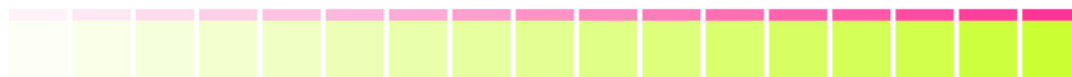


entellect solutions



Appendix 4E

Preliminary Final Report

Entellect Solutions Limited - Year Ended 30 June 2010

Results for announcement to the market

				\$A'000
Revenue from ordinary activities	down	-	to	-
Profit (loss) from ordinary activities after tax attributable to members	down	288%	to	(225)
Net profit (loss) for the year attributable to members	down	2755%	to	(2,575)

Dividends

	Amount per security	Franked amount per security
Final dividend	Nil ¢	Nil ¢
Previous corresponding period	Nil ¢	Nil ¢

Please refer to the attached Preliminary Financial Report for a review of operations.

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COMMENTARY ON FINANCIAL RESULTS

In March 2010, the Company announced to the market its intention to enter into a transaction (“Transaction”) involving the acquisition of an international licence, a substantial capital raising and the purchase of a Canadian company engaged in a synergistic business to that of ESN. Negotiations leading to this announcement had been underway since November 2009 and had dominated the strategic focus of the Company.

Subsequently, on 9 April 2010, the board of the Company announced that, as a result of being unable to complete the proposed capital raising, the Transaction could not proceed.

On the same date, the Company’s wholly owned subsidiary MXL Consolidated Pty Ltd (“MXL”), which conducted the majority of the trading operations of the Group, was placed into Voluntary Administration and the Company was suspended from trading on the ASX, at the Company’s request.

On 18 June 2010, MXL entered into a deed of company arrangement with its creditors. The Administrator of MXL successfully disposed of all of MXL’s trading assets.

The financial results reported below need to be taken within the context of this extraordinary set of circumstances.

FUTURE ACTIVITY

Since shortly after the events of 9 April 2010, the directors of the Company set about establishing a strategy for recovering as much value as possible for shareholders. Steps in this process included:

- Manage the Company’s small number of creditors to ensure commitments are met in a timely manner;
- Explore possible source of capital and possible recapitalisation opportunities; and
- Identify ventures which could be secured and exploited by the Company to the advantage of all stakeholders.

After considering a number of possibilities, the Company executed a deal with Yilgarn Infrastructure Ltd (“Yilgarn”) whereby the Company would offer to buy all of the issued shares of Yilgarn.

Before the directors of the Company had an opportunity to announce this to the market, on 12 August 2010 Mooter Media Ltd (“Mooter”) announced its intention to bid for 100% of the shares of the Company. Since that date the directors of the Company have been in discussion with the directors of Yilgarn and Mooter in an attempt to determine the best outcome from the point of view of the Company’s shareholders.

INCOME STATEMENT

FOR THE YEAR ENDED 30 JUNE 2010

	<i>Note</i>	Consolidated	
		2010	2009
		\$	\$
Revenue	2	114	7,642,731
Employee benefits expense		-	(5,283,966)
Office expenses		-	(389,325)
Communication expenses		-	(49,296)
Information technology expenses		(123)	(280,168)
Marketing and travel expenses		-	(143,621)
Professional expenses		80,308	(289,572)
Corporate expenses		(159,175)	(305,661)
Depreciation and amortisation expenses		-	(250,497)
Impairment of intangibles		-	(456,123)
Finance costs		-	(40,817)
Other expenses		(146,267)	(32,991)
Profit (Loss) before income tax	3	(225,143)	120,694
Income tax benefit		-	-
Profit (Loss) from continuing operations		(225,143)	120,694
(Loss) from discontinued operations		(2,344,058)	-
Profit (Loss) for the year		(2,569,201)	120,694
(Profit) Loss attributed to Minority equity interests		(6,133)	(23,172)
Profit (Loss) for the year attributable to members of the parent entity		(2,575,334)	97,522
Basic Earnings (loss) per share (cents per share)	5	(0.002)	0.007
Diluted Earnings (loss) per share (cents per share)	5	(0.002)	0.007

The financial statements should be read in conjunction with the accompanying notes.

BALANCE SHEET

AS AT 30 JUNE 2010

		Consolidated	
	<i>Note</i>	2010	2009
		\$	\$
Assets			
Current Assets			
Cash and cash equivalents		48,719	917,830
Trade and other receivables		7,397	496,594
Total Current Assets		56,116	1,414,424
Non-current Assets			
Property, plant and equipment		-	31,326
Intangible assets		1,758,142	1,896,721
Total Non-current Assets		1,758,142	1,928,047
Total Assets		1,814,258	3,342,471
Liabilities			
Current Liabilities			
Trade and other payables		197,061	734,345
Short-term borrowings		200,000	18,196
Short-term provisions		-	171,878
Unearned revenue		-	102,984
Total Current Liabilities		392,061	1,027,403
Non-current Liabilities			
Long-term provisions		-	17,274
Total Non-current Liabilities		-	17,274
Total Liabilities		392,061	1,044,677
NET ASSETS		1,422,197	2,297,794
EQUITY			
Contributed equity	4	61,872,013	60,573,447
Reserves		1,084,489	674,574
Accumulated losses		(61,356,179)	(58,765,967)
Parent Interest		-	2,482,054
Minority Equity Interest		(178,126)	(184,260)
TOTAL EQUITY		1,422,197	2,297,794

The financial statements should be read in conjunction with the accompanying notes.

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2010

CONSOLIDATED	Contributed Equity	Accumulated Losses	Foreign Currency Translation Reserve	Options Reserve	Minority Equity Interest	Total
Balance at 1 July 2008	59,402,151	(58,863,489)	(20,408)	574,691	(207,432)	885,513
Foreign currency translation differences	-	-	6,114	-	-	6,114
Profit for the period	-	97,522	-	-	-	97,522
Profit attributed to Minority Shareholders	-	-	-	-	23,172	23,172
Total recognised income and expense for period	-	97,522	6,114	-	23,172	126,808
Shares issued during the year	1,249,537	-	-	-	-	1,249,537
Share capital applications	10,000	-	-	-	-	10,000
Transaction costs on shares issued	(88,241)	-	-	-	-	(88,241)
Recognition of employee options	-	-	-	114,177	-	114,177
Balance at 30 June 2009	60,573,447	(58,765,967)	(14,292)	688,868	(184,260)	2,297,794
Foreign currency translation differences	-	-	(584)	-	-	(584)
Profit for the period	-	(2,575,334)	-	-	-	(2,575,334)
Profit attributed to Minority Shareholders	-	-	-	-	6,134	6,134
Total recognised income and expense for period	-	(2,575,334)	(584)	-	6,134	(2,569,784)
Shares issued during the year	1,366,606	-	-	-	-	1,366,606
Share capital applications	-	-	-	-	-	-
Transaction costs on shares issued	(68,040)	-	-	-	-	(68,040)
Recognition of employee options	-	-	-	395,621	-	395,621
Balance at 30 June 2010	61,872,013	(61,341,301)	(14,878)	1,084,489	(178,126)	1,422,197

The financial statements should be read in conjunction with the accompanying notes.

CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2010

	Consolidated	
	2010	2009
	\$	\$
Cash flows from operating activities		
Receipts from customers	2,359,190	6,616,680
Payments to suppliers and employees	(4,464,759)	(7,650,548)
Grant income received	-	400,477
Interest received	11,494	25,275
Interest paid	(10,389)	(40,817)
Net cash used in operating activities	(2,105,064)	(648,934)
Cash flows from investing activities		
Payments for property, plant and equipment	(4,397)	(27,380)
Payments for acquired software	(78,223)	(12,267)
Payments for software development costs	-	-
Net cash used in investing activities	(82,620)	(39,647)
Cash flows from financing activities		
Proceeds from issue of shares	1,366,606	961,925
Share issue costs	(68,040)	(88,241)
Proceeds from disposal of business item	(170,960)	-
Proceeds from borrowings	200,000	-
Repayment of borrowings	(9,633)	(170,027)
Net cash provided by financing activities	1,317,973	703,657
Net increase in cash held	(869,111)	15,076
Cash at start of year	917,830	902,753
Cash at end of year	48,719	917,830

The financial statements should be read in conjunction with the accompanying notes.

NOTES TO THE PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 30 JUNE 2010

Note 1: Basis of Preparation

The preliminary final report has been prepared in accordance with ASX Listing Rule 4.3A and the disclosure requirements of ASX Appendix 4E.

The accounting policies applied are consistent with those applied in the 2009 Annual Report. There have been no changes in these accounting policies.

The financial report has been prepared on a going concern basis due to the fact the board is confident of raising sufficient funds through a capital raising, in order to meet the working capital needs of the core business.

Whilst there is inherent uncertainty the directors consider it appropriate to prepare the accounts on a going concern basis as they are satisfied that, based on the cash flow forecasts prepared including receipts from future fund raisings, the Company and the economic entity will be able to meet their debts as and when they become due and payable for a period of at least 12 months from the date of the signed audit report.

This report is based on accounts that are in the process of being audited.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010**

	Consolidated	
	2010	2009
	\$	\$
Note 2: Revenue		
Operating Activities		
Revenue from rendering of services	-	7,100,330
Interest received from other persons	114	26,960
Research and development grant and EMDG	-	515,441
Total revenue	114	7,642,731
Note 3: Profit (Loss) for the year		
Expenses		
Depreciation of non-current assets:		
- Plant and equipment	-	27,368
- Leased plant and equipment	-	60,119
Total depreciation	-	87,487
Amortisation of non-current assets:		
- Leasehold improvements	-	24,839
- Software acquired	-	138,171
- Software development	-	-
Total amortisation	-	163,010
Total depreciation and amortisation	-	250,497
Impairment of intangibles	-	456,123
Finance costs:		
- Other parties	-	40,817
Rental expenses on operating leases		
- Minimum lease payments	-	1,225,401

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010**

	Consolidated	
	2010	2009
	\$	\$
Note 4: Contributed Equity		
1,744,778,644 (2009: 1,352,671,951) ordinary shares fully paid (a)	61,850,053	60,651,688
- (2009: 1,000,000) share capital applications (b)	-	10,000
Share issue costs	(68,040)	(88,241)
	61,872,013	60,573,447

Ordinary shares participate in dividends and proceeds on winding up of the parent entity in proportion to the number of shares held.

At shareholders meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

	No.	No.
a) Number of ordinary shares:		
At the beginning of the reporting period	1,352,671,951	773,023,490
Number of shares issued during the year		
- 1 July 08	-	6,000,000
- 8 August 08	-	2,324,603
- 4 July 08	-	463,664,551
- 8 August 08	-	60,000,000
- 19 December 08	-	37,393,307
- 19 December 08	-	10,266,000
-20 July 2009	34,500,000	
-12 August 2009	115,000,000	
12 August 2009	10,000,000	
-30 Oct 2009	179,000,000	
-30 Oct 2009	1,000,000	
-3 November 2009	52,606,693	
	1,744,778,644	1,352,671,951

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010**

Note 5: Earnings Per Share

	Consolidated	
	2010	2009
Weighted Average Number of Shares	No. of Shares	No. of Shares
Weighted average number of shares used in calculation of basic and diluted EPS	1,649,837,703	1,324,335,956
	2010	2009
Earnings Used in Calculating EPS	\$	\$
Profit / (Loss)	(2,569,201)	120,694
Profit / (Loss) attributed to Minority Equity Interest	(6,133)	(23,172)
Earnings used to calculate basic and diluted EPS	(2,575,334)	97,522

Note 6: NTA Backing

Net tangible backing per ordinary share 0.0003 (Cents per share)	0.00
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Note 7: Contingent Liabilities

7.1 Entellect Solutions Limited has no contingent liability

Note 8: Events Subsequent to Balance Date

Subsequent to the Balance Date the Company executed a deal with Yilgarn Infrastructure Ltd ("Yilgarn") whereby the Company would offer to buy all of the issued shares of Yilgarn.

Independently of this, on 12 August 2010 Mooter Media Ltd ("Mooter") announced its intention to bid for 100% of the shares of the Company.

While the outcome of this situation remains unresolved as at the date of this report, it will have a significant bearing on the operations of the Company into the future.

Note 9: Company Details

The registered office of the Company and the principal place of business is:

Entellect Solutions Limited
Level 3, 1 Collins Street
Melbourne VIC 2000