

## ASX Appendix 4E

### RESULTS FOR ANNOUNCEMENT TO THE MARKET

Current reporting period: Year ended 30 June 2010  
Previous corresponding period: Year ended 30 June 2009

<b>EARNINGS</b>	<b>Percentage change UP(+)/DOWN(-)</b>	<b>Amount \$A</b>	
Revenue from ordinary activities	41%	23,874,988	
Profit from ordinary activities after tax attributable to members	44%	853,494	
Net profit for the period attributable to members	44%	853,494	
<b>NET TANGIBLE ASSET BACKING</b>	<b>Percentage change UP(+)/DOWN(-)</b>	<b>30 Jun 2010 ¢</b>	<b>30 Jun 2009 ¢</b>
Net tangible asset backing per security	34%	6.54	4.89
<b>EARNINGS PER SHARE</b>	<b>Percentage change UP(+)/DOWN(-)</b>	<b>30 Jun 2010 ¢</b>	<b>30 Jun 2009 ¢</b>
Basic earnings per share	33%	1.18	0.89
Diluted earnings per share	33%	1.18	0.89
<b>DIVIDENDS</b>	<b>Amount per share</b>	<b>Franked amount per share at 30% Australian tax rate</b>	
Final dividend (fully entitled shares)	0.5 cents	0.5 cents	
Previous corresponding period	-	-	
Record date for determining entitlements to the 2010 final dividend		15 October 2010	
Payment date for 2010 final dividend		5 November 2010	

Following is a brief explanation of directional and percentage changes to revenue and profit:

Consolidated operating revenues of \$23,874,988 were 41% higher than the previous year which reported \$16,946,221 operating revenues. Revenue from ordinary activities increased due to a combination of organic growth and the full year effect of new member firm acquisitions.

For the year ended 30 June 2010, the consolidated entity generated a net profit after tax of \$853,494 compared to the year ended 30 June 2009 of \$593,875, an increase of 44%.

Earnings per share for the year were 1.18 cents per share, compared to 0.89 cents per share for the year ended 30 June 2009, an increase of 33%.

## ASX Appendix 4E

### RESULTS FOR ANNOUNCEMENT TO THE MARKET

The Directors advise that they are pleased with the full year results and with the continued strategic and operational progress that has been made during the period towards developing a robust business model and in positioning the Group for future growth. Further, the results were an improved position on the year ended 30 June 2009, the Company having commenced its recovery from the effects of the Global Financial Crisis (GFC).

#### *Full Year Results Summary*

	<b>Full Year 2009/10 \$m</b>	<b>Full Year 2008/09 \$m</b>	<b>% Growth</b>
Operating Revenue	<b>23.87</b>	16.95	41%
Net Profit after Tax	<b>0.85</b>	0.59	44%
Earnings per Share	<b>1.18 cents</b>	0.89 cents	33%
Dividend per Share	<b>Final - 0.50 cents</b> Interim - 0.25 cents Full Year - 0.75 cents	Nil	Large
Operating Cash Inflows/(Outflows)	<b>1.45</b>	(1.65)	Large
Net Tangible Asset Backing per Share	<b>6.54 cents</b>	4.89 cents	34%
Gearing (net bank debt/equity)	<b>6%</b>	12%	-50%

#### *Significant strategic and operational progress*

The period was highlighted by operational consolidation following a period of very strong organic and acquisition growth experienced by the Company. The Company's acquisitions in 2009 were very large relative to the existing business. The Directors can advise that these acquisitions are performing well.

#### *Accounting Error - 31 December 2009 Half-Year Financial Report*

Earlier this week, the Board of Integrated Legal Holdings was advised by the Company's auditors Ernst & Young, as part of the process of preparing the Company's full year financial statements, that an accounting error had been made in the preparation of the Company's financial report for the half-year ended 31 December 2009. The half-year financial report was reviewed and signed off by Ernst & Young on 25 February 2010.

The accounting error involves the treatment of an Australian Taxation Office tax refund of \$325,306 received by the Company in December 2009, relating to the tax treatment of work in progress. This item was highlighted in the ASX Appendix 4D lodged by the Company in February 2010.

## ASX Appendix 4E

### RESULTS FOR ANNOUNCEMENT TO THE MARKET

At 30 June 2010, Ernst & Young are of the view that in relation to the tax treatment of work in progress, this tax refund should be treated as an increase to deferred tax liability, and not recognised as a credit to income tax expense.

The error relates to the treatment of a transaction that is one-off in nature and does not affect the underlying operational performance of the Company.

The effect of this change is to decrease first half Net Profit after Tax and Earnings per Share of the Company as follows.

	<b>Previously Reported First Half 2009/10 \$m</b>	<b>Corrected First Half 2009/10 \$m</b>
Net Profit after Tax	0.71	0.39
Earnings per Share	1.03 cents	0.56 cents

#### *Half Year Results Analysis*

The Company achieved a net profit after tax for the 2<sup>nd</sup> half of 2010 of \$0.47m, compared with a 1<sup>st</sup> half 2010 profit of \$0.38m (corrected), an increase of 21%.

	<b>2nd Half 2009/10 \$m</b>	<b>(Corrected) 1st Half 2009/10 \$m</b>	<b>Full Year 2009/10 \$m</b>	<b>Full Year 2008/09 \$m</b>
Operating Revenue	12.28	11.59	23.87	16.95
<i>Growth</i>	<i>6%</i>		<i>41%</i>	
Net Profit after Tax	0.47	0.38	0.85	0.59
<i>Growth</i>	<i>21%</i>		<i>44%</i>	
Earnings per Share	0.62 cents	0.56 cents	1.18 cents	0.89 cents
<i>Growth</i>	<i>11%</i>		<i>33%</i>	
Dividend per Share	0.50 cents	0.25 cents	0.75 cents	Nil

#### *Balance Sheet*

The Company has maintained a strong balance sheet and is well placed to continue organic and acquisition growth. The following points are highlighted:

- Cash position (including overdrafts) at 30 June 2010 of \$1.95m.
- Bank loans of \$0.95m at 30 June 2010 compared with \$1.85m at 31 December 2009 (bank debt gearing level 6%).
- The Company's existing bank facility has a limit of up to \$3.25m (drawn down to \$0.95m at 30 June 2010).

## ASX Appendix 4E

### RESULTS FOR ANNOUNCEMENT TO THE MARKET

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- The Company achieved robust operating cash inflows for the year of \$1.45m.
- The Company raised \$1.67m in additional capital in April/May 2010 through a well supported private placement and share purchase plan.

#### *Dividend Announcement*

The Directors have declared a fully franked final dividend of 0.50 cents.

The dividend will have a record date of 15 October 2010 and a payment date of 5 November 2010. There will not be a dividend reinvestment plan available.

In total, the Company has declared fully franked dividends of 0.75 cents per share for the 2009/10 financial year, having paid an interim dividend of 0.25 cents fully franked in April 2010.

The Directors consider that the dividend announcements of 2010 have established a pattern for dividends for the Company going forward, subject to the previously stated dividend policy of the Company that dividends will be declared after consideration of the performance of the company and future investment opportunities.

#### *Outlook*

Overall, the Directors remain confident in the outlook for the Company given the strength and underlying quality of its member firms, the significant opportunity for organic growth and improved performance in these firms, and the significant potential to grow by selective acquisition as part of the strategy of developing a national network of legal services businesses.

The Directors are of the view that the Company is well placed to continue growth by capitalising on the significant opportunity afforded by prevailing industry issues. Long-term competitive advantage can be achieved by the Company in supporting member firms in developing scale to underpin future growth and profitability.

Consistent with this position, the outlook for the Group is positive and the Directors expect the Company to achieve earnings per share growth for 2010/11, providing reasonable business conditions continue for the year.

A fuller commentary on the results for the reporting period is contained in the ASX release dated 12 August 2010.

#### **AUDIT REPORT**

The preliminary final report is based on accounts which are in the process of being audited.

**INTEGRATED LEGAL HOLDINGS LIMITED**  
**APPENDIX 4E - PRELIMINARY FINAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2010**  
ACN 120 394 194

## Statement of Financial Position

	Note	CONSOLIDATED	
		30 June 2010 \$	30 June 2009 \$
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents		2,151,449	600,694
Trade and other receivables		7,538,870	5,616,233
Work in progress		1,353,354	1,370,212
<b>Total Current Assets</b>		<b>11,043,673</b>	<b>7,587,139</b>
<b>Non-Current Assets</b>			
Plant and equipment		1,181,314	691,360
Goodwill		10,470,600	10,372,263
Intangible assets		65,340	100,980
Deferred tax assets		101,089	464,147
Prepayments		29,230	63,016
Other assets		2,642	2,677
<b>Total Non-Current Assets</b>		<b>11,850,215</b>	<b>11,694,443</b>
<b>TOTAL ASSETS</b>		<b>22,893,888</b>	<b>19,281,582</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade and other payables		3,317,157	1,738,222
Interest bearing loans and borrowings		1,573,325	1,244,330
Income tax payable		177,524	157,011
Provisions		687,057	459,466
Other liabilities		279,933	200,000
<b>Total Current Liabilities</b>		<b>6,034,996</b>	<b>3,799,029</b>
<b>Non-Current Liabilities</b>			
Trade and other payables		75,107	-
Interest bearing loans and borrowings		260,913	1,064,105
Provisions		197,350	177,620
Other liabilities		127,608	378,422
<b>Total Non-Current Liabilities</b>		<b>660,978</b>	<b>1,620,147</b>
<b>TOTAL LIABILITIES</b>		<b>6,695,974</b>	<b>5,419,176</b>
<b>NET ASSETS</b>		<b>16,197,914</b>	<b>13,862,406</b>
<b>EQUITY</b>			
Issued Capital	5	32,160,426	30,504,813
Accumulated Losses	6	(16,688,184)	(16,641,034)
Reserves	7	725,672	(1,373)
<b>TOTAL EQUITY</b>		<b>16,197,914</b>	<b>13,862,406</b>

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

**INTEGRATED LEGAL HOLDINGS LIMITED**  
**APPENDIX 4E - PRELIMINARY FINAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2010**  
**ACN 120 394 194**

## Statement of Comprehensive Income

	Note	CONSOLIDATED	
		2010	2009
		\$	\$
Professional fees		<b>23,822,676</b>	16,388,522
Interest revenue		<b>39,175</b>	158,585
Other revenue	3(a)	<b>13,137</b>	399,114
<b>Total revenue</b>		<b>23,874,988</b>	16,946,221
Occupancy expenses		<b>(2,114,280)</b>	(1,619,855)
Salaries and employee benefits expenses		<b>(16,149,830)</b>	(10,167,466)
Depreciation and amortisation expenses	3(b)	<b>(343,759)</b>	(189,496)
Advertising and marketing expenses		<b>(222,928)</b>	(209,481)
Administrative expenses		<b>(2,889,908)</b>	(2,602,316)
Other expenses	3(c)	<b>(742,175)</b>	(534,936)
Finance costs	3(d)	<b>(160,597)</b>	(57,148)
Impairment loss	3(e)	-	(450,000)
Share based payments expense		<b>(19,243)</b>	(14,838)
<b>Total expenses</b>		<b>(22,642,720)</b>	(15,845,536)
<b>Profit before income tax</b>		<b>1,232,268</b>	1,100,685
Income tax expense		<b>(378,774)</b>	(506,810)
<b>Profit after income tax</b>		<b>853,494</b>	593,875
<b>Net profit for the year</b>		<b>853,494</b>	593,875
<b>Other comprehensive income</b>			
Net gains/(losses) on available-for-sale financial assets		<b>(68)</b>	112
<b>Other comprehensive income/(losses) for the year, net of tax</b>		<b>(68)</b>	112
<b>Total comprehensive income for the year</b>		<b>853,426</b>	593,987
Basic earnings per share (cents)		<b>1.18</b>	0.89
Diluted earnings per share (cents)		<b>1.18</b>	0.89

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

**INTEGRATED LEGAL HOLDINGS LIMITED**  
**APPENDIX 4E - PRELIMINARY FINAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2010**  
**ACN 120 394 194**

## Statement of Cash Flows

	Note	CONSOLIDATED	
		2010	2009
		\$	\$
<b>Cash flows from operating activities</b>			
Receipts from customers		24,249,661	14,744,556
Interest received		39,175	159,533
Other revenue		13,103	399,073
Payments to suppliers and employees		(22,800,109)	(15,623,518)
Interest and other costs of finance paid		(92,984)	(23,832)
Income tax received/(paid)		39,315	(1,308,557)
<b>Net cash flows from/(used in) operating activities</b>		<b>1,448,161</b>	<b>(1,652,745)</b>
<b>Cash flows from investing activities</b>			
Purchase of plant and equipment		(807,264)	(180,612)
Proceeds from the disposal of plant and equipment		5,135	2,326
Payment for available for sale investments		-	-
Payment for the acquisition of businesses net of cash acquired		-	(3,731,403)
<b>Net cash flows used in investing activities</b>		<b>(802,129)</b>	<b>(3,909,689)</b>
<b>Cash flows from financing activities</b>			
Proceeds from loans received		993,027	2,199,372
Repayment of borrowings		(1,584,315)	(386,764)
Dividends paid		(131,122)	(1,411,065)
Proceeds from issue of shares		1,674,510	-
Payments for share issue expenses		(115,058)	-
<b>Net cash flows from financing activities</b>		<b>837,042</b>	<b>401,543</b>
Net increase/(decrease) in cash held		1,483,074	(5,160,891)
Cash and cash equivalents at the beginning of the financial year		465,875	5,626,766
<b>Cash and cash equivalents at the end of the financial year</b>		<b>1,948,949</b>	<b>465,875</b>

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

**INTEGRATED LEGAL HOLDINGS LIMITED**  
**APPENDIX 4E - PRELIMINARY FINAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2010**  
**ACN 120 394 194**

## Statement of Changes in Equity

CONSOLIDATED	Issued Capital \$	Accumulated Losses \$	Net Unrealised Gains/(Losses) Reserve \$	General Reserve \$	Total Equity \$
<b>Balance as at 1 July 2008</b>	<b>29,729,975</b>	<b>(15,823,844)</b>	<b>(1,485)</b>	-	<b>13,904,646</b>
Profit for the year	-	593,875	-	-	593,875
Other comprehensive income	-	-	112	-	112
<b>Total comprehensive income for the year</b>	-	<b>593,875</b>	<b>112</b>	-	<b>593,987</b>
<b>Transactions with owners in their capacity as owners</b>					
Dividends paid	-	(1,411,065)	-	-	(1,411,065)
Issue of shares	774,838	-	-	-	774,838
<b>Balance as at 30 June 2009</b>	<b>30,504,813</b>	<b>(16,641,034)</b>	<b>(1,373)</b>	-	<b>13,862,406</b>

CONSOLIDATED	Issued Capital \$	Accumulated Losses \$	Net Unrealised Gains/(Losses) Reserve \$	General Reserve \$	Total Equity \$
<b>Balance as at 1 July 2009</b>	<b>30,504,813</b>	<b>(16,641,034)</b>	<b>(1,373)</b>	-	<b>13,862,406</b>
Profit for the year	-	853,494	-	-	853,494
Other comprehensive income	-	-	(68)	-	(68)
<b>Total comprehensive income for the year</b>	-	<b>853,494</b>	<b>(68)</b>	-	<b>853,426</b>
<b>Transactions with owners in their capacity as owners</b>					
Transfer to general reserve	-	(727,113)	-	727,113	-
Dividends paid	-	(173,531)	-	-	(173,531)
Share based payments	19,243	-	-	-	19,243
Issue of shares	1,716,910	-	-	-	1,716,910
Transaction costs on issue of shares	(115,058)	-	-	-	(115,058)
Income tax on items taken directly to or transferred from equity	34,518	-	-	-	34,518
<b>Balance as at 30 June 2010</b>	<b>32,160,426</b>	<b>(16,688,184)</b>	<b>(1,441)</b>	<b>727,113</b>	<b>16,197,914</b>

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

## **Notes to the Financial Statements**

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### **1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

These preliminary consolidated financial statements relate to Integrated Legal Holdings Limited and the entities it controlled during the year ended 30 June 2010. The accounting policies adopted are consistent with those disclosed in its most current financial statements.

### **2) SEGMENT INFORMATION**

The Group has identified its operating segments based on the internal management reporting that is used by the executive management team (the chief operating decision maker) in assessing performance and allocating resources. Integrated Legal Holdings Limited's operating segments have been identified based on how the financial and operating results of the Group are monitored and presented internally to the executive management team.

The Group's reportable segments are identified by management based on the nature of the business and the similarities of services provided, method of delivery and type of clients as the Group's risks and returns are affected predominantly by differences in legal products and services performed.

The operating businesses are organised and managed separately according to the nature of the legal products and services provided, with each segment representing a strategic business unit that offers different legal products and serves different markets.

The following reportable segments have been identified by management:

- **Legal Services Division**  
Operator of legal practices throughout Australia
  
- **Information Technology Division**  
Provides an internet portal designed to provide easy access to a range of legal and other documents to the legal profession and public alike and information about various areas of law.

The accounting policies used by the Group in reporting segments internally are the same as those contained in the financial report for the half-year ended 31 December 2009.

**INTEGRATED LEGAL HOLDINGS LIMITED**  
**APPENDIX 4E - PRELIMINARY FINAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2010**  
**ACN 120 394 194**

## Notes to the Financial Statements

### Business segments

The following tables present revenue and profit information for business segments for the years ended 30 June 2010 and 30 June 2009.

<b>Year ended 30 June 2010</b>	<b>Legal Services \$</b>	<b>Information Technology \$</b>	<b>Total \$</b>
<b>Revenue</b>			
Professional fees	22,980,838	841,838	23,822,676
Interest revenue	11,890	-	11,890
Other revenue:			
Advertising revenue	-	7,372	7,372
Sundry revenue	3,699	1,975	5,674
Total segment revenue	<u>22,996,427</u>	<u>851,185</u>	23,847,612
Unallocated revenue:			
Interest received			27,285
Dividends received			<u>91</u>
Total unallocated revenue			27,376
Inter-segment elimination			<u>-</u>
<b>Total revenue per statement of comprehensive income</b>			<b><u>23,874,988</u></b>
<b>Result</b>			
Segment result	<u>2,427,771</u>	<u>290,200</u>	2,717,971
Unallocated items:			
Interest revenue			27,285
Salaries and employee benefits expenses			(860,664)
Administrative expenses			(407,209)
Other unallocated items			<u>(84,518)</u>
Total unallocated items			<u>(1,325,106)</u>
Profit before tax and finance costs			1,392,865
Finance costs			<u>(160,597)</u>
Profit before income tax			1,232,268
Income tax expense			<u>(378,774)</u>
<b>Net profit after income tax</b>			<b><u>853,494</u></b>

**INTEGRATED LEGAL HOLDINGS LIMITED**  
**APPENDIX 4E - PRELIMINARY FINAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2010**  
ACN 120 394 194

**Notes to the Financial Statements**

<b>Year ended 30 June 2009</b>	<b>Legal Services \$</b>	<b>Information Technology \$</b>	<b>Total \$</b>
<b>Revenue</b>			
Professional fees	15,604,767	783,755	16,388,522
Interest revenue	3,801	3,182	6,983
Other revenue:			
Rental revenue	251,931	-	251,931
Compensation receivable	139,000	-	139,000
Advertising revenue	-	5,342	5,342
Sundry revenue	1,497	1,259	2,756
Inter-segment revenue	14,110	-	14,110
Total segment revenue	<u>16,015,106</u>	<u>793,538</u>	16,808,644
Unallocated revenue:			
Interest received			151,602
Dividends received			85
Total unallocated revenue			<u>151,687</u>
Inter-segment elimination			<u>(14,110)</u>
<b>Total revenue per statement of comprehensive income</b>			<b><u><u>16,946,221</u></u></b>
<b>Result</b>			
Segment result	<u>2,533,798</u>	<u>223,979</u>	2,757,777
Unallocated items:			
Interest revenue			151,602
Salaries and employee benefits expenses			(663,216)
Administrative expenses			(379,498)
Impairment loss			(450,000)
Other unallocated items			<u>(258,832)</u>
Total unallocated items			<u>(1,599,944)</u>
Profit before tax and finance costs			1,157,833
Finance costs			<u>(57,148)</u>
Profit before income tax			1,100,685
Income tax expense			<u>(506,810)</u>
<b>Net profit after income tax</b>			<b><u><u>593,875</u></u></b>

**INTEGRATED LEGAL HOLDINGS LIMITED**  
**APPENDIX 4E - PRELIMINARY FINAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2010**  
ACN 120 394 194

## Notes to the Financial Statements

Total assets have increased by 19% since the last annual report. Segment assets for the years ended 30 June 2010 and 30 June 2009 are as follows:

	<b>Legal Services \$</b>	<b>Information Technology \$</b>	<b>Total \$</b>
<b>As at 30 June 2010</b>			
<b>Segment assets</b>			
Segment operating assets	18,476,679	2,157,378	20,634,057
Unallocated assets:			
Cash and cash equivalents			2,134,217
Deferred tax assets			214,582
Prepayments			42,523
Investment in associates			712,888
Available-for-sale financial assets			2,642
Plant and equipment			3,735
Total unallocated assets			3,110,587
Inter-segment eliminations			(850,756)
<b>Total assets from continuing operations per statement of financial position</b>			<b>22,893,888</b>

	<b>Legal Services \$</b>	<b>Information Technology \$</b>	<b>Total \$</b>
<b>As at 30 June 2009</b>			
<b>Segment assets</b>			
Segment operating assets	16,108,199	2,166,143	18,274,342
Unallocated assets:			
Cash and cash equivalents			547,437
Deferred tax assets			297,357
Prepayments			170,386
Investment in associates			712,888
Available-for-sale financial assets			2,677
Plant and equipment			5,023
Total unallocated assets			1,735,768
Inter-segment eliminations			(728,528)
<b>Total assets from continuing operations per statement of financial position</b>			<b>19,281,582</b>

**INTEGRATED LEGAL HOLDINGS LIMITED**  
**APPENDIX 4E - PRELIMINARY FINAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2010**  
ACN 120 394 194

## Notes to the Financial Statements

### 3) REVENUE AND EXPENSES

	Consolidated	
	2010	2009
	\$	\$
<b>Revenue and expenses from continuing operations</b>		
a) Other revenue		
Rent received	-	251,931
Compensation received	-	139,000
Dividends received	91	85
Sundry income	<b>13,046</b>	8,098
	<b>13,137</b>	399,114
b) Depreciation and amortisation expenses		
Depreciation of plant and equipment	<b>305,209</b>	151,427
Amortisation of:		
o Equipment under finance lease	<b>2,910</b>	2,429
o Identified intangible assets	<b>35,640</b>	35,640
	<b>343,759</b>	189,496
c) Other expenses		
Author royalty fees	<b>81,773</b>	76,816
Donations	-	9,220
Consulting fees	<b>242,591</b>	2,139
Bad and doubtful debts	<b>274,365</b>	359,678
Bank fees	<b>137,687</b>	65,225
Other expenses	<b>5,759</b>	21,858
	<b>742,175</b>	534,936
d) Finance costs		
Interest – other entities	<b>146,458</b>	48,839
Interest accretion	<b>14,139</b>	8,309
	<b>160,597</b>	57,148
e) Impairment loss		
Law Central	-	450,000
	-	450,000

**INTEGRATED LEGAL HOLDINGS LIMITED**  
**APPENDIX 4E - PRELIMINARY FINAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2010**  
**ACN 120 394 194**

## Notes to the Financial Statements

### 4) DIVIDENDS DECLARED

	2010		2009	
	Cents per share	Total \$	Cents per share	Total \$
<b>a) Dividends declared, recognised and paid</b>				
Interim dividend (fully franked)	<b>0.25</b>	<b>173,531</b>	-	-
<b>b) Dividends declared and not recognised</b>				
Final dividend (fully franked) <sup>(c)</sup>	<b>0.50</b>	<b>432,423</b>	-	-

#### c) Final Dividend Details

Amount per share	0.5 cents
Amount franked	Fully franked at a 30% tax rate
Record date to determine entitlements to the dividend	15 October 2010
Date the final dividend is payable	5 November 2010

#### d) Recognised dividends

The 2010 interim dividend of \$173,531 was paid on 9 April 2010 and was satisfied by a cash payment of \$131,122 and an issue of shares under the Group's dividend reinvestment plan (DRP) with a value of \$42,410.

Under the Group's DRP eligible shareholders were offered the opportunity to reinvest all or part of the interim dividend in additional shares in the Group. The Shares were issued at 12.5 cents per share, being a 5% discount to the weighted average market price of shares sold on the ASX during a period of 10 trading days (rounded to the nearest half cent), with the period commencing on the second trading day after the dividend record date, 10 March 2010.

#### e) Unrecognised dividends

A 2010 final dividend of 0.5 cents per ordinary fully paid share, fully franked at 30% was announced on 12 August 2010 and is payable on 5 November 2010 to shareholders registered on 15 October 2010. The 2010 final dividend has not been recognised in the financial report because it was determined, declared and publicly announced subsequent to year end.

The final dividend amount of \$432,423 has been determined based on the number of eligible ordinary shares on issue at the date of this financial report. No further shares are expected to be issued which will be entitled to participate in the dividend.

The Group's DRP will not apply to the 2010 final dividend.

**INTEGRATED LEGAL HOLDINGS LIMITED**  
**APPENDIX 4E - PRELIMINARY FINAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2010**  
**ACN 120 394 194**

## Notes to the Financial Statements

### 5) ISSUED CAPITAL

#### a) Ordinary shares

	Consolidated 2010 Shares	Consolidated 2009 Shares	Consolidated 2010 \$	Consolidated 2009 \$
Fully paid shares	86,112,999	69,014,511	32,126,345	30,489,975
Partly paid shares <sup>(1)</sup>	371,667	331,667	34,081	14,838
Forfeited shares held in trust <sup>(1)</sup>	26,667	-	-	-
	<b>86,511,333</b>	<b>69,346,178</b>	<b>32,160,426</b>	<b>30,504,813</b>

(1) Deferred Employee Share Plan

#### b) Movements in ordinary share capital

	Shares	\$
Opening balance as at 1 July 2008	63,538,320	29,729,975
Issue of shares at 14 cents per share to vendors of The Argyle Partnership – Lawyers on 4 November 2009	4,142,857	580,000
Issue of shares under the Deferred Employee Share Plan	331,667	14,838
Issue of shares at 13.5 cents per share to vendor of mda lawyers on 13 March 2010	1,333,334	180,000
<b>Balance as at 30 June 2009</b>	<b>69,346,178</b>	<b>30,504,813</b>

	Shares	\$
Opening balance as at 1 July 2009	69,346,178	30,504,813
Issue of shares under Share Placement (Tranche 1) on 8 April 2010	7,000,000	700,000
Issues of shares under Dividend Reinvestment Plan on 9 April 2010	353,488	42,410
Issues of shares under Share Placement (Tranche 2) on 12 May 2010	4,100,000	410,000
Issues of shares under Share Purchase Plan on 26 May 2010	5,645,000	564,500
Costs associated with the capital raising, net of tax	-	(80,540)
Issue of shares under the Deferred Employee Share Plan	66,667	19,243
<b>Balance as at 30 June 2010</b>	<b>86,511,333</b>	<b>32,160,426</b>

**INTEGRATED LEGAL HOLDINGS LIMITED**  
**APPENDIX 4E - PRELIMINARY FINAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2010**  
**ACN 120 394 194**

## Notes to the Financial Statements

### 6) ACCUMULATED LOSSES

	Consolidated	
	2010	2009
	\$	\$
Accumulated losses	<b>(16,688,184)</b>	(16,641,034)
<b>Balance at beginning of year</b>	<b>(16,641,034)</b>	(15,823,844)
Net profit for the year	<b>853,494</b>	593,875
Dividends paid	<b>(173,531)</b>	(1,411,065)
Transfer to general reserve (refer note 7)	<b>(727,113)</b>	-
<b>Balance at end of the year</b>	<b>(16,688,184)</b>	(16,641,034)

### 7) RESERVES

	Consolidated	
	2010	2009
	\$	\$
Net gains/(losses) on available-for-sale financial assets	<b>(1,441)</b>	(1,373)
General reserve <sup>(1)</sup>	<b>727,113</b>	-
<b>Balance at end of the year</b>	<b>725,672</b>	(1,373)

- (1) Due to accumulated losses incurred prior to the listing of the company on 17 August 2007, the Directors resolved to isolate profits derived from trading activities since listing through the establishment of a General Reserve.

During the period, \$727,113, representing trading profits to 30 June 2009 less dividends paid, was transferred to the General Reserve from Accumulated Losses.

Accumulated losses incurred prior to listing of the Company and commencement of trading activities arose from the following transactions:

- (a) impairment losses incurred on shares issued to vendors of Talbot Olivier Business Assets, Brett Davies Lawyers Business Assets and Law Central Co Pty Ltd shareholders on 29 August 2006; and
- (b) Share based payments expenses for shares issued at a deemed value of 50 cents per share to directors and supporters on 29 August 2006 and 28 February 2007.

## **Notes to the Financial Statements**

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### **8) BUSINESS COMBINATIONS**

#### ***Acquisition of Argyle Lawyers***

On 4 November 2008, Integrated Legal Holdings Limited, through its wholly owned subsidiary, Argyle Lawyers Pty Ltd, acquired the legal practice of The Argyle Partnership. The transaction was effective from 1 November 2008.

Since the end of the previous financial year, the financial performance of the acquired business has exceeded expectations and the amount payable as deferred consideration in relation to the business combination has increased by \$98,337. This change in estimate has increased the total acquisition cost, resulting in a corresponding increase in goodwill.

For full details of the business combination affected, please refer to the annual report for the year ended 30 June 2009.