on a large transaction, which ultimately did not complete. It does, however, indicate a high level of uncertainty relating to expected value of completion fees. Accordingly, we have not taken expected fees into account when valuing Eaton.

7.4 Profit and loss

- 7.4.1 Eaton's financial performance for the three years to 30 June 2014 is summarised below. The weighted average has been calculated by weighting the FY14:FY13:FY12 results 3:2:1. The effect of this approach is to give more weight to the FY14 results.

\$,000	FY12	FY13	FY14	Weighted Average
Revenues	1,582	1,661	424	1,029
EBITDA	434	624	-342	109

FY14 performance was severely impacted due to the lack of completion fees, discussed in section 7.3.3 above.

- 7.4.2 For the purpose of our analysis we use revenues of \$1.0 million and future maintainable earnings of \$109,000 (EBITDA) and \$77,000 (pro forma NPAT).

7.5 Capitalisation of future maintainable earnings

- 7.5.1 P/E and EBITDA multiples as at 29 August 2014 for ASX listed companies that provide project oriented professional services are set out in the following table. Except where otherwise noted data are for the 12 months to 31 December 2013.

ASX code	Company name	Market Cap (\$,000)	Beta	Revenue TTM 1213	NPAT TTM 1213	EBITDA TTM 1213	Debt 1213	Cash 1213	Enterprise value	Price / sales	EV / EBITDA	P/E
IAW	ILH	5	2.0	30.3	-0.8	0.1	13.1	1.1	\$17	0.2		
LYL	Lycopodium	87	1.6	217.3	15.0	24.2	2.0	35.9	\$53	0.4	2.2	5.8
LCM	Logicamms	70	1.5	131.6	9.2	9.6	0.0	9.2	\$61	0.5	6.3	7.6
GNG	GR Engineering	113	1.5	107.7	14.0	19.0	0.7	28.2	\$85	1.0	4.5	8.1
COF *	Coffee	91	1.6	624.9	4.4	26.2	76.9	28.8	\$139	0.1	5.3	20.7
SHJ	Shine Corporate	397	0.9	113.1	20.9	32.8	18.3	5.3	\$410	3.5	12.5	19.0
CDD *	Cardno	1,087	1.5	1,308.6	78.1	141.7	302.0	85.8	\$1,303	0.8	9.2	13.9
SGH *	Slater & Gordon	1,236	0.9	411.8	60.9	100.8	126.3	25.2	\$1,337	3.0	13.3	20.3
Median			1.5							0.7	6.3	13.9
Median - Small			1.5							0.5	4.5	7.6
Median - Large			1.2							1.9	10.8	19.6

* Financial data for the year ending 30 June 2014.

- 7.5.1.1 The "small" and "large" medians refer to the first four and second four companies in the table, respectively. They indicate a pronounced size effect, but we believe the treatment of risk set out in section 7.6 takes into account size, so we have used overall medians for our analysis.

- 7.5.2 To determine the premium applicable to a controlling interest we have referred to the RSM Bird Cameron Control Premium Study 2013, summarised below.

Effect	Applicable to Proposed Transaction	Average control premium (20 days pre announcement)	Median control premium (20 days pre announcement)
	All transactions	35.3%	29.0%
Sector	Other	39.0%	27.7%
Consideration type	Cash plus scrip consideration	29.9%	28.3%
Toehold prior to announcement	Zero toehold	29.7%	24.3%
Size	<= \$25m market cap.	49.0%	42.9%

7.5.2.1 Based on the foregoing our point estimate of the appropriate control premium is 36%.

7.5.3 Unlisted companies typically trade at a discount to listed companies, reflecting the lack of liquidity in their shares. Australian professional literature suggests that the discount for non-negotiability is generally in a range of 10% to 25%¹. Our point estimate of the appropriate discount for non-negotiability is 20%. This is close to the middle of the range, reflecting a relatively active market for professional service businesses.

7.6 Risk factors

7.6.1 Eaton exhibits a number of significant risk factors:

- **Relatively early stage:** This business has been operating in its current form for approximately three years.
- **Key man risk:** This business is presently highly dependent on the exertions of its Managing Director, Dr Moss.
- **Completion fees:** As discussed in section 7.3, completion fees are a material component of revenues, but their receipt has proven highly unpredictable.

7.6.2 Because of these risk factors, we believe the corporate advisory business should be valued as a start-up rather than as a mature business, as reflected in the ASX listed multiples.

7.6.3 As such, based on our experience with private equity and other professional investors we believe an investor would typically seek an internal rate of return of at least 30%.

7.6.4 The relation between P/E ratios and required rate of return is given by the formula:

$$PE1 / PE2 = (ke2 - g) / (ke1 - g) \text{ where:}$$

PE = P/E ratio;

ke = cost of equity = required rate of return; and

g = long term earnings growth rate, typically estimated as the long-term inflation rate, say 2.5%.

¹ Wayne Loneragan "The Valuation of Businesses, Shares and Other Equity" 4th Edition page 129

7.6.5 k_e for a mature business is given by the formula:

$$k_e = r_f + (R_m \times B) \text{ where:}$$

r_f = the risk free rate, typically the 10 year government bond rate, which was 3.49% as at 22 August 2014;

R_m = market risk premium, typically set at 7% for Australia; and

B = beta, a measure of specific risk for a stock, the median for small Australian professional services businesses is 1.5, as shown in the table at 7.5.1.

7.6.6 Inserting these values in the formula gives $k_e = 14.0\%$

7.6.7 Inserting values for k_{e1} and k_{e2} of 30% and 14.0% into the formula at para. 7.6.4 gives a ratio of 0.42

7.7 The following table sets out the calculation of the applicable multiples.

	Revenue multiple approach	EBITDA multiple approach	PE multiple approach
Median multiple (minority stake)	0.7	6.3	13.9
Control premium	36%	36%	36%
Multiple for control stake	0.9	8.6	18.9
Non-negotiability discount	20%	20%	20%
Applicable multiple	0.7	6.9	15.1
Start up factor	0.42	0.42	0.42
Applicable multiple	0.30	2.90	6.30

7.8 The following table applies the foregoing multiples to calculate the value of Eaton.

	Revenue multiple approach	EBITDA multiple approach	PE multiple approach
Earnings \$,000	1,029	109	77
Multiple	0.3	2.9	6.3
Enterprise value		316	
Net cash		-	
Equity value \$,000	309	316	485

7.9 The average point estimate of equity value for Eaton using these approaches is \$370,000. Applying a margin for uncertainty of +/- 10% gives a range estimate of \$333,000 to \$407,000.

8 Valuation of Moss Shares

8.1 Valuation Methodologies

8.1.1 ILH reported a net loss after tax of \$1.4 million for the 6 months to 31 December 2013. In an announcement to the ASX dated 1 August 2014, ILH foreshadowed a further loss for the 6 months to 30 June 2014. In that announcement the Managing Director also advised that \$2.4 million of cost savings had been identified.

8.1.2 The foregoing create significant challenges in developing a useful estimate of future maintainable earnings. Consequently we have not used earnings based approaches to valuing ILH shares.

8.2 Revenue multiple approach

8.2.1 The revenue multiple approach may provide guidance for the value of loss making companies.

8.2.2 Revenue multiples for listed professional services businesses are shown in the following table.

ASX code	Company name	Market Cap (\$ million)	Net debt (\$ million)	Enterprise value (\$ million)	Gearing	Price / sales
IAW	ILH	5	\$12	\$17	71%	0.2
LYL	Lycopodium	87	-\$34	\$53	0%	0.4
LCM	Logicamms	70	-\$9	\$61	0%	0.5
GNG	GR Engineering	113	-\$28	\$85	0%	1.0
* COF	Coffee	91	\$48	\$139	35%	0.1
* CRH	Crowe Horwath	104	\$46	\$150	31%	0.3
* CUP	Countplus	153	\$13	\$166	8%	1.2
SHJ	Shine Corporate	397	\$13	\$410	3%	3.5
* CDD	Cardno	1,087	\$216	\$1,303	17%	0.8
* SGH	Slater & Gordon	1,236	\$101	\$1,337	8%	3.0
Median					8%	0.7
Median - Small (ex-ILH)					0%	0.5
Median - Large					8%	1.2

Market capitalisation at 22 August 2014. Net debt as at 31 December 2013, except for those marked * which is at 30 June 2014.

Gearing is defined as:

$$\text{net debt} / (\text{net debt} + \text{market capitalisation})$$

8.2.3 The median multiple for small businesses, excluding ILH is 0.5.

8.2.4 ILH's revenues for the twelve months to 31 December 2013 were \$30.4 million. Excluding Eaton revenues of \$0.4 million gives revenues of \$30.0 million.

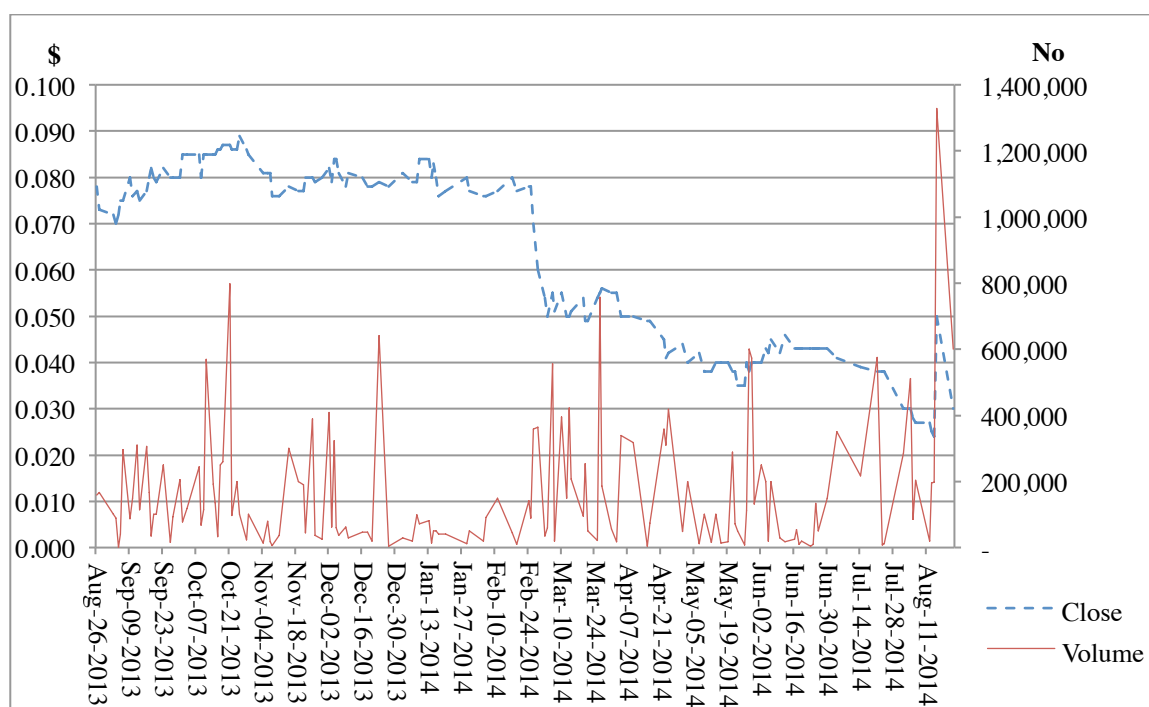
- 8.2.5 Applying the revenue multiple of 0.5 gives an equity value of \$15.0 million or \$0.097 per share (after cancellation of the Moss Shares).
- 8.2.6 A limitation of the revenue multiple approach is that it does not take into account the impact of debt on equity value. The table above (section 8.2.2) shows net debt and gearing for listed professional services businesses.
- 8.2.7 The median gearing the small businesses is nil.
- 8.2.8 As ILH's gearing is considerably higher than its listed peers, the revenue multiple approach is not a good estimator of ILH's equity value.

8.3 Share price history

- 8.3.1 Share prices are usually analysed up to a date immediately prior to the date when a takeover, merger or other significant transaction is announced to remove any effects of the announcement itself. ILH announced the Proposed Transaction on 15 August 2014 and we have analysed the share price data up to 14 August, inclusive.

		High \$	Low \$	Average \$	Volume No.	Value \$
26 - 30 August	2013	0.080	0.073	0.077	325,889	25,170
September	2013	0.082	0.070	0.077	2,463,480	189,673
October	2013	0.089	0.080	0.086	3,381,152	289,762
November	2013	0.085	0.076	0.079	1,337,867	105,387
December	2013	0.085	0.078	0.080	1,744,490	140,239
January	2014	0.084	0.076	0.081	558,008	44,921
February	2014	0.080	0.060	0.072	1,269,757	91,416
March	2014	0.062	0.045	0.053	3,265,258	173,659
April	2014	0.055	0.041	0.046	1,890,876	87,775
May	2014	0.044	0.035	0.039	2,292,666	89,589
June	2014	0.046	0.040	0.043	1,175,000	50,368
July	2014	0.043	0.038	0.040	1,162,532	46,369
1 - 14 August	2014	0.038	0.023	0.030	1,498,747	45,047
Total					22,365,722	1,379,375

8.3.2 The following graph sets out the daily trading volumes and closing prices:



8.3.3 Key trading data including volume weighted average prices are shown in the following table.

	Price	Volume	Value
Minimum price	\$0.023		
Maximum price	\$0.089		
Average daily trading	\$0.062	90,918	\$5,607
Median daily trading		19,9012	\$1,102
Last month	\$0.033	2,093,747	\$68,232
Last 90 days	\$0.038	5,702,379	\$214,367

8.3.4 Over the 12-month period the volume of shares traded represents approximately 13% of ILH's issued capital. We consider that trading in ILH shares is reasonably illiquid.

8.3.5 Pursuant to the Proposed Transaction over 13.7 million shares will be bought back and cancelled as part of the consideration. This represents approximately 8.2% of the issued capital of ILH prior to the Proposed Transaction.

8.3.6 The average price for the last 13.7 million shares that traded was \$0.049.

8.3.7 For the purpose of this report we have assessed the value of the Moss Shares as being \$0.033 per share, being the 30-day volume weighted average.

9 Assessment of the fairness of the Proposed Transaction

9.1 A summary of the valuation of Eaton and the consideration is as follows:

Value of Eaton	\$333,000	\$407,000
Value of the consideration		
Cash		\$164,175
Moss Shares	13,710,281	
Value per share	\$0.033	
		\$452,439
Total value of the consideration		\$616,614

9.2 As value of the consideration offered by Symon Capital (\$616,614) exceeds the value of Eaton (\$333,000 to \$407,000), the sale of Eaton to Dr Moss is fair to the continuing ILH shareholders.

9.3 The impact of the buy-back on the continuing shareholders can also be expressed as follows:

	Low	High
No. of shares on issue	167,611,336	167,611,336
Value per share	\$0.033	\$0.033
Market capitalisation	\$5,531,174	\$5,531,174
Value of Eaton	(\$407,000)	(\$333,000)
Market capitalisation excluding Eaton	\$5,124,174	\$5,198,174
No. of shares after the buy-back	153,901,055	153,901,055
Value per share after the Proposed Transaction	\$0.0333	\$0.0338

9.4 As can be seen from the above table, the buy-back of the Moss Shares results in a slight increase in the value of the shares held by the continuing shareholders.

9.5 After reviewing the results of the above analysis, we have concluded that the Proposed Transaction is **fair**.

10 Assessment of the Reasonableness of the Proposed Transaction

10.1 Transaction Proceeding

10.1.1 Advantages

10.1.1.1 In Section 9 we concluded that the Proposed Transaction is fair.

10.1.1.2 The cash component of the consideration (\$164,175) will be a useful addition to ILH's working capital.

10.1.1.3 Revenues for Eaton have proven to be highly unpredictable. Separating Eaton from ILH may reduce the volatility of ILH's revenues.

- 10.1.1.4 The removal of uncertainties surrounding Eaton from ILH may improve ILH's ability to raise additional capital to pursue its growth strategies.
- 10.1.1.5 ILH will be active in two rather than three business sectors. This will facilitate greater board and management focus.
- 10.1.1.6 A large parcel of 13.7 million shares will be cancelled, whereas if these shares were placed on the market to be sold it could severely depress the value of the ILH shares over a long period of time.
- 10.1.1.7 The Moss Shares represent 8.2% of the issued capital of ILH and is the largest shareholding. Cancellation of these shares will increase the relative stakes of other shareholders as set out in the following table, based on the ILH share register as at 11 August 2014.

Shareholder	Before proposed transaction Shares (millions)		After proposed transaction Shares (millions)	
Dr Stephen Moss interests	13.7	8.2%		
Bradley Maguire interests	8.4	5.0%	8.4	5.5%
Brett Davies interests	7.4	4.4%	7.4	4.8%
David French interests	6.6	3.9%	6.6	4.3%
Michael Cranny interests	6.5	3.9%	6.5	4.2%
Peter Bobbin interests	6.0	3.6%	6.0	3.9%
Graeme Fowler interests	5.7	3.4%	5.7	3.7%
John Dawkins interests	3.2	1.9%	3.2	2.1%
ABN AMRO Nominees	3.2	1.9%	3.2	2.0%
Warmington family	3.1	1.9%	3.1	2.0%
Livermore family	3.1	1.9%	3.1	2.0%
Primeyield Pty Ltd	3.1	1.9%	3.1	2.0%
John Paul Olivier interests	3.1	1.8%	3.1	2.0%
Taylor family interests	3.1	1.8%	3.1	2.0%
Ridgway super fund	3.0	1.8%	3.0	2.0%
Stephen Skinner interests	2.6	1.6%	2.6	1.7%
Aloa Pty Ltd	2.5	1.5%	2.5	1.6%
Kodic family interests	2.3	1.4%	2.3	1.5%
Catelli / Porter interests	2.2	1.3%	2.2	1.5%
Silverfox Investments	1.9	1.1%	1.9	1.2%
Hygo	*		1.8	1.2%
Total top 20	90.9	54.2%	79.0	51.3%
Other shareholders	76.7	45.8%	74.9	48.7%
Total	167.6	100.0%	153.9	100.0%

* Hygo's shares not included in top 20 before proposed transaction.

10.1.1.8 Cancellation of the Moss Shares will reduce concentration of ownership of ILH. The top 20 shareholders will move from 54.2% to 51.3% of ILH. Lower levels of concentration may be associated with increased liquidity.

10.1.2 Disadvantages

10.1.2.1 The proposed transaction will concentrate ILH's earning streams from three to two business segments.

10.1.2.2 The proposed transaction is a step back from ILH's objective of growth via acquisitions.

10.1.2.3 Dr Moss is a well credentialed senior executive. His departure will reduce the depth and experience of the management team.

10.2 Proposal not proceeding

10.2.1 Advantages

10.2.1.1 ILH might receive some or all of the expected completion fees noted in section 7.3.

10.2.2 Disadvantages

10.2.2.1 Shareholders will miss the advantages referred to 10.1.1 above.

10.3 Conclusion

10.3.1 After considering the advantages and disadvantages of the Proposed Transaction proceeding and not proceeding we consider that the Proposed Transaction is reasonable.

11 Financial Services Guide

11.1 Financial Services Guide

This Financial Services Guide provides information to assist retail and wholesale investors in making a decision as to their use of the general financial product advice included in the above report.

11.2 DMR Corporate

DMR Corporate holds Australian Financial Services Licence No. 222050, authorizing it to provide general financial product advice in respect of securities to retail and wholesale investors.

11.3 Financial Services Offered by DMR Corporate

DMR Corporate prepares reports commissioned by a company or other entity ("Entity"). The reports prepared by DMR Corporate are provided by the Entity to its members.

All reports prepared by DMR Corporate include a description of the circumstances of the engagement and of DMR Corporate's independence of the Entity commissioning the report and other parties to the transactions.

DMR Corporate does not accept instructions from retail investors. DMR Corporate

provides no financial services directly to retail investors and receives no remuneration from retail investors for financial services. DMR Corporate does not provide any personal retail financial product advice directly to retail investors nor does it provide market-related advice to retail investors.

11.4 General Financial Product Advice

In the reports, DMR Corporate provides general financial product advice. This advice does not take into account the personal objectives, financial situation or needs of individual retail investors.

Investors should consider the appropriateness of a report having regard to their own objectives, financial situation and needs before acting on the advice in a report. Where the advice relates to the acquisition or possible acquisition of a financial product, an investor should also obtain a product disclosure statement relating to the financial product and consider that statement before making any decision about whether to acquire the financial product.

11.5 Independence

At the date of this report, none of DMR Corporate, David Burgess nor Paul Lom has any interest in the outcome of the Proposed Transaction, nor any relationship with ILH, Dr Moss, Symon Capital or their associates.

Drafts of this report were provided to and discussed with executives of ILH. There were no alterations to the methodology, valuations or conclusions that have been formed by DMR Corporate.

DMR Corporate had no part in the formulation of the Proposed Transaction. Its only role has been the preparation of this report.

DMR Corporate considers itself to be independent in terms of Regulatory Guide 112 issued by ASIC on 30 March 2011.

11.6 Remuneration

DMR Corporate is entitled to receive a fee of approximately \$25,000 plus GST for the preparation of this report. With the exception of the above, DMR Corporate will not receive any other benefits, whether directly or indirectly, for or in connection with the making of this report.

Except for the fees referred to above, neither DMR Corporate, nor any of its directors, employees or associated entities receive any fees or other benefits, directly or indirectly, for or in connection with the provision of any report.

11.7 Complaints Process

As the holder of an Australian Financial Services Licence, DMR Corporate is required to have suitable compensation arrangements in place. In order to satisfy this requirement DMR Corporate holds a professional indemnity insurance policy that is compliant with the requirements of Section 912B of the Act.

DMR Corporate is also required to have a system for handling complaints from persons to

whom DMR Corporate provides financial services. All complaints must be in writing and sent to DMR Corporate at the above address.

DMR Corporate will make every effort to resolve a complaint within 30 days of receiving the complaint. If the complaint has not been satisfactorily dealt with, the complaint can be referred to the Financial Ombudsman Service Limited – GPO Box 3, Melbourne Vic 3000.

Yours faithfully

DMR Corporate Pty Ltd



Paul Lom
Director



David Burgess
Consultant

Declarations, Qualifications and Consents**1 Declarations**

This report has been prepared at the request of the Directors of ILH pursuant to Rule 10.10 of the ASX Listing Rules and for the purpose of providing information required under Sections 257D(2) and 257G of the Act. This report will accompany the notice of meeting of shareholders to approve the Proposed Transactions. It is not intended that this report should serve any purpose other than as an expression of our opinion as to whether or not the Proposed Transactions are fair and reasonable.

This report has also been prepared in accordance with the Accounting Professional and Ethical Standards Board professional standard APES 225 – Valuation Services.

The procedures that we performed and the enquiries that we made in the course of the preparation of this report do not include verification work nor constitute an audit in accordance with Australian Auditing Standards.

2. Qualifications

Mr David Burgess and Mr Paul Lom prepared this report. Mr Lom is a Director of DMR Corporate and has been responsible for the preparation of many expert reports and are involved in the provision of advice in respect of valuations, takeovers and capital reconstructions and reporting on all aspects thereof.

Mr Lom is a Fellow of the Institute of Chartered Accountants in Australia and a Registered Company Auditor with more than 35 years experience in the accounting profession. He was a partner of KPMG and Touche Ross between 1989 and 1996, specialising in audit. He has extensive experience in business acquisitions, business valuations and privatisations in Australia and Europe.

Mr Burgess is a Director of First City Corporate Advisory Services, in which capacity he has co-managed over seventy advisory engagements in the financial services sector.

Mr Burgess is a Chartered Financial Analyst with more than 15 years' experience in corporate financial advice.

3 Consent

DMR Corporate consents to the inclusion of this report in the form and context in which it is included in the Explanatory Memorandum.

ILH Group Limited**Sources of Information**

The following sources of information have been utilised and relied upon in the course of preparing this report.

- *Audited financial statements of ILH for the year ended 30 June 2013;*
- *Financial statements of ILH for the half-year ended 31 December 2013;*
- *ILH's ASX releases since June 2013;*
- *ILH's share register as at 11 August 2014;*
- *Financial data relating to Eaton supplied by ILH;*
- *ILH share price summaries supplied by Fairfax Media;*
- *Business Sale Agreement between ILH Group Limited, Symon Capital Pty Ltd, Lavalhars Pty Ltd and Stephen Moss;*
- *Draft copy of the Notice of Annual General Meeting;*
- *Discussions with Executive Directors of ILH.*



ABN 20 120 394 194

— 000001 000 ILH
MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

Lodge your vote:



By Mail:

Computershare Investor Services Pty Limited
GPO Box 242 Melbourne
Victoria 3001 Australia

Alternatively you can fax your form to
(within Australia) 1800 783 447
(outside Australia) +61 3 9473 2555

For intermediary Online subscribers only
(custodians) www.intermediaryonline.com

For all enquiries call:

(within Australia) 1300 726 186
(outside Australia) +61 3 9938 4311

Proxy Form

For your vote to be effective it must be received by 3.00pm (AEDST) Sunday, 23 November 2014

How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

Appointment of Proxy

Voting 100% of your holding: Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote or abstain as they choose (to the extent permitted by law). If you mark more than one box on an item your vote will be invalid on that item.

Voting a portion of your holding: Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

Appointing a second proxy: You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

A proxy need not be a securityholder of the Company.

Signing Instructions

Individual: Where the holding is in one name, the securityholder must sign.

Joint Holding: Where the holding is in more than one name, all of the securityholders should sign.

Power of Attorney: If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

Attending the Meeting

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at www.investorcentre.com under the help tab, "Printable Forms".

Comments & Questions: If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

Turn over to complete the form →



View the annual report 24 hours a day, 7 days a week:

www.ilh.com.au

To view and update your securityholding:

www.investorcentre.com

Your secure access information is:

SRN/HIN: I9999999999



PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.

MR SAM SAMPLE
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SAMPLE ESTATE
SAMPLEVILLE VIC 3030



Change of address. If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.



I 9999999999

I ND

Proxy Form

Please mark ☒ to indicate your directions

STEP 1 Appoint a Proxy to Vote on Your Behalf

XX

I/we being a member/s of ILH Group Limited hereby appoint

☐ the Chairman of the Meeting **OR**



PLEASE NOTE: Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the Meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Annual General Meeting of ILH Group Limited to be held at Level 22, 1 Market Street, Sydney, New South Wales on Tuesday, 25 November 2014 at 3.00pm (AEDST) and at any adjournment or postponement of that Meeting.

Chairman authorised to exercise undirected proxies on remuneration related resolutions: Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on Resolutions 1 and 4e (except where I/we have indicated a different voting intention below) even though Resolutions 1 and 4e are connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman.

Important Note: If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on Resolutions 1 and 4e by marking the appropriate box in step 2 below.

STEP 2 Items of Business



PLEASE NOTE: If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

Ordinary Business		For	Against	Abstain
Resolution 1	Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2a	Re-election of Mr Matthew Driscoll as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2b	Re-election of Mr David French as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Special Business				
Resolution 3a	Approval of the sale of Eaton to a related party	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3b	Approval of selective share buy-back (cancellation) as part proceeds for the sale of Eaton	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4a	Approval of the issue of Shares by the Company to the non-related party vendors of Capricorn Investment Partners Limited ("CIPL")	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4b	Approval of the issue of Shares by the Company to the related party vendors of Capricorn Investment Partners Limited ("CIPL")	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4c	Approval of the issue of Shares by the Company to the vendors of the business and assets of The Pentad Group ("Pentad")	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4d	Approval of the issue of Shares by the Company in satisfaction of ILH member firm profit share entitlements	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4e	Approval of the issue of Shares by the Company in satisfaction of the Hon. John Dawkins remuneration entitlements	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	Approval of additional placement facility	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business. In exceptional circumstances, the Chairman of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

SIGN

Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact
Name

Contact
Daytime
Telephone

_____ / /

Date

ILH

191005A

Computershare +



ABN 20 120 394 194

000001 000 ILH
MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
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(outside Australia) +61 3 9473 2555

For all enquiries call:

(within Australia) 1800 835 447
(outside Australia) +61 3 9415 4639

Voting Instruction Form

For your vote to be effective it must be received by 3.00pm (AEDST) Friday, 21 November 2014

How to Vote on Items of Business

You can vote by completing, signing and returning your Voting Instruction Form. This form gives your voting instructions to CPU Share Plans Pty Ltd, ABN: 20 081 600 875, which will vote the underlying shares on your behalf. You need to return the form no later than the time and date shown above to give CPU Share Plans Pty Ltd enough time to tabulate all votes and to vote on the underlying shares.

Signing Instructions

Individual: Each securityholder must sign.

Power of Attorney: If you have not already lodged the Power of Attorney with the Australian registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Comments & Questions: If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

Turn over to complete the form →



View your securityholder information, 24 hours a day, 7 days a week:

www.computershare.com/employee/au/ILH

- ☒ Review your securityholding
- ☒ Update your securityholding

Your secure access information is:

SRN/HIN: I9999999999



PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.

MR SAM SAMPLE
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Change of address. If incorrect,
mark this box and make the
correction in the space to the left.



I 9999999999

I ND

Voting Instruction Form

Please mark ☒ to indicate your directions

STEP 1

CPU Share Plans will vote as directed

XX

Voting Instructions to CPU Share Plans Pty Ltd

I being a holder of shares of the ILH Group Limited hereby direct CPU Share Plans Pty Ltd to vote the shares underlying my holding at the Annual General Meeting of ILH Group Limited to be held at Level 22, 1 Market Street, Sydney, New South Wales on Tuesday, 25 November 2014 at 3.00pm (AEDST) and at any adjournment or postponement of that Meeting.
By execution of this Voting Instruction Form the undersigned hereby authorises CPU Share Plans Pty Ltd to appoint such proxies or their substitutes to vote in their discretion on such business as may properly come before the meeting.

STEP 2

Items of Business

PLEASE NOTE: If you mark the **Abstain** box for an item, you are directing the trustee not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

ORDINARY BUSINESS

	For	Against	Abstain
Resolution 1 Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2a Re-election of Mr Matthew Driscoll as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2b Re-election of Mr David French as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

SPECIAL BUSINESS

Resolution 3a Approval of the sale of Eaton to a related party	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3b Approval of selective share buy-back (cancellation) as part proceeds for the sale of Eaton	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4a Approval of the issue of Shares by the Company to the non-related party vendors of Capricorn Investment Partners Limited ("CIPL")	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4b Approval of the issue of Shares by the Company to the related party vendors of Capricorn Investment Partners Limited ("CIPL")	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4c Approval of the issue of Shares by the Company to the vendors of the business and assets of The Pentad Group ("Pentad")	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4d Approval of the issue of Shares by the Company in satisfaction of ILH member firm profit share entitlements	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4e Approval of the issue of Shares by the Company in satisfaction of the Hon. John Dawkins remuneration	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5 Approval of additional placement facility	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

SIGN

Signature of Securityholder *This section must be completed.*

Individual

Contact Name _____ Contact Daytime Telephone _____ Date ____/____/____