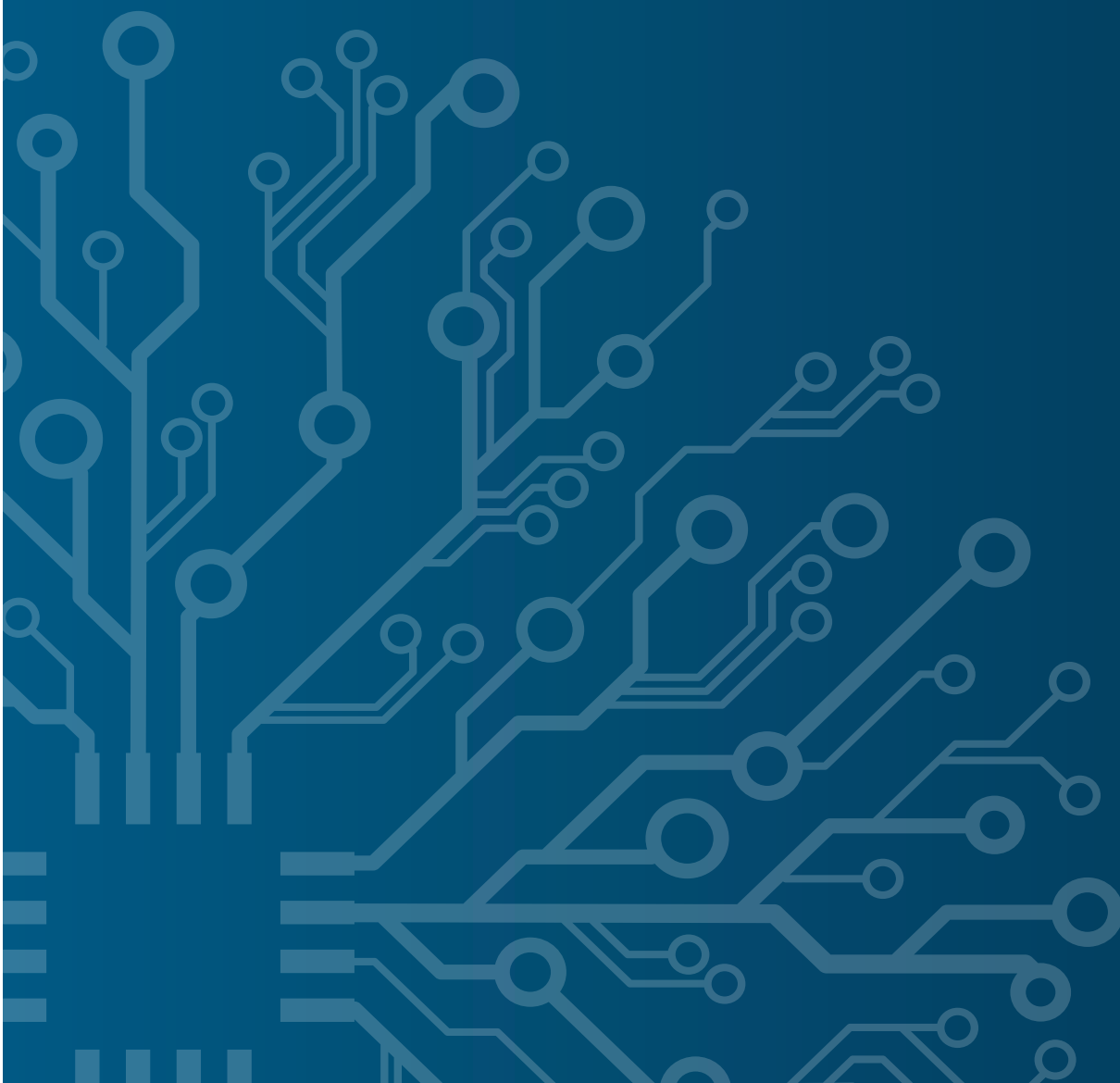




ANNUAL REPORT 2015





CONTENTS

IPH ANNUAL REPORT 2015

CHAIRMAN'S LETTER	2
MANAGING DIRECTOR'S REPORT	4
BUSINESS HIGHLIGHTS AND MARKET UPDATE	6
BOARD OF DIRECTORS	10
IPH GROWTH INITIATIVES	12
FINANCIAL REPORT	14
Corporate Directory	16
Directors' Report	17
Auditor's Independence Declaration	34
Financial Statements	36
Director's Declaration	97
Independent Auditor's Report to the Members of IPH Limited	98
Shareholder Information	100

CHAIRMAN'S LETTER



The 2015 financial year has been a defining year for IPH (the 'Company'). Since its successful listing on the ASX in 2014, the Company has established a solid position from which to grow and has embarked on strategies to establish itself as the leading intellectual property group in secondary markets.

On 19 November 2014, following the Company's reorganisation and incorporation, IPH became the first intellectual property group to list on the Australian Stock Exchange. The market interest in IPH's quality businesses with origins dating back 128 years produced strong demand and over subscription for IPH shares from both institutional and retail investors. The shares were issued at \$2.10 and on completion of the listing IPH had a market capitalisation of \$330 million.

By the end of 2015 financial year, IPH's share price had increased by 124% to \$4.70 and the Company had a market capitalisation of over \$750 million. On 20 March 2015, following an increase in the Company's share price, IPH was admitted to S&P/ASX 300 Index.

In its first year as a listed company, IPH has delivered strong earnings with double-digit growth across all its businesses. The Managing Director has provided details of the Company's financial performance in his report which follows.

In addition to strong earnings the Company has converted a large proportion of those earnings into cash. As a result the Board has been able to declare dividends for FY15 which represent approximately 90% of the Company's pro forma net profit after tax. On 25 March 2015 the Company paid an interim dividend of 3.5 cents per share (2.5 cents franked) and the Directors have declared a final dividend of 10 cents per share (5 cents franked) payable on 7 October 2015.

The final dividend is eligible to participate in our Dividend Re-Investment Plan ("DRP"). The Directors have determined that the subscription price of shares issued will be calculated with reference to the volume weighted average market price of the Company's shares during the 10 trading days commencing on the second day after the record date, less a discount of 2.5%.

The Board and management are committed to maintaining high standards of corporate governance and maximising performance. We believe this to be compatible with achieving appropriate levels of shareholder returns, and sustaining the growth and success of the Company into the future.

I would like to thank David Griffith and the rest of the Company's management and staff who have helped make the year such a notable success. Finally, to all our shareholders, I take this opportunity to thank you for your support and demonstration of confidence in our business.

A handwritten signature in black ink, appearing to read 'Richard Grellman'. The signature is fluid and cursive, written over a light background.

Richard Grellman
Chairman

NO. 1 IP GROUP IN ASIA-PACIFIC

ASIAN HUB

AUSTRALIA / SOUTH PACIFIC HUB

KEY FINANCIAL HIGHLIGHTS

PRO FORMA REVENUE (\$M)



↑ 19% FY 14
↑ 14% FY 15 Forecast

PRO FORMA EBITDA (\$M)



↑ 41% FY 14
↑ 28% FY 15 Forecast

PRO FORMA NPAT (\$M)



↑ 41% FY 14
↑ 30% FY 15 Forecast

MANAGING DIRECTOR'S REPORT

It is my pleasure to report on IPH's first year as a publicly listed company. The successful listing of the Company in November 2014 was a major milestone in a 128 year history dating back to the first establishment of Spruson & Ferguson, its main operating subsidiary. The listing has provided the opportunity for IPH companies (the 'Group') to embark on the next phase of its development and growth.



The Group's financial and operational performance for the year exceeded expectations, delivering significant growth compared to the prior year and ahead of our prospectus forecasts.

The Group's FY15 pro forma earnings before interest, taxes, depreciation and amortisation ('EBITDA') was \$42.3 million, an increase of 41% on FY14 and 28% above the IPO prospectus forecast. Pro forma net profit after tax ('NPAT') for the year increased by 41% on FY14 to \$30.9 million and exceeded prospectus forecast by 30%. Our net operating cash flow in FY15 was \$31.6 million or 103% of statutory NPAT. The results were driven by a combination of strong performance by IPH's Asian operations, operational leverage of the Group's Australian business and foreign exchange gains.

At the end of FY15, IPH maintained a robust balance sheet and had low net debt of \$5.3 million. The Group has minimal working capital requirements and strong cash flow conversion across its businesses. In July 2015 IPH re-negotiated its bank facilities, increasing our total facilities to \$100 million. This strong financial and capital position will allow us to continue to pursue our strategic objectives.

Our focus throughout the year was on delivering increased shareholder value through initiatives directed at growing the Group organically and from delivering operational efficiencies, as was evidenced by our financial results. Since the listing, the Group has been able to increase its earnings and value through acquisitions.

We are actively looking to acquire businesses which extend our capabilities beyond our traditional Intellectual Property ("IP") business but which have strategic links to our core business. The first step in that direction was the acquisition in April 2015 of Practice Insight, a specialist IP software development company. Practice Insight was founded by Thomas Haines and his brilliant team of IT developers, who have now joined the IPH group. The acquisition of Practice Insight provides the Group with leading IP data analysis tools and software applications, which can be offered to clients and associates in the primary IP markets, helping build deeper business relationships with these firms.

In May 2015 IPH acquired Fisher Adams Kelly, a long established and highly regarded Brisbane based firm of patent and trade mark attorneys. The acquisition was earnings per share accretive, allowed us to strengthen our position in both Australian and Asian markets and has extended the Group's wider IP networks. Looking forward, we believe there are good prospects of further acquisitions both in Australia and abroad.

IPH companies maintained their number one market position in patents in Australia and Singapore throughout FY15.

We continue to grow in Asia with patent filings in the year up 8.6% on FY14. This good result gives us visibility and confidence of future earnings growth in Asia. Spruson & Ferguson Asia has 24% patent market share in Singapore and the overall Singapore

patent market continues to grow with over 10,000 patent applications filed in CY14. The Group has relatively low market share in Asian countries outside Singapore and Malaysia, however we are well positioned to increase our share in these markets, through a combination of opening new offices in other regional capitals and acquisitions.

In Australia, IPH maintained the number one position in patents and number two position in trade marks. The acquisition of Fisher Adams Kelly strengthened the Group's market position in Australia and synergies have started to flow from the redirection of their Asian filings to Spruson & Ferguson Asia. We saw positive trends in our patent and trade mark filings in the second half of FY15 which continued into the current financial year. The total patent filings in Australia in FY15 were slightly lower than we expected.

The positive global trend in Patent Cooperation Treaty patent filings in the key primary markets provides us with confidence of increasing volume of patent applications being filed in the countries serviced by IPH companies in the foreseeable future.

A significant outcome of the incorporation and public listing of IPH has been organisational changes throughout the Group. Notable amongst these changes was the appointment of Dr Andrew Blattman to succeed me as the CEO of Spruson & Ferguson in June 2015. Andrew has been with the firm for over 20 years and has contributed strongly to the business and professional development of Spruson & Ferguson over the last 15 years. Andrew is perfectly equipped to lead Spruson & Ferguson through its next phase of growth. In July 2015, Spruson & Ferguson announced the appointment of 10 new Principals across its Australian and Asian offices. These appointments reflect our commitment to build and maintain a strong management and professional teams to guide our future growth.

Having established a first mover advantage by listing,

IPH is well positioned to respond to and benefit from opportunities and changes affecting the IP profession in our markets. IPH's strategy is to be a leading IP services group in secondary and emerging markets. Acquisitions in Australia, Asia and other secondary markets will continue to be a focus for IPH over the forthcoming year.

From 1 November 2015 Spruson & Ferguson will re-commence its trade mark practice in Asia. We will continue to leverage our Australian businesses to increase our filings into Asia.

Our IT efficiencies are gaining momentum allowing for rationalisation of administration and increased flexibility across the Group. We will continue exploring opportunities to enter new markets and adjacent businesses.

We believe there are opportunities in allied professional areas in which IPH can capitalise by leveraging our understanding of efficient, reliable, low risk services.

Whilst we will remain focused on growth and delivering good financial results, we are committed to investing in our people, opportunities and IT infrastructure. We see these as key investment priorities to help drive sustainable business performance over the medium and longer term.

I would like to thank our employees for their professionalism and hard work in making these achievements possible, as well as our valued clients for their support.



David Griffith
Managing Director

BUSINESS HIGHLIGHTS AND MARKET UPDATE

IPH is the holding company for intellectual property (“IP”) services firms and associated companies offering a wide range of IP services and products.

IPH companies employ a highly skilled multidisciplinary team of approximately 330 people in Australia, Singapore, Malaysia and China.

In 2014 IPH acquired Spruson & Ferguson (“SF”), which was established in 1887 as one of the first Australian patent and trade mark attorney firms. After its successful IPO in November 2014, IPH became the first IP services group to list on the Australian Stock Exchange. In 2015 IPH acquired Fisher Adams Kelly (“FAK”), a long established Brisbane based firm of patent and trade mark attorneys, and Practice Insight, a specialist IP data analytics software development company.

CLIENTS AND SERVICE MODEL

IPH’s core business is the provision of intellectual property (“IP”) services in the Asia-Pacific region with over 85% of revenue derived from its patent/design operations.

The Group’s professional service model is underpinned by long-standing annuity style client relationships and multiple “touch points” with its clients. The Group has a diverse client base of Fortune Global 500 companies, multinationals, public research organisations, SMEs and professional services firms worldwide. The largest client reflects no more than 2.5% of IPH’s total business.

The long cycle of IP matters means that IPH companies are expected to generate revenue for matters for a number of years into the future.

The key to the IPH model is its operation of IP service hubs in Australia and Asia. The Group’s two IP service hubs are located in Australia and Singapore.

The Australian operations act as a hub for Australia, New Zealand, Papua New Guinea and the Pacific Islands, while the Singapore office acts as a hub

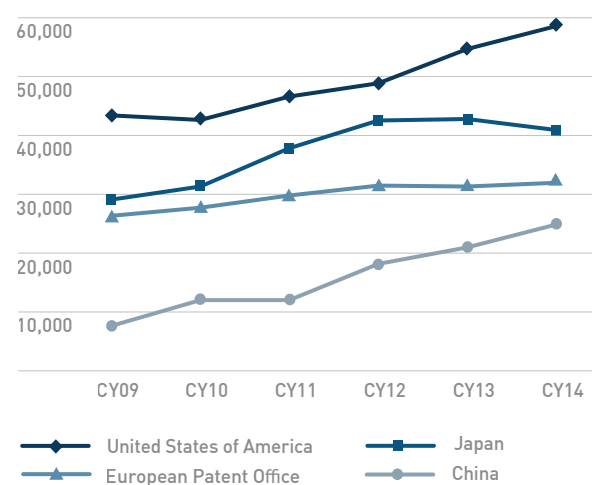
for Asia. The majority of professional work is undertaken for clients in the hub office. The hub office then deals directly with the IP office in its home market (and certain other jurisdictions) and through our selected agents in other countries. The substantive professional work (value added) is all performed in the “hub” office due to the high level of professional expertise in the IP laws of each country of responsibility.

GLOBAL TRENDS

The number of international Patent Cooperation Treaty (“PCT”) applications filed provides a good indication of potential future national patent application levels. The PCT process requires applicants to enter the national phase of a PCT application in each jurisdiction for which they wish to pursue patent protection via the PCT process.

The number of PCT applications in key jurisdictions by resident applicants has increased steadily over the past few years. This gives a strong indication of an increasing number of PCT national applications to be filed in the subsequent 12-19 months in the countries serviced by IPH.

PCT International applications filed in US, EP, JP and China IP offices by applicants from the respective countries



Source: WIPO

AUSTRALIA

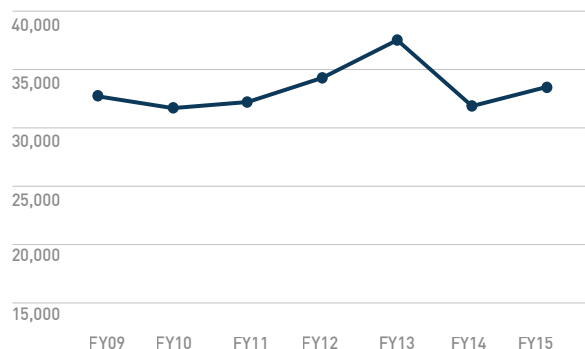
Patent Market

The Australian patent market, as represented by the number of patent applications filed, was approximately 33,000 applications (including all types of patent applications) in FY15.

The Raising the Bar legislation passed in April 2013 brought a number of filings forward and we saw a spike in Australian filings in FY13 and naturally a down turn in FY14.

The number of patent applications filed at IP Australia in FY15 was slightly lower than expected.

Total Patent Filings in Australia



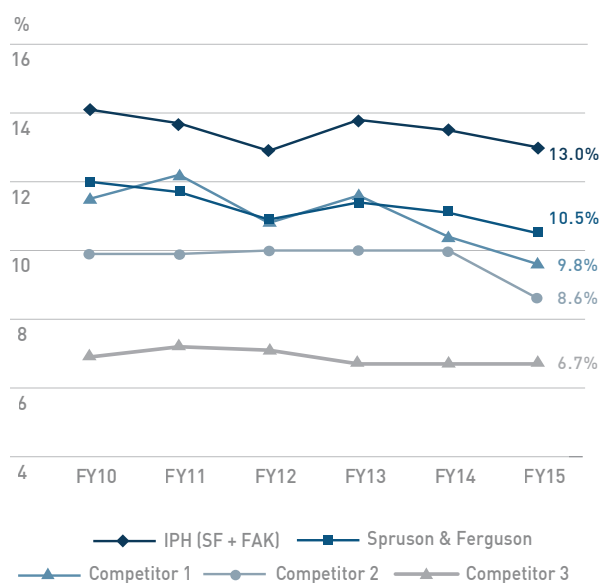
Source: IP Australia

Patent Market Share

Combined, IPH companies (SF & FAK) have 13% patent market share and hold the number one market position.

Patent application volumes by Spruson & Ferguson (Australia) are in line with the previous year but below target, in a flat market. Reduction in the filing propensity of a number of larger clients is evident, as happens from time to time.

IPH Patent Market Share in Australia (as at 30 June 2015)



Source: IP Australia

Trade Mark Business

In FY15 IPH's trade marks operations contributed 12% to the Group's revenue.

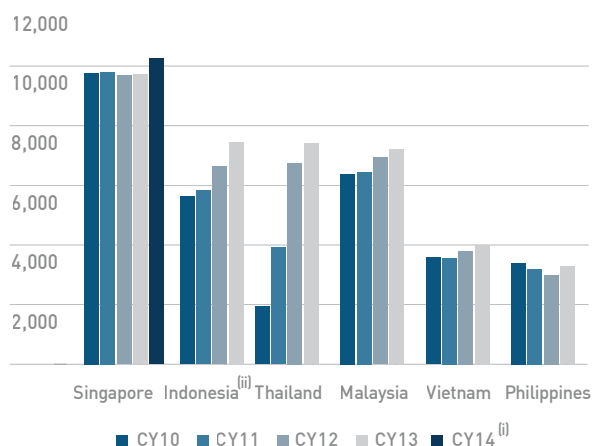
The Australian trade mark market, as represented by the number of trade mark applications filed, was approximately 65,000 applications. IPH companies (SF & FAK) holding approximately 9% of total applications filed by the top 50 agents. Many applications are filed by unsophisticated applicants without professional representatives.

ASIA (EXCL. CHINA)

Patent Market

The number of patent applications filed by non-residents in the key Asian jurisdictions has been increasing over the past few years, with strong growth in Indonesia and Thailand. Singapore remains the largest patent market in Asia.

Total Patent Filings in Selected Asian Countries*

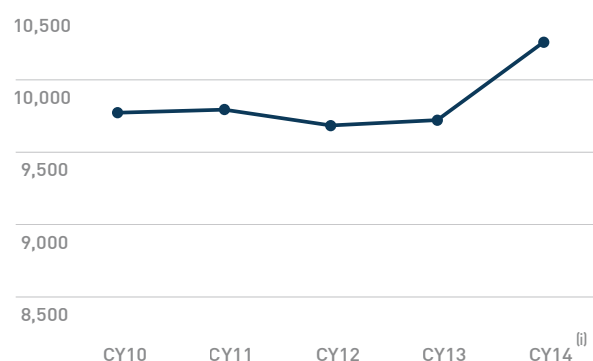


(i) CY14 patent filing numbers are not available through WIPO. Singapore patent filings in CY14 – IPH estimate.
(ii) CY12 patent filing numbers for Indonesia are not available through WIPO. CY12 number is average of CY11 and CY13 filing numbers.

Source: WIPO

In Singapore, it is estimated that over 10,000 patent applications were filed at IPOS in CY14.

Total Patent Filings in Singapore*



(i) Singapore patent filings in CY14 – IPH estimate.

Source: IPOS

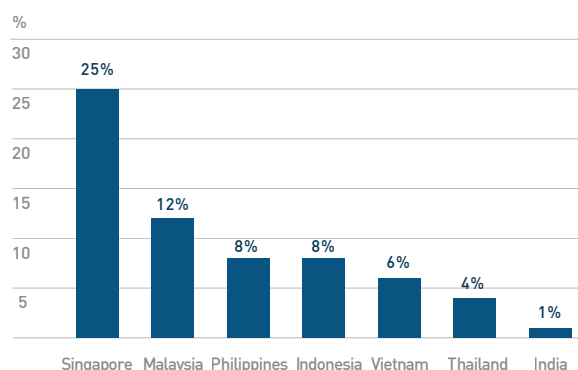
The increase in patent applications is believed to be a result of implementation efforts by the Government of Singapore of its IP Hub Master Plan adopted in 2013, which sets out the vision of Singapore as a global IP hub in Asia.

Patent Market Share

IPH maintains a strong patent market position in key jurisdictions in Asia. The largest patent market share

is evident in the countries where IPH has physical offices - Singapore and Malaysia.

IPH Patent Market Share in Asia (CY13)*

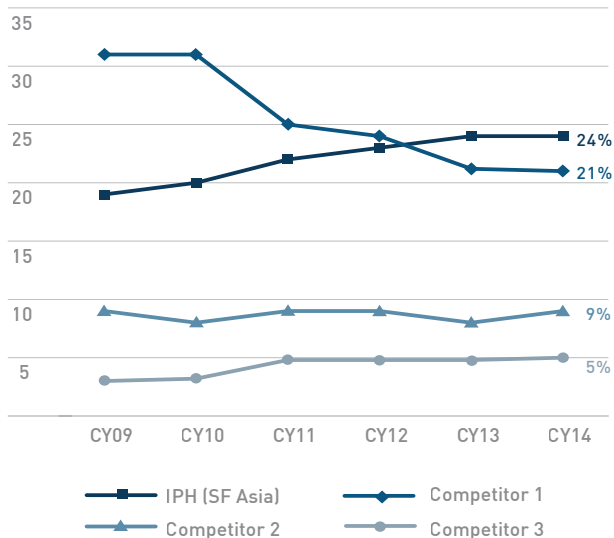


(1) Outside Singapore and Malaysia, market share is represented by applications filed by agents instructed by Spruson & Ferguson.
(2) Estimated market share based on non-resident patent applications filed in CY13. CY14 data is not available through WIPO.

Source: WIPO, IPH

In Singapore, IPH handles 24% of all patent applications filed in Singapore and continues to hold the number one patent market position.

IPH Patent Market Share in Singapore*



Source: IPOS, IPH

* These percentages are our best estimates as official data is delayed by approximately two or more years in many instances.

KEY OPERATIONAL HIGHLIGHTS



25+

Countries serviced in Asia-Pacific IP Hub



330+

Employees



3000+

Active clients



11,448

Patent applications filed by IPH companies in FY15



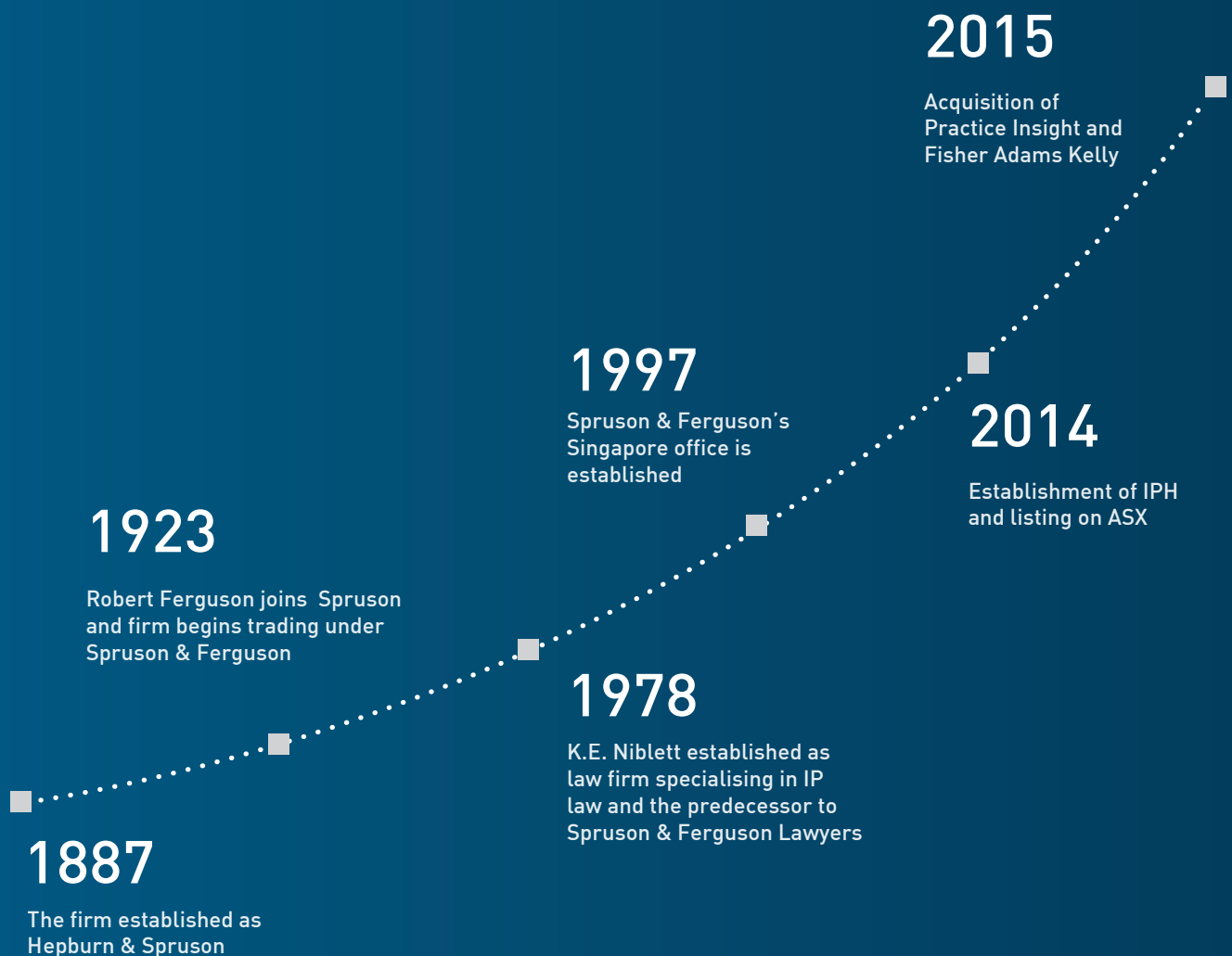
24%

Patent market share in Singapore FY15



13%

Combined patent market share in Australia FY15



128-YEAR HISTORY

BOARD OF DIRECTORS

IPH's Board of Directors brings relevant experience and skills including professional services, financial management, legal services and corporate governance.



RICHARD GRELLMAN, AM
Independent Non-Executive Chairman

FCA

Richard was appointed as an Independent Non-Executive Chairman in September 2014.

Richard is also Chairman of Genworth Mortgage Insurance Limited, AMP Foundation and the Bible Society Australia. Richard is a Director of Bisalloy Steel Group Limited, Anglican Retirement Villages and Chairman Emeritus of The Association of Surfing Professionals (International) Limited.

Richard worked for KPMG for 32 years, mostly within the Corporate Recovery Division and was a partner from 1982 to 2000.



DAVID GRIFFITH
Managing Director

BE (Hons), FIPTA, Registered Australian and New Zealand Patent Attorney, Registered Australian Trade Marks Attorney

David joined Spruson & Ferguson in 1974. He was a Principal of Spruson & Ferguson from 1981 and Managing Principal of Spruson & Ferguson from 1999-2015. David was a founding Director of Spruson & Ferguson Asia and has been Chairman since 2011. He is also the Chairman of Spruson & Ferguson and Director of Fisher Adams Kelly and Practice Insight.

David's professional appointments include past President of the Institute of Patent and Trade Mark Attorneys of Australia (IPTA), past President of the Contact Commission of the Federation Internationale des Conseils en Propriete Industrielle (FICPI) (1997 - 2012) and an ex officio member of the FICPI Advisory Council (1997-2012). He was an Australian delegate to the FICPI Executive Committee from 1983 to 1990 and he is a Member of Honour of FICPI. David was a representative partner to Computer Patent Annuities Limited Partnership (CPA) in Jersey, Channel Islands prior to his appointment to CPA Board from 2005 until it was sold to private equity in 2010.



JOHN ATKIN
Independent Non-Executive Director

LLB (1st Class Hons), BA (Pure Mathematics) (1st Class Hons)

John was appointed as an Independent Non-Executive Director in September 2014.

John is a Non-Executive Director of Aurizon Holdings Limited, GPT Metro Office Fund, the Australian Outward Bound Foundation and a member of the Board of the State Library of NSW Foundation.

John is a former CEO & Managing Director of The Trust Company Limited (2009-2013). John was also Managing Partner and Chief Executive of Blake Dawson (2002-2008). John worked at Mallesons Stephen Jaques as a Mergers & Acquisitions Partner for 14 years (1987-2001).



ROBIN LOW
Independent Non-Executive Director

BCom, FCA

Robin was appointed as an Independent Non-Executive Director in September 2014.

Robin is a Director of Austbrokers Limited, CSG Limited, Appen Limited, Sydney Medical School Foundation, Primary Ethics and the Public Education Foundation. She is also a member of the Auditing and Assurance Standards Board.

Robin worked at PricewaterhouseCoopers for 28 years and was a partner from 1996 to 2013.



SALLY PITKIN
Independent Non-Executive Director

PhD (Governance), LLM, LLB, FAICD

Sally was appointed as an Independent Non-Executive Director in September 2014.

Sally is a Non-Executive Director of Echo Entertainment Group Limited, Super Retail Group Limited and Billabong International Limited. Sally is the President Queensland Division of the Australian Institute of Company Directors.

Sally is a former corporate partner of the law firm Clayton Utz.

IPH GROWTH INITIATIVES

The Group's objective is to be recognised as the leading IP global service group for secondary and emerging markets. In FY16 IPH will focus on the following key initiatives to pursue that objective.



GROWTH IN ASIA

- Maintain and grow patent market share in Singapore
- Increase patent market share in other Asian countries (excluding Japan and Korea)
- Grow Asian presence – new offices and acquire well established IP firms
- Re-commence trade mark practice business in Asia
- Leverage new acquisitions to increase filings in Asia



GROWTH IN AUSTRALIA

Maintain and grow patent and trade mark market share in Australia through organic growth and acquisitions.



EFFICIENCY GAINS

- Development of IT systems to drive efficiencies
- IPH cost synergies – combining back office services



ADJACENT BUSINESSES

- Develop Practice Insight's IP data analytics and software development business
- Investigate options to enter other adjacent businesses



NEW MARKETS

Explore acquisition opportunities in other secondary markets outside of the Asia-Pacific.



FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2015

CONTENTS

FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2015

CORPORATE DIRECTORY	16
DIRECTORS' REPORT	17
AUDITOR'S INDEPENDENCE DECLARATION	34
FINANCIAL STATEMENTS	36
DIRECTOR'S DECLARATION	97
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF IPH LIMITED	98
SHAREHOLDER INFORMATION	100

CORPORATE DIRECTORY

Directors	Mr Richard Grellman AM - Chairman Mr David Griffith Ms Robin Low Dr Sally Pitkin Mr John Atkin	
Company secretary	Mr Malcolm Mitchell	
Notice of annual general meeting	The details of the annual general meeting of IPH Limited are: Friday 20 November at 10:30am at the offices of Deloitte Touche Tohmatsu Level 9, Grosvenor Place 225 George Street Sydney NSW 2000	
Registered office	Level 35 31 Market Street Sydney NSW 2000 Tel: 02 9393 0301 Fax: 02 9261 5486	
Principal place of business	Level 35 31 Market Street Sydney NSW 2000	
Share register	Link Market Services Limited Level 12 680 George Street Sydney NSW 2000 Tel: 1300 554 474	
Auditor	Deloitte Touche Tohmatsu Level 9, Grosvenor Place 225 George Street Sydney NSW 2000	
Solicitors	Watson Mangioni Lawyers Pty Limited Level 13 50 Carrington Street Sydney NSW 2000	Speed and Stracey Lawyers Pty Limited Level 4 131 Macquarie Street Sydney NSW 2000
Stock exchange listing	IPH Limited shares are listed on the Australian Securities Exchange (ASX code: IPH)	
Website	www.iphltd.com.au	
Corporate Governance Statement	The Corporate Governance Statement was approved by the Board of Directors on 16 September 2015 and can be found at www.iphltd.com.au	

DIRECTORS' REPORT

The Directors present their report, together with the financial statements, of the consolidated entity (referred to hereafter as the 'Group') consisting of IPH Limited (referred to hereafter as the 'Company' or 'Parent Entity') and the entities it controlled at the end of, or during, the year ended 30 June 2015.

IPH Limited was incorporated as a public company on 9 April 2014 and incorporated a subsidiary Spruson & Ferguson Pty Limited on 18 August 2014. On 2 October 2014, Spruson & Ferguson Pty Limited, acquired the business and controlled entities of the Spruson & Ferguson Unit Trust (the 'Trust') as part of a corporate/group reorganisation. The accounting treatment adopted for recognising this new group structure is a form of corporate/group reorganisation that does not involve any change of economic substance and, therefore, represents a continuation of the existing group previously controlled by the Trust.

Following an initial public offer ('IPO'), the Company was admitted to the official list of the Australian Stock Exchange on 17 November 2014.

DIRECTORS

The following persons were Directors of IPH Limited during the whole of the financial year and up to the date of this report, unless otherwise stated:

NAME	OFFICE
Mr Richard Grellman, AM	Non-executive Chairman (appointed 23 September 2014)
Mr David Griffith	Managing Director and Chief Executive Officer
Ms Robin Low	Non-executive Director (appointed 23 September 2014)
Dr Sally Pitkin	Non-executive Director (appointed 23 September 2014)
Mr John Atkin	Non-executive Director (appointed 23 September 2014)
Mr Greg Turner	Former Director (resigned 23 September 2014)
Mr Robert Miller	Former Director (resigned 23 September 2014)

PRINCIPAL ACTIVITIES

During the financial year, the principal continuing activities of the Group consisted of:

- Spruson & Ferguson patent and trade mark attorneys, Spruson & Ferguson Lawyers and IPH Services based in Sydney, Australia;
- Spruson & Ferguson Asia patent attorneys based in Singapore with a representative office in Shanghai;
- Spruson & Ferguson Malaysia patent attorneys based in Kuala Lumpur;
- Practice Insight, IP data analytics based in Perth (acquired 30 April 2015); and
- Fisher Adams Kelly patent and trade mark attorneys based in Brisbane (acquired 28 May 2015).

The Group's businesses provide services to support their clients in protecting their Intellectual Property ('IP') and

DIRECTORS' REPORT / CONTINUED

30 JUNE 2015

operates its IP hubs from its two major offices: the Sydney office provides services in Australia, New Zealand, Papua New Guinea and the Pacific Islands; and the Singapore office operates a "one-stop" service for Asia, providing services in 19 countries throughout the region including Singapore, Malaysia, China, Hong Kong, India, Indonesia, the Philippines, Pakistan, Taiwan, Thailand and Vietnam. Specifically the Group provides patent and design filing and prosecution services in all the above countries; trade mark filing and prosecution services in Australia, New Zealand, Papua New Guinea and the Pacific Islands; services related to all other forms of IP; and IP related legal services in Australia.

Fisher Adams Kelly was acquired on 28 May 2015, has offices in Brisbane, Sydney and Melbourne, and has a very strong local client base as well as established relationships with foreign direct clients and attorney firms.

Practice Insight and Wise Time, acquired on 30 April 2015, are specialist providers of data analysis and software applications for intellectual property and other professional services firms.

In Australia, Spruson & Ferguson is the leading patent attorney firm based on patent applications filed at IP Australia and it is the second ranking trade mark attorney firm based on trade mark applications filed at IP Australia. In Singapore, Spruson & Ferguson is the leading patent attorney firm based on patents filed at the Intellectual Property Office of Singapore. In the other Asian markets in which Spruson & Ferguson competes, it has a much lower market share, which represents a significant growth opportunity.

DIVIDENDS

Dividends paid during the financial year were as follows:

	Consolidated	
	30 June 2015	30 June 2014
	\$'000	\$'000
Interim dividend of 3.5 cents per share for the year ended 30 June 2015, with a record date of 5 March 2015 and paid on 25 March 2015. (franked to 2.5c)	5,514	-

On 28 August 2015, the Company declared an ordinary dividend of 10.0 cents per share (franked at 5.0 cents) and to be paid on 7 October 2015 to shareholders registered on the record date of 7 September 2015.

REVIEW OF OPERATIONS

The profit for the Group after providing for income tax and non-controlling interest amounted to \$30,315,000 (30 June 2014: \$31,339,000). During the financial year the Group's Asian businesses continued to grow strongly with an increase in patent filings of 8%. This has seen the Asian business maintain its number one position in terms of patent market share. The Australian patent business has broadly maintained its number one position in the patent market and number two in trade mark business, having lost some market share when compared to the previous financial year. Generally, Australian patent filings show relatively little or no growth compared to the previous financial year, with a slight reduction in the filing propensity of a number of larger clients. The continuing development of the Group's IT systems has started to deliver efficiencies and greater flexibility across the group operations.

Statutory / Pro forma Results Reconciliation

The following table has been prepared so as to eliminate the effect of the restructuring of the Group, which took place during the financial year ended 30 June 2015, and present the results on the basis of how the Group has been constituted since the restructuring.

	Consolidated	
	30 June 2015	30 June 2014
	\$'000	\$'000
Statutory Net Profit After Tax ('NPAT')	30,589	32,155
Add: Income tax	6,297	2,589
Add: Interest expense	623	301
Add: Depreciation and amortisation	1,062	826
Statutory EBITDA	38,571	35,871
Add: IPO expenses	3,499	400
Add: LTIP establishment / leave balances recognition	970	-
Add: Spruson & Ferguson Lawyers earnings (net of distributions)	131	-
Less: Notional salaries adjustment	(800)	(4,300)
Less: Notional public company costs adjustment	(100)	(2,000)
Pro forma EBITDA	42,271	29,971
Less: Proforma depreciation and amortisation	(1,062)	(826)
Less: Proforma interest expense	(623)	(401)
Less: Proforma tax	(9,697)	(6,889)
Proforma Net Profit after Tax	30,889	21,855

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS**Corporate/group reorganisation**

On 2 October 2014, the Company via its subsidiary, Spruson & Ferguson Pty Limited, acquired the business, and the controlled entities, of the Spruson & Ferguson Unit Trust (the 'Trust') pursuant to a scheme whereby 100% of the Trust was acquired in exchange for 152 million shares in the Company. For accounting purposes, the acquisition was treated as a corporate/group reorganisation.

Acquisition of Practice Insight Pty Ltd and WiseTime Pty Ltd

On 30 April 2015, the Group acquired data analysis and software companies Practice Insight Pty Ltd and WiseTime Pty Ltd for a total consideration of \$7,694,000. The consideration is settled by issuing 855,111 IPH Limited's shares at an issue price of \$4.32 per share (acquisition date fair value) and cash of \$4,000,000.

DIRECTORS' REPORT / CONTINUED

30 JUNE 2015

Acquisition of Fisher Adams Kelly Pty Ltd

On 28 May 2015, the Group acquired patent & trade mark attorneys firm Fisher Adams Kelly Pty Ltd for a total consideration of \$24,015,000. The consideration to be finally settled by the issue of a total of 4,992,665 shares in IPH Limited (of which 3,963,655 were issued prior to year end) at an issue price of \$4.81 per share (acquisition date fair value).

There were no other significant changes in the state of affairs of the Group during the financial year.

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

Bank Facilities agreement

On 25 August 2014, the Group entered into a Facilities Agreement ('Agreement') with Australian and New Zealand Banking Group Limited ('ANZ'). The facilities under the Agreement comprised of a multi-option facility with a term of three years for the general corporate purposes of the Group and a revolving annual credit facility allowing for financial guarantees and standby letters of credit to be issued for the general corporate purposes of the Group.

On 7 July 2015, IPH Limited amended the Agreement to extend the facility to \$100 million over a 3 year term.

Apart from the dividend declared, and the matter discussed above, no other matter or circumstance has arisen since 30 June 2015 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

ENVIRONMENTAL REGULATION

The Group is not subject to any significant environmental regulation under Australian Commonwealth or State law.

INFORMATION ON DIRECTORS

The skills, experience, and expertise of each person who is a director of the Company at the end of the financial year is provided below, together with details of the company secretary as at year end.

Name:	Richard Grellman, AM
Title:	Non-executive Chairman (appointed 23 September 2014)
Qualifications:	FCA
Experience and expertise:	Richard worked for KPMG for 32 years, mostly within the Corporate Recovery Division and was a Partner from 1982 to 2000.
Other current directorships:	Richard is also Chairman of Genworth Mortgage Insurance Limited (2012), AMP Foundation (2012) and Bible Society Australia. Richard is also a Director of Bisalloy Steel Group Limited (2003), Anglican Retirement Villages (2014) and Chairman Emeritus of The Association of Surfing Professionals (International) Limited.
Former directorships (last 3 years)	Richard was Chairman of Crowe Horwath Australasia Limited (2011 - 2015)
Interests in shares:	48,791
Special responsibilities:	Chairman

Name:	David Griffith
Title:	Managing Director and Chief Executive Officer
Qualifications:	BE (Hons), FIPTA ,Registered Australian and New Zealand Patent Attorney, Registered Australian Trade Marks Attorney
Experience and expertise:	David joined Spruson & Ferguson in 1974. He was a Principal from 1981 and Managing Principal from 1999-2015. David was a Founding Director of Spruson & Ferguson Asia and has been Chairman since 2011. He is also the Chairman of Spruson & Ferguson and Director of Fisher Adams Kelly and Practice Insight. David's professional appointments include past President of the Institute of Patent and Trade Mark Attorneys of Australia ('IPTA'), past President of the Contact Commission of the Federation Internationale des Conseils en Propriete Industrielle ('FICPI') (1997 2012) and an ex officio member of the FICPI Advisory Council (1997 - 2012). He was an Australian delegate to the FICPI Executive Committee (1983 - 1990) and is a Member of Honour of FICPI. David was a representative partner to Computer Patent Annuities Limited Partnership ('CPA') in Jersey, Channel Islands prior to his appointment to the Board from 2005 until it was sold to private equity in 2010.
Other current directorships:	No other current directorships
Interests in shares:	6,098,765
Special responsibilities:	None

Name:	Robin Low, GAICD
Title:	Non-executive Director (appointed 23 September 2014)
Qualifications:	BCom, FCA
Experience and expertise:	Robin worked at PricewaterhouseCoopers for 28 years and was a Partner from 1996 to 2013. She is also a member of the Auditing and Assurance Standards Board.
Other current directorships:	Austbrokers Limited (2014), CSG Limited (2014), Appen Limited (2014), Sydney Medical School Foundation (2012), Primary Ethics (2011) and the Public Education Foundation (2010).
Interests in shares:	48,190
Special responsibilities:	Chairman - Audit and Risk Committee

DIRECTORS' REPORT / CONTINUED

30 JUNE 2015

Name:	Sally Pitkin , FAICD
Title:	Non-executive Director (appointed 23 September 2014)
Qualifications:	PhD (Governance), LLM, LLB, FAICD
Experience and expertise:	Sally is a former Corporate Partner of the law firm Clayton Utz. Sally is the President Queensland of the Australian Institute of Company Directors.
Other current directorships:	Non-executive Director of Echo Entertainment Limited (2014), Super Retail Group Limited (2010) and Billabong International Limited (2012)
Former directorships (last 3 years)	No previous directorships
Interests in shares:	47,618
Special responsibilities:	None

Name:	John Atkin
Title:	Non-executive Director (appointed 23 September 2014)
Qualifications:	LLB (1st Class Hons), BA (Pure Mathematics) (1st Class Hons)
Experience and expertise:	John is a former Chief Executive Officer and Managing Director of The Trust Company Limited (2009 - 2013). John was also Managing Partner and Chief Executive of Blake Dawson (2002 - 2008). He also worked at Mallesons Stephen Jaques as a Mergers & Acquisitions Partner for 14 years (1987 - 2001).
Other current directorships:	Aurizon Holdings Limited (2010), GPT Metro Office Fund (2014), The Australian Outward Bound Foundation (2008) and the State Library of NSW Foundation (2013).
Former directorships (last 3 years)	Managing Director of The Trust Company Limited (2009 - 2013)
Interests in shares:	95,238
Special responsibilities:	Chairman - Nomination and Remuneration Committee

Name:	Greg Turner
Title:	Director (resigned 23 September 2014)
Qualifications:	BE, FIPTA, Registered Australian and New Zealand Patent Attorney, Registered Australian Trade Marks Attorney
Experience and expertise:	Greg has worked at Spruson & Ferguson since 1974, and has been a Principal since 1985.
Other current directorships:	No other current directorships
Interests in shares:	5,395,062
Special responsibilities:	None

Name:	Robert Miller
Title:	Director (resigned 23 September 2014)
Qualifications:	BE, FIPTA, Registered Australian and New Zealand Patent Attorney, Registered Australian Trade Marks Attorney
Experience and expertise:	Robert had worked at Spruson & Ferguson since 1992, and was a Principal from 1985-2014.
Other current directorships:	No other current directorships
Interests in shares:	1,290,123
Special responsibilities:	None

The directors hold no interest in options, performance rights or contractual rights to the securities of IPH Limited as at the date of this report.

Other current directorships' quoted above are current directorships for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

'Former directorships (last 3 years)' quoted above are directorships held in the last 3 years for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

COMPANY SECRETARY

Malcolm Mitchell, MA, CA. Mr Mitchell was appointed Group Chief Financial Officer and Company Secretary on 15 December 2014. He is a Chartered Accountant with over 30 years professional experience working in senior financial roles with both listed and private companies. He is also a former Finance Director of Atlas Group Holdings Limited and Parbury Limited.

The previous Company Secretary was Carole Campbell.

DIRECTORS' REPORT / CONTINUED

30 JUNE 2015

MEETINGS OF DIRECTORS

The number of meetings of the Company's Board of Directors ('the Board') held during the year ended 30 June 2015, and the number of meetings attended by each Director were:

	Full Board		Nomination and Remuneration Committee		Audit and Risk Committee	
	Attended	Held	Attended	Held	Attended	Held
Richard Grellman AM	12	12	1	1	3	3
David Griffith	16	16	1	1	3	3
Robin Low	11	12	1	1	3	3
Sally Pitkin	10	12	1	1	3	3
John Atkin	11	12	1	1	3	3
Greg Turner	4	4	-	-	-	-
Robert Miller	4	4	-	-	-	-

Held: represents the number of meetings held during the time the Director held office.

REMUNERATION REPORT (AUDITED)

Introduction from the Nomination and Remuneration Committee Chair

Dear Shareholder,

On behalf of the Board, I am pleased to present the Remuneration Report for FY15.

The Company's current remuneration framework was developed in the context of the Company's IPO. Many of the features of the current remuneration framework for the Company reflect the particular circumstances of the Company's transition from a private firm which operated as a unit trust to a public listed company, particularly the very significant continuing equity ownership held by the CEO and a number of the other Principals. At the time of the IPO, the company also introduced an annual incentive program for its senior professional staff, other than KMP.

The Company is currently reviewing its remuneration framework for all its executives and professional staff, including KMP, to ensure that on an ongoing basis the Company is able to attract, motivate and retain the talent necessary to run the business and drive behaviour that aligns with the creation of sustainable shareholder value. Details of any revisions to the remuneration framework will be disclosed in the remuneration report for FY16.

We look forward to your continued support and welcome your feedback on our remuneration report for FY15.

Yours sincerely,

John Atkin

Nomination and Remuneration Committee Chair

The remuneration report details the key management personnel ('KMP') remuneration arrangements for the Group, in accordance with the requirements of the *Corporations Act 2001* and its Regulations.

KMP are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including all Directors.

The remuneration report is set out under the following main headings:

- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- Service agreements
- Share-based compensation
- Additional disclosures relating to key management personnel

PRINCIPLES USED TO DETERMINE THE NATURE AND AMOUNT OF REMUNERATION

The objective of the Group's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with the achievement of strategic objectives and the creation of value for shareholders, and conforms to the market best practice for the delivery of reward. The Board of Directors ('the Board') ensures that executive reward satisfies the following key criteria for good reward governance practices:

- competitiveness and reasonableness;
- acceptability to shareholders;
- performance linkage / alignment of executive compensation; and
- transparency.

The Nomination and Remuneration Committee ('NRC') is responsible for reviewing and making recommendations to the Board on remuneration packages and policies related to the Directors and other KMP and to ensure that the remuneration policies and practices are consistent with the Group's strategic goals and human resources objectives. The performance of the Group depends on the quality of its Directors and other KMP. The remuneration philosophy is to attract, motivate and retain high performance and high quality personnel.

The NRC has structured an executive remuneration framework that is market competitive and complementary to the reward strategy of the Group.

Alignment to shareholders' interests:

- has economic profit as a core component of plan design;
- focuses on sustained growth in shareholder wealth, consisting of dividends and growth in share price, and delivering constant or increasing return on assets as well as focusing the executive on key non-financial drivers of value; and
- attracts and retains high calibre executives.

DIRECTORS' REPORT / CONTINUED

30 JUNE 2015

Alignment to program participants' interests:

- rewards capability and experience;
- reflects competitive reward for contribution to growth in shareholder wealth; and
- provides a clear structure for earning rewards.

At the time of the IPO, the CEO and 18 of Spruson & Ferguson Principals continued to hold very significant equity interests in the Company during the escrow period. Other than the CEO, Dr Andrew Blattman (CEO, Spruson & Ferguson) and Kristian Robinson (Managing Director, Spruson & Ferguson Asia), these Principals are not deemed key management personnel. Those Principals (including the CEO but excluding Robert Miller) entered into individual executive services agreements which provide:

- total compensation of \$250,000 per annum (including superannuation entitlements);
- a minimum three year term commencing on the Listing Date (for each of those Principals other than Scott Berggren, Lee Pippard and Greg Turner). The minimum term binds the Principals (subject to all usual legal requirements) however the Group may terminate the agreements earlier;
- a notice period of six months (subject to the minimum term), or by the Group without notice in the event of serious misconduct;
- restraint of trade provisions throughout Australia, New Zealand and Asia for 12 months after termination of employment. The enforceability of the restraint is subject to all usual legal requirements; and
- five weeks annual leave and for Australian employees, all other leave entitlements as per the National Employment Standard and applicable legislation.

Lee Pippard's and Greg Turner's agreements are for a minimum term of two years from the Listing Date and Scott Berggren's was for a minimum term of eighteen months from the Listing Date.

As foreshadowed at that time, the Board is currently reviewing these arrangements and may modify them for later financial years.

Executive remuneration

The Group aims to reward executives with a level and mix of remuneration based on their position and responsibility, which has both fixed and variable components.

The executive remuneration and reward framework has four components:

- base pay and non-monetary benefits;
- short-term performance incentives;
- share-based payments; and
- other remuneration such as superannuation and long service leave.

The combination of these comprises the executive's total remuneration.

Fixed remuneration, consisting of base salary, superannuation and non-monetary benefits, are reviewed annually by the NRC, based on individual and business unit performance, the overall performance of the Group and comparable market remunerations.

Executives may receive their fixed remuneration in the form of cash or other fringe benefits (for example motor vehicle benefits) where it does not create any additional costs to the Group and provides additional value to the executive.

No key management personnel have been granted options or performance rights over shares during the year ended 30 June 2015.

Company performance

For the year to 30 June 2015 there was no link between company performance and KMP remuneration. In the year ended 30 June 2015, the earnings per share were 19.51 cents. Shares in the company were issued at the IPO on 17 November 2014 at \$2.10 and closed on 30 June 2015 at \$4.70 per share.

Non-executive Directors remuneration

Fees and payments to Non-executive Directors reflect the demands and responsibilities of their role. Non-executive Directors' fees and payments are reviewed periodically by the NRC. The NRC may, from time to time, receive advice from independent remuneration consultants to ensure Non-executive Directors' fees and payments are appropriate and in line with the market.

The Chairman's fees are determined independently to the fees of other Non-executive Directors based on comparative roles in the external market. The Chairman is not present at any discussions relating to the determination of his own remuneration. Non-executive Directors do not receive share options or other incentives and their remuneration must not include a commission on, or a percentage of, operating revenue.

ASX listing rules require the aggregate Non-executive Directors remuneration be determined periodically by a general meeting. Under the Company's Constitution and as set out in the IPO Prospectus, total aggregate remuneration available to Non-executive Directors is set currently at \$750,000 per annum.

Non-executive Director fees (Directors' fees and committee fees) (inclusive of superannuation) proposed for the year ending 30 June 2016 is summarised as follows:

Name - Position	FY 2016 Fees
Richard Grellman AM - Chairman	\$190,000
Robin Low - Director	\$90,000
Sally Pitkin - Director	\$90,000
John Atkin - Director	\$90,000

The non-executive Directors are not entitled to participate in any employee incentive scheme (including the LTIP), However, as disclosed at the time of the company's IPO, Richard Grellman and Robin Low have elected to receive 4.2% of their fees in the form of shares, which are purchased on the market by the Company. The price of shares purchased in the year was \$4.6703 and \$4.8094, which reflected the market price at the time they were acquired.

Directors may also be reimbursed for expenses reasonably incurred in attending to the Company's affairs. Non-executive Directors may be paid such additional or special remuneration as the Directors decide is appropriate where a Director performs extra work or services which are not in the capacity as a Director of the Group. There is no contractual redundancy benefit for Directors, other than statutory superannuation contributions.

DIRECTORS' REPORT / CONTINUED

30 JUNE 2015

DETAILS OF REMUNERATION

Amounts of remuneration

The remuneration disclosures for the KMP of the Group are as follows:

- The 2015 disclosures represents nine months (the period from 2 October 2014 to 30 June 2015) of IPH Limited and three months of the KMP of the Spruson & Ferguson Unit Trust.

The key management personnel of the Group consisted of the following Directors of IPH Limited:

- Richard Grellman, AM - Non-executive Chairman (appointed 23 September 2014)
- David Griffith - Managing Director and Chief Executive Officer
- Robin Low - Non-executive Director (appointed 23 September 2014)
- Sally Pitkin - Non-executive Director (appointed 23 September 2014)
- John Atkin - Non-executive Director (appointed 23 September 2014)
- Greg Turner - Former Director (resigned 23 September 2014)
- Robert Miller - Former Director (resigned 23 September 2014)

And the following persons:

- Malcolm Mitchell - Group Chief Financial Officer (from 24 February 2015); Company Secretary
- Andrew Blattman - Chief Executive Officer, Spruson & Ferguson Pty Limited
- Kristian Robinson - Managing Director, Spruson & Ferguson Asia Pte Limited
- Carole Campbell - Former Group Chief Financial Officer and Company Secretary (resigned 15 December 2015)

Historically the group operated out of a unit trust structure as described in note 1. Compensation paid to key management personnel consisted of both equity and non-equity components. As such, information for the prior year is unable to be presented on a comparable basis and has therefore not been included for the period prior to listing.

30 June 2015	Short-term benefits			Post employment benefits	Long-term benefits	Share-based payments	Total \$
	Cash salary and fees \$	Cash bonus \$	Non-monetary \$	Super-annuation \$	Employee leave \$	Equity-settled \$	
Non-Executive Directors:							
Richard Grellman*	130,535	-	-	12,401	-	49,999	192,935
Robin Low*	65,437	-	-	6,217	-	49,999	121,653
Sally Pitkin*	65,437	-	-	6,217	-	49,999	121,653
John Atkin*	65,437	-	-	6,217	-	49,999	121,653
Executive Directors:							
David Griffith	199,723	-	-	21,599	13,149	-	234,470
Greg Turner **	46,629	-	-	3,253	78,844	-	127,289
Robert Miller**	27,394	-	-	2,602	-	-	29,996

Amounts of remuneration (continued)

30 June 2015	Short-term benefits			Post employment benefits	Long-term benefits	Share-based payments	Total \$
	Cash salary and fees \$	Cash bonus \$	Non-monetary \$	Super-annuation \$	Employee leave \$	Equity-settled \$	
Other Key Management Personnel							
Malcolm Mitchell*	175,500	-	-	-	-	-	175,500
Andrew Blattman	199,223	-	-	20,000	16,443	-	236,164
Kristian Robinson	316,426	-	-	-	27,367	-	340,371
Carole Campbell**	225,541	-	-	19,984	-	-	245,525
	1,517,283	-	-	98,490	135,803	199,996	1,951,573

* Represents remuneration from date of appointment

** Represents remuneration to date of resignation

SERVICE AGREEMENTS

Remuneration and other terms of employment for KMP are formalised in service agreements with the exception of the Chief Financial Officer. Details of these agreements are as follows:

Name:	David Griffith
Title:	Managing Director and Chief Executive Officer
Agreement commenced:	17 November 2014
Term of agreement:	3 years
Name:	Andrew Blattman
Title:	Chief Executive Officer, Spruson & Ferguson Pty Limited
Agreement commenced:	17 November 2014
Term of agreement:	3 years

DIRECTORS' REPORT / CONTINUED

30 JUNE 2015

Name:	Kristian Robinson
Title:	Managing Director, Spruson & Ferguson Asia Pte Limited
Agreement commenced:	17 November 2014
Term of agreement:	3 years

KMP may terminate their employment contract by giving six months' notice in writing. In the event of serious misconduct or other specific circumstances warranting summary dismissal, the Company may terminate the employment contract immediately by notice in writing and without payment in lieu of notice. Upon the termination of the employment contract, the KMP will be subject to a restraint of trade period of 12 months throughout Australia, New Zealand and Asia. The enforceability of the restraint is subject to all usual legal requirements.

KMP have no entitlement to termination payments in the event of removal for misconduct. KMP's receive five weeks annual leave, with the exception of non-executive directors.

SHARE-BASED COMPENSATION

Share based compensation paid in connection with listing

As disclosed in the Prospectus at the time of the Company's IPO, upon the Company's listing each non executive director received a one-off listing fee in the form of shares. This payment was made in consideration of the services they had provided in anticipation of the IPO and prior to their appointment as directors. The details are set out below:

Name	Date	Shares	Issue price	\$
Richard Grellman	19/11/2014	23,809	\$2.10	49,999
Robin Low	19/11/2014	23,809	\$2.10	49,999
Sally Pitkin	19/11/2014	23,809	\$2.10	49,999
John Atkin	19/11/2014	23,809	\$2.10	49,999

ADDITIONAL DISCLOSURES RELATING TO KEY MANAGEMENT PERSONNEL

In accordance with Class Order 14/632, issued by the Australian Securities and Investments Commission, relating to 'Key management personnel equity instrument disclosures', the following disclosures relate only to equity instruments in the Company or its subsidiaries.

Shareholding

The number of shares in the Company held during the financial year by each Director and other members of key management personnel of the Group, including their personally related parties, is set out below:

	Balance at the start of the year (units)	Unit subdivision and conversion to shares	Received as part of remuneration (listing fee)	Additions	Disposals (incl notional disposal)	Balance at the end of the year
Ordinary shares						
Richard Grellman	-	-	23,809	24,982	-	48,791
Robin Low	-	-	23,809	24,381	-	48,190
Sally Pitkin	-	-	23,809	23,809	-	47,618
John Atkin	-	-	23,809	71,429	-	95,238
Greg Turner*	30	15,000,000	-	-	15,000,000	-
Robert Miller*	16	8,350,000	-	-	8,350,000	-
David Griffith	33	16,425,000	-	-	10,326,235	6,098,765
Malcolm Mitchell	-	-	-	-	-	-
Andrew Blattman	19	9,775,000	-	469,136	4,333,025	5,911,111
Kristian Robinson	1	1,225,000	-	6,542,468	3,891,296	3,876,172
Carole Campbell*	-	-	-	23,810	23,810	-
	99	50,775,000	95,236	7,180,015	41,924,366	16,125,885

* Disposals/other may represent no longer being designated as a KMP, not necessarily a disposal of holding.

Option holding

No options over ordinary shares in the Company were held during the financial year by each Director and other members of key management personnel of the Group, including their personally related parties.

Performance rights holding

There were no performance rights issued to each Director and other members of key management personnel of the Group.

THIS CONCLUDES THE REMUNERATION REPORT, WHICH HAS BEEN AUDITED.

Shares under performance and retention rights

Details of unissued shares or interests under performance and retention rights at the date of this report are:

Issuing entity	Type	Number of shares	Class	Exercise Price	Expiry Date
IPH Limited	Performance	275,076	Ordinary	0.00	9/9/2017
IPH Limited	Retention	142,857	Ordinary	0.00	9/9/2017

DIRECTORS' REPORT / CONTINUED

30 JUNE 2015

Shares under option

There were no unissued ordinary shares of IPH Limited under option at the date of this report.

INDEMNITY AND INSURANCE OF OFFICERS

The Company has indemnified the Directors and executives of the Company for costs incurred, in their capacity as a Director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the Company paid a premium in respect of a contract to insure the Directors and executives of the Company against a liability to the extent permitted by the *Corporations Act 2001*. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

INDEMNITY AND INSURANCE OF AUDITOR

The Company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor.

During the financial year, the Company has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

NON-AUDIT SERVICES

Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in note 32 to the financial statements.

The Directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*.

The Directors are of the opinion that the services as disclosed in note 32 to the financial statements do not compromise the external auditor's independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risks and rewards.

OFFICERS OF THE COMPANY WHO ARE FORMER PARTNERS OF DELOITTE TOUCHE TOHMATSU

There are no officers of the Company who are former partners of Deloitte Touche Tohmatsu.

ROUNDING OF AMOUNTS

The Company is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, the nearest dollar.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on the following page.

AUDITOR

Deloitte Touche Tohmatsu continues in office in accordance with section 327 of the *Corporations Act 2001*.

This report is made in accordance with a resolution of Directors, pursuant to section 298(2)(a) of the *Corporations Act 2001*.



David Griffith
Managing Director

16 September 2015
Sydney

AUDITOR'S INDEPENDENCE DECLARATION

Deloitte.

Deloitte Touche Tohmatsu
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The Board of Directors
IPH Limited
Level 35, St Martins Tower
31 Market Street
Sydney NSW 2000

16 September 2015

Dear Board Members

IPH Limited

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of IPH Limited.

As lead audit partner for the audit of the consolidated financial statements of IPH Limited and its controlled entities for the financial year ended 30 June 2015, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU



Tara Hill
Partner
Chartered Accountants

FINANCIAL STATEMENTS

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	37
STATEMENT OF FINANCIAL POSITION	38
STATEMENT OF CHANGES IN EQUITY	39
STATEMENT OF CASH FLOWS	40
NOTES TO THE FINANCIAL STATEMENTS	41

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2015

	Note	Consolidated	
		30 June 2015	30 June 2014
		\$'000	\$'000
Revenue	5	88,716	72,212
Other income	6	5,202	4,855
Expenses			
Employee benefits expense		(27,026)	(20,848)
Depreciation and amortisation expense	7	(1,062)	(826)
Rental expenses	7	(2,908)	(2,327)
Restructure and formation expenses		(3,499)	(400)
Business acquisition costs		(310)	-
Agent fee expenses		(15,374)	(12,520)
Insurance expenses		(347)	(324)
Travel expenses		(533)	(459)
Printing & stationery expenses		(266)	(281)
Other expenses		(5,084)	(4,037)
Finance costs	7	(623)	(301)
Profit before income tax expense		36,886	34,744
Income tax expense	8	(6,297)	(2,589)
Profit after income tax expense for the year		30,589	32,155
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		43	(73)
Other comprehensive income for the year, net of tax		43	(73)
Total comprehensive income for the year		30,632	32,082
Profit for the year is attributable to:			
Non-controlling interest		274	816
Owners of IPH Limited		30,315	31,339
		30,589	32,155
Total comprehensive income for the year is attributable to:			
Non-controlling interest		274	811
Owners of IPH Limited		30,358	31,271
		30,632	32,082
Earnings per share			
From continuing operations			
Basic earnings (cents per share)	41	19.51	20.62
Diluted earnings (cents per share)	41	19.48	20.62

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2015

	Note	Consolidated	
		30 June 2015	30 June 2014
		\$'000	\$'000
Current assets			
Cash and cash equivalents	9	5,346	4,321
Trade and other receivables	10	27,410	20,288
Other	11	2,124	1,071
Total current assets		34,880	25,680
Non-current assets			
Available-for-sale financial assets	12	29	25
Property, plant and equipment	13	1,188	1,126
Intangibles	14	34,525	595
Deferred tax	15	1,972	-
Total non-current assets		37,714	1,746
Total assets		72,594	27,426
Current liabilities			
Trade and other payables	16	9,978	6,423
Borrowings	17	-	2,506
Income tax		5,664	2,506
Provisions	18	4,705	2,616
Other financial liabilities	19	-	451
Other	20	4,950	7,182
Deferred revenue	21	1,162	1,635
Total current liabilities		26,459	23,319
Non-current liabilities			
Borrowings	22	10,550	3,591
Deferred tax	15	-	21
Provisions	23	407	347
Total non-current liabilities		10,960	3,959
Total liabilities		37,416	27,278
Net assets		35,178	148
Equity			
Issued capital	24	35,305	420
Reserves	25	(14,588)	(4,748)
Retained profits	26	14,461	3,933
Equity attributable to the owners of IPH Limited		35,178	(395)
Non-controlling interests	27	-	543
Total equity		35,178	148

The above statement of financial position should be read in conjunction with the accompanying notes.

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2015

Consolidated	Issued capital	Reserves	Retained profits	Non-controlling interest	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2013	420	(4,680)	4,674	600	1,014
Profit after income tax expense for the year	-	-	31,339	816	32,155
Other comprehensive income for the year, net of tax	-	(68)	-	(5)	(73)
Total comprehensive income for the year	-	(68)	31,339	811	32,082
<i>Transactions with owners in their capacity as owners:</i>					
Dividends paid to non-controlling interests	-	-	-	(868)	(868)
Distributions to trust unit holders	-	-	(32,080)	-	(32,080)
Balance at 30 June 2014	420	(4,748)	3,933	543	148

Consolidated	Issued capital	Reserves	Retained profits	Non-controlling interest	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2014	420	(4,748)	3,933	543	148
Profit after income tax expense for the year	-	-	30,315	274	30,589
Other comprehensive income for the year, net of tax	-	43	-	-	43
Total comprehensive income for the year	-	43	30,315	274	30,632
<i>Transactions with owners in their capacity as owners:</i>					
Net conversion of units	451	-	-	-	451
Issue of ordinary shares	321	-	-	-	321
Contributions of equity, net of transaction costs (note 24)	22,759	-	-	-	22,759
Share-based payments	-	495	-	-	495
Acquisition of non-controlling interest	11,354	(10,378)	-	(159)	817
Distributions to trust unit holders	-	-	(14,273)	-	(14,273)
Dividends paid (note 28)	-	-	(5,514)	(658)	(6,172)
Balance at 30 June 2015	35,305	(14,588)	14,461	-	35,178

The above statement of changes in equity should be read in conjunction with the accompanying notes.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2015

	Note	Consolidated	
		30 June 2015 \$'000	30 June 2014 \$'000
Cash flows from operating activities			
Receipts from customers		97,152	87,861
Payments to suppliers and employees		(60,284)	(47,376)
Interest received	6	100	18
Interest and other finance costs paid	7	(623)	(301)
Income taxes paid		(4,780)	(1,889)
Net cash from operating activities	40	31,565	38,313
Cash flows from investing activities			
Payments for purchase of subsidiaries, net of cash acquired	37	(3,211)	-
Payments for property, plant and equipment	13	(595)	(546)
Payments for intangibles	14	(652)	(595)
Dividends received		112	-
Net cash used in investing activities		(4,346)	(1,141)
Cash flows from financing activities			
Proceeds from issue of units		-	450
Distributions paid to previous owners		(21,296)	(36,354)
Dividends paid		(5,514)	(868)
Proceeds of borrowings		10,550	(701)
Repayment of borrowings		(9,579)	-
Net cash used in financing activities		(25,839)	(37,473)
Net increase/(decrease) in cash and cash equivalents		1,380	(301)
Cash and cash equivalents at the beginning of the financial year		4,321	4,609
Effects of exchange rate changes on cash and cash equivalents		(355)	13
Cash and cash equivalents at the end of the financial year		5,346	4,321

The above statement of cash flows should be read in conjunction with the accompanying notes.

NOTE 1. GENERAL INFORMATION

The financial statements cover IPH Limited as a Group consisting of IPH Limited and the entities it controlled at the end of, or during, the year. The financial statements are presented in Australian dollars, which is IPH Limited's functional and presentation currency.

IPH Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Level 35
31 Market Street
Sydney NSW 2000

A description of the nature of the Group's operations and its principal activities are included in the Directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of Directors, on 16 September 2015.

Corporate / group reorganisation

IPH Limited was incorporated as a public company on 9 April 2014 and incorporated a subsidiary Spruson & Ferguson Pty Limited on 18 August 2014. On 2 October 2014, Spruson & Ferguson Pty Limited, acquired the business and controlled entities of the Spruson & Ferguson Unit Trust (the 'Trust') as part of a corporate/group reorganisation. The accounting treatment adopted for recognising this new group structure is a form of corporate/group reorganisation that does not involve any change of economic substance and, therefore, represents a continuation of the existing group previously controlled by the Trust. Refer to the 'business combinations' accounting policy in note 2 for further details.

The Company was admitted to the official list of the Australian Stock Exchange on 17 November 2014.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

NEW, REVISED OR AMENDING ACCOUNTING STANDARDS AND INTERPRETATIONS ADOPTED

The Group has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

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

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

STATEMENT OF COMPLIANCE

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the *Corporations*

NOTES TO THE FINANCIAL STATEMENTS / CONTINUED

30 JUNE 2015

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

STATEMENT OF COMPLIANCE (continued)

Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

BASIS OF PREPARATION

The financial statements have been prepared under the historical cost convention except for certain financial instruments that are measured at revalued amounts or fair values, as explained in the accounting policies below. Historical cost is generally based on the fair values of the consideration given in exchange for assets.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

PARENT ENTITY INFORMATION

In accordance with the *Corporations Act 2001*, these financial statements present the results of the Group only. Supplementary information about the parent entity is disclosed in note 36.

PRINCIPLES OF CONSOLIDATION

The consolidated financial statements are those of the consolidated entity ("the Group"), comprising the financial statements of the parent entity and all of the entities the parent controls. The Company controls an entity when it has power over the investee and the Group is exposed to or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary. Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (continued)**PRINCIPLES OF CONSOLIDATION (continued)**

between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

FOREIGN CURRENCY TRANSLATION

The individual financial statements of each Group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each Group entity are expressed in Australian dollars ('\$'), which is the functional currency of the Company and the presentation currency for the consolidated financial statements.

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Nonmonetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;
- exchange differences on transactions entered into in order to hedge certain foreign currency risks; and
- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.

For the purpose of presenting these consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into Australian dollars using exchange rates prevailing at the end of the reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity (and attributed to non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

NOTES TO THE FINANCIAL STATEMENTS / CONTINUED

30 JUNE 2015

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

FOREIGN CURRENCY TRANSLATION (continued)

In addition, in relation to a partial disposal of a subsidiary that includes a foreign operation that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. partial disposals of associates or joint arrangements that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

REVENUE RECOGNITION

Revenue is measured at the fair value of the consideration received or receivable.

Revenue recognition relating to the provision of services is determined with reference to the stage of completion of the transaction at the end of the reporting period and where outcome of the contract can be estimated reliably. Stage of completion is determined with reference to the services performed to date as a percentage of total anticipated services to be performed. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent that related expenditure is recoverable.

Dividend revenue is recognised when the right to receive a dividend has been established (provided that it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably).

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Revenue from trust distributions is recognised when the right to receive a distribution has been established (provided that it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably). Other revenue, including commission revenue, is recognised when it is received or when the right to receive payment is established.

All revenue is stated net of the amount of goods and services tax (GST).

WORK IN PROGRESS

Work in progress (WIP) represents costs incurred and profit recognised on client assignments and services that are in progress at balance date. WIP is valued at net realisable value after providing for any foreseeable losses. WIP older than 90 days is reviewed and any WIP not thought to be recoverable is written off.

DISBURSEMENTS RECOVERABLE

Recoverable client disbursements recorded in work in progress are recognised when services are provided. The amount recognised is net of any GST payable. Internally generated disbursements are credited directly to the profit & loss as they are charged to a client matter.

Disbursements older than 60 days are constantly being reviewed and any not thought to be recoverable are written off.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (continued)**INCOME TAX**

The current tax payable is based on taxable profit for the year. Taxable profit differs from profit before tax as reported in the consolidated statement of profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

The Company and its wholly-owned Australian resident entities are part of a tax-consolidated group which was formed on 3 September 2014. As a consequence, all members of the tax-consolidated group are taxed as a single entity. The head entity within the tax consolidated group is IPH Limited.

Tax expense/income, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax-consolidated group are recognised in the separate financial statements of the members of the tax consolidated group using the "separate taxpayer within group" approach.

Current tax liabilities and assets and deferred tax assets arising from unused tax losses and tax credits of the members of the tax-consolidated group are recognised by the Company (as head entity in the tax-consolidated group).

Due to the existence of a tax funding arrangement between the entities in the tax-consolidated group, amounts are recognised as payable to or receivable by the Company and each member of the group in relation to the tax contribution amounts paid or payable between the parent entity and the other members of the tax consolidated group in accordance with the arrangement. Where the tax contribution amount recognised by each member of the tax consolidated group for a particular period is different to the aggregate of the current tax liability or asset and any deferred tax asset arising from unused tax losses and tax credits in respect of that period, the difference is recognised as a contribution from (or distribution to) equity participants.

Current tax

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Adjustments are made for transactions and events occurring within the tax-consolidated group that do not give rise to a tax consequence for the group or that have a different tax consequence at the head entity level of the group.

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base of those items. Adjustments are made for transactions and events occurring within the tax-consolidated group that do not give rise to a tax consequence for the group or that have a different tax consequence at the head entity level of the group.

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised.

However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them

NOTES TO THE FINANCIAL STATEMENTS / CONTINUED

30 JUNE 2015

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

INCOME TAX (continued)

arise from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither taxable income nor accounting profit. Furthermore, a deferred tax liability is not recognised in relation to taxable temporary differences arising from goodwill.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments except where the Group is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with these investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the period

Current and deferred tax is recognised as an expense or income in the Statement of Comprehensive Income, except when it relates to items credited or debited directly to equity, in which case the deferred tax is also recognised directly in equity. As part of the restructure to facilitate listing, the Spruson & Ferguson Unit Trust transferred its business to Spruson & Ferguson Pty Limited. This change in legal structure caused a change in the tax status of the operations. This change in tax status has been included in profit and loss for the period.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash on hand and at banks, short term deposits with an original maturity of three months or less held at call with financial institutions, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the consolidated statement of financial position.

TRADE AND OTHER RECEIVABLES

Trade and other receivables include amounts due from customers for services performed in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non current assets.

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Refer to Note 2 for further discussion on the determination of impairment losses.

Unearned income is recognised as a liability when received and is recognised as revenue once a patent service has been provided or completed.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (continued)**TRADE AND OTHER PAYABLES**

Trade and other payables represent the liabilities for goods and services received that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 90 days of recognition of the liability.

FINANCIAL INSTRUMENTS**Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the asset is derecognised or impaired.

Available-for-sale financial assets

Available for sale financial assets include any financial assets not included in the above categories and are measured at fair value. Unrealised gains and losses arising from changes in fair value are taken directly to equity. The cumulative gain or loss is held in equity until the financial asset is derecognised, at which time the cumulative gain or loss held in equity is recognised in profit and loss.

Financial liabilities

Financial liabilities include trade payables, other creditors and loans from third parties including inter group balances.

Non derivative financial liabilities are recognised at amortised cost using the effective interest method.

Trade accounts payable comprise the original debt less principal payments plus where applicable any accrued interest.

The amortised cost of a financial asset or a financial liability is the amount initially recognised minus principal repayments, plus or minus cumulative amortisation of any difference between the initial amount and the maturity amount and minus any write-down for impairment.

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

The carrying amount of financial assets is reviewed annually by the directors to assess whether there is any objective evidence that a financial asset is impaired.

Where such objective evidence exists, the company recognises impairment losses.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

NOTES TO THE FINANCIAL STATEMENTS / CONTINUED

30 JUNE 2015

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

PROPERTY, PLANT AND EQUIPMENT (continued)

Assets held under finance leases are amortised over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

Leasehold improvements	6-15 years
Plant and equipment	2-20 years
Furniture, fixtures and fittings	5-20 years
Computer equipment	3-5 years

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

INTANGIBLE ASSETS

Intangible assets acquired as part of a business combination, other than goodwill, are measured at their fair value at the date of the acquisition.

Goodwill

Goodwill arises on the acquisition of a business. Goodwill is not amortised. Instead, goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired and it is carried at cost less accumulated impairment losses. Impairment losses on goodwill are taken to profit and loss and not subsequently reversed.

Intangible assets acquired separately

Intangible assets with finite lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

Internally-generated intangible assets - research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred. An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

INTANGIBLE ASSETS (continued)

Internally-generated intangible assets - research and development expenditure (continued)

- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

The useful lives of intangible assets are as follows:

Software	3-5 years
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Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset are recognised in profit or loss when the asset is derecognised.

IMPAIRMENT OF ASSETS

Goodwill and other assets that have an indefinite useful life are not amortised but are tested annually for impairment in accordance with AASB 136 'Impairment of Assets'. Assets subject to annual depreciation or amortisation are reviewed for impairment whenever events or circumstances arise that indicates that the carrying amount of the asset may be impaired.

An impairment loss is recognised where the carrying amount of the asset exceeds its recoverable amount. The recoverable amount of an asset is defined as the higher of its fair value less costs to sell and value in use.

For the purposes of impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

PROVISIONS

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

NOTES TO THE FINANCIAL STATEMENTS / CONTINUED

30 JUNE 2015

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

PROVISIONS (continued)

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

LEASES

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are initially recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs. Contingent rentals are recognised as expenses in the periods in which they are incurred.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

EMPLOYEE BENEFITS

Short and long-term employee benefit

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave, and long service leave when it is probable that settlement will be required and they are capable of being measured reliably.

Liabilities recognised in respect of short-term employee benefits, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement. Liabilities recognised in respect of long term employee benefits are measured at the present value of the estimated future cash outflows to be made by the Group in respect of services provided by the employees up to reporting date.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (continued)**EMPLOYEE BENEFITS (continued)****Retirement benefit costs**

Payments to defined contribution plans are recognised as an expense when employees have rendered service entitling them to the contributions.

BORROWINGS COSTS

Borrowing costs can include interest, amortisation of discounts or premiums relating to borrowings, ancillary costs incurred in connection with arrangement of borrowings, foreign exchange losses net of hedged amounts on borrowings.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

GOODS AND SERVICES TAX (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the consolidated statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

SHARE BASED PAYMENTS

Equity settled share based compensation benefits are provided to employees and directors. Equity settled transactions are awards of shares, options or rights, that are provided in exchange for the rendering of services. Equity settled share based payments are measured at the fair value of the equity instruments at the grant date.

The fair value at the grant date of the equity settled share based payments is expensed on a straight line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity settled employee benefits reserve.

FAIR VALUE MEASUREMENT

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in

NOTES TO THE FINANCIAL STATEMENTS / CONTINUED

30 JUNE 2015

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

FAIR VALUE MEASUREMENT (continued)

an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified, into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements (note 30). Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

ISSUED CAPITAL

Ordinary shares are classified as equity.

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

DIVIDENDS

Dividends are recognised when declared during the financial year and no longer at the discretion of the Company.

BUSINESS COMBINATIONS

Other than corporate/group restructures as mentioned below, the acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

On the acquisition of a business, the Group assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the Group's operating or accounting policies and other pertinent conditions in existence at the acquisition-date.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (continued)**BUSINESS COMBINATIONS (continued)**

Where the business combination is achieved in stages, the Group remeasures its previously held equity interest in the acquiree at the acquisition-date fair value and the difference between the fair value and the previous carrying amount is recognised in profit or loss. Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. Subsequent changes in the fair value of the contingent consideration classified as an asset or liability is recognised in profit or loss. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

Corporate/group reorganisation - IPH Limited and Spruson & Ferguson Unit Trust

IPH Limited was incorporated as a public company on 9 April 2014 and incorporated a subsidiary Spruson & Ferguson Pty Limited on 18 August 2014. On 2 October 2014, Spruson & Ferguson Pty Limited, acquired the business and controlled entities of the Spruson & Ferguson Unit Trust (the 'Trust') as part of a corporate/group reorganisation. Under the principals of corporate reorganisation, in accordance with the Australian Accounting Standards, the financial statements of IPH Limited includes the historical financial information of the Trust for the period before the acquisition.

Accordingly, the financial statements for the year ended 30 June 2015 includes the financial results for the Group under IPH Limited from acquisition to 30 June 2015 and the consolidated group under the Trust for the period 1 July 2014 to the date of acquisition. The comparatives presented in the financial statements represents the financial position of the Trust as at 30 June 2014, and the financial performance of the Trust for the year ended 30 June 2014.

This corporate reorganisation did not represent a business combination in accordance with AASB 3 'Business Combination'. Instead the appropriate accounting treatment for recognising the new group structure is on the basis that the transaction is a form of capital reconstruction and group reorganisation. Accordingly the financial statements are a continuation of the Trust and as such:

- The assets and liabilities recognised and measured in the consolidated financial statements are at the carrying amounts of Trust rather than their fair value;
- The retained earnings and other equity balances recognised in the consolidated financial statements are the existing retained earnings and other equity balances of the Trust;

NOTES TO THE FINANCIAL STATEMENTS / CONTINUED

30 JUNE 2015

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

BUSINESS COMBINATIONS (continued)

- The amount recognised as issued equity instruments are determined by adding the additional equity retained by the Group to the issued equity recorded in the Trust's financial statements immediately before the acquisition;
- No 'new' goodwill has been recognised as a result of the combination. The difference between the consideration paid and the equity 'acquired' is reflected in equity as a 'capital contribution' or 'distribution'; and
- The comparatives presented are that of the Trust.

EARNINGS PER SHARE

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the owners of IPH Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

ROUNDING OF AMOUNTS

The Company is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, the nearest dollar.

NEW ACCOUNTING STANDARDS AND INTERPRETATIONS NOT YET MANDATORY OR EARLY ADOPTED

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Group for the annual reporting period ended 30 June 2015. The Group's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the Group, are set out below.

AASB 9 Financial Instruments

This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard replaces all previous versions of AASB 9 and completes the project to replace IAS 39 'Financial Instruments: Recognition and Measurement'. AASB 9 introduces new classification and measurement models for financial assets. New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity. New impairment requirements will use an 'expected credit loss' model to recognise an allowance. The Group will adopt this standard from 1 July 2018 but the impact of its adoption is yet to be assessed.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (continued)**NEW ACCOUNTING STANDARDS AND INTERPRETATIONS NOT YET MANDATORY OR EARLY ADOPTED (continued)****AASB 15 Revenue from Contracts with Customers**

This standard is currently applicable to annual reporting periods beginning on or after 1 January 2017. Exposure Draft (ED 263) 'Effective Date of AASB 15' proposes to defer the application date by one year to 1 January 2018. The standard provides a single standard for revenue recognition. The core principle of the standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The Group expects to adopt this standard from 1 July 2018 but the impact of its adoption is yet to be assessed.

Other amending accounting standards issued are not considered to have a significant impact on the financial statements of the consolidated entity as their amendments provide either clarification of existing accounting treatment or editorial amendments. These standards (and their operative dates) include:

- AASB 2014-1 Amendments to Australian Accounting Standards (Part D from 1 January 2016 and Part E from 1 January 2018)
- AASB 2014-3 Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations (from 1 January 2016)
- AASB 2014-4 Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation (from 1 January 2016)
- AASB 2014-5 Amendments to Australian Accounting Standards arising from AASB 15 (from 1 January 2017)
- AASB 2014-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2014) (from 1 January 2018)
- AASB 2014-8 Amendments to Australian Accounting Standards arising from AASB 9 (December 2014) – Application of AASB 9 (December 2009) and AASB 9 (December 2010) (from 1 January 2015)
- AASB 2014-9 Amendments to Australian Accounting Standards – Equity Method in Separate Financial Statements (from 1 January 2016)
- AASB 2015-1 Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012–2014 Cycle (from 1 January 2016)
- AASB 2015-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101 (from 1 January 2016)
- AASB 2015-3 Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality (from 1 July 2015)

NOTES TO THE FINANCIAL STATEMENTS / CONTINUED

30 JUNE 2015

NOTE 3. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Allowance for impairment of receivables

The provision for impairment of receivables assessment requires a degree of estimation and judgement. The level of provision is assessed by taking into account the recent sales experience, the ageing of receivables, historical collection rates and specific knowledge of the individual debtors financial position.

Estimation of useful lives of assets

Property, plant and equipment are depreciated over their useful lives taking into account residual values. Useful lives are affected by technology innovations. Future market conditions determine residual values. Depreciation and amortisation is calculated on a straight line basis which may not represent the actual usage of the asset.

Goodwill and other indefinite life intangible assets

The Group tests annually, or more frequently if events of changes in circumstances indicate impairment, whether goodwill and other indefinite life intangible assets have suffered any impairment, in accordance with the accounting policy stated in note 2.

Income tax

The Group is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Group recognises liabilities for anticipated tax audit issues based on the Group's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

Recovery of deferred tax assets

Deferred tax assets are recognised for deductible temporary differences only if the Group considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses. Such deferred tax assets are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. The carrying amount of the deferred tax assets is reviewed at the end of each period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Employee benefits provision

As discussed in note 2, the liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made

NOTE 3. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

Share-based payment transactions

The Group measures the cost of equity settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using an external valuation consultant. The performance rights have market conditions therefore requiring a more sophisticated mode. The accounting estimates and assumptions relating to equity settled share based payments have no impact on the carrying amount of assets and liabilities within the next annual reporting period.

Business combinations

As discussed in note 2, business combinations are initially accounted for on a provisional basis. The fair value of assets acquired, liabilities and contingent liabilities assumed are initially estimated by the Group taking into consideration all available information at the reporting date. Fair value adjustments on the finalisation of the business combination accounting is retrospective, where applicable, to the period the combination occurred and may have an impact on the assets and liabilities, depreciation and amortisation reported.

Work in progress

The calculation of work in progress requires a degree of judgement to recognise profit in client assignments and services in progress at balance date.

NOTE 4. OPERATING SEGMENTS

Identification of reportable operating segments

The Group is organised into two geographic segments: Australia and Asia. These operating segments are based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources. There is no aggregation of operating segments.

Australia	The Australian office operates as a hub for activities in Australia, New Zealand and the Pacific providing patent, trade mark and design filings.
Asia	The Asia office operates as a hub for Asia providing patent, design filing and prosecution services.

The CODM reviews Profit Before Tax ('PBT'). The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the financial statements.

The information reported to the CODM is on at least a monthly basis.

Intersegment transactions

There are varying levels of integration between the Australian and Asia segments. The integration includes provision of professional services, shared technology and management services. Intersegment transactions were made at market rates. Intersegment transactions are eliminated on consolidation.

NOTES TO THE FINANCIAL STATEMENTS / CONTINUED

30 JUNE 2015

NOTE 4. OPERATING SEGMENTS (continued)

Intersegment receivables, payables and loans

Intersegment loans are initially recognised at the consideration received. Intersegment loans receivable and loans payable that earn or incur non-market interest are not adjusted to fair value based on market interest rates. Intersegment loans are eliminated on consolidation.

Consolidated	Australia		Asia		Intersegment eliminations / unallocated		Total	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Revenue								
Sales to external customers	47,297	41,852	41,897	31,138	(478)	(778)	88,716	72,212
Intersegment sales	265	-	116	335	(381)	(335)	-	-
Total sales revenue	47,562	41,852	42,013	31,473	(859)	(1,113)	88,716	72,212
Interest revenue	99	17	1	1	-	-	100	18
Other revenue	22,056	17,327	906	45	(17,860)	(12,535)	5,102	4,837
Total revenue	69,717	59,196	42,920	31,519	(18,719)	(13,648)	93,918	77,067
Profit before income tax expense	43,807	32,080	20,858	11,861	(27,779)	(9,197)	36,886	34,744
Income tax expense							(6,297)	(2,589)
Profit after income tax expense							30,589	32,155
Assets								
Segment assets	63,593	22,049	17,231	11,510	(8,230)	(6,133)	72,594	27,426
Total assets							72,594	27,426
Liabilities								
Segment liabilities	30,141	21,964	8,758	5,557	(1,483)	(243)	37,416	27,278
Total liabilities							37,416	27,278
Depreciation and amortisation	780	513	282	313	-	-	1,062	826

Interest expense: Australia \$623,000, Asia \$0.

NOTES TO THE FINANCIAL STATEMENTS / CONTINUED

30 JUNE 2015

NOTE 5. REVENUE

	Consolidated	
	30 June 2015	30 June 2014
	\$'000	\$'000
Sales revenue		
Revenue from the rendering of services	88,716	72,212
	88,716	72,212

NOTE 6. OTHER INCOME

	Consolidated	
	30 June 2015	30 June 2014
	\$'000	\$'000
Distributions from related party	112	1,366
Net foreign exchange gain	3,120	40
Other income	350	697
Commission	1,491	1,594
Consulting fees	29	1,140
Interest	100	18
	5,202	4,855

NOTE 7. EXPENSES

Profit before income tax includes the following specific expenses:

	Consolidated	
	30 June 2015	30 June 2014
	\$'000	\$'000
Depreciation and amortisation	1,062	826
Share based payments	495	-
Superannuation expense	2,069	1,617

NOTES TO THE FINANCIAL STATEMENTS / CONTINUED

30 JUNE 2015

NOTE 7. EXPENSES (continued)

Profit before income tax includes the following specific expenses:

	Consolidated	
	30 June 2015	30 June 2014
	\$'000	\$'000
Finance costs		
Interest on bank facilities	285	301
Other interest expense	338	-
	623	301
Rental expense relating to operating leases		
Minimum lease payments	2,908	2,327

NOTE 8. INCOME TAX EXPENSE

	Consolidated	
	30 June 2015	30 June 2014
	\$'000	\$'000
Income tax expense		
Current tax	7,938	2,591
Deferred tax	(1,641)	(2)
Aggregate income tax expense	6,297	2,589
Deferred tax included in income tax expense comprises:		
Increase in deferred tax assets (note 15)	(1,007)	-
First time recognition of deferred tax assets (note 15)	(613)	-
Decrease in deferred tax liabilities (note 15)	(21)	(2)
	(1,641)	(2)

NOTES TO THE FINANCIAL STATEMENTS / CONTINUED

30 JUNE 2015

NOTE 8. INCOME TAX EXPENSE (continued)

	Consolidated	
	30 June 2015	30 June 2014
	\$'000	\$'000
Numerical reconciliation of income tax expense and tax at the statutory rate		
Profit before income tax expense	36,886	34,744
Tax at the statutory tax rate of 30%	11,066	10,423
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Permanent adjustments	226	-
First time recognition of deferred tax assets	(613)	-
Difference in overseas tax rates	(2,706)	(1,746)
Effect of income that is exempt from tax	(1,676)	(6,088)
Income tax expense	6,297	2,589

NOTE 9. CURRENT ASSETS - CASH AND CASH EQUIVALENTS

	Consolidated	
	30 Jun 2015	30 June 2014
	\$'000	\$'000
Cash on hand	40	41
Cash at bank	5,306	4,280
	5,346	4,321

NOTE 10. CURRENT ASSETS - TRADE AND OTHER RECEIVABLES

	Consolidated	
	30 June 2015	30 June 2014
	\$'000	\$'000
Trade receivables	28,142	19,740
Less: Provision for impairment of receivables	(760)	(456)
	27,382	19,284
Other receivables	28	480
Due from related party	-	342
Loans to Trustees/Unit holders	-	182
	27,410	20,288

NOTES TO THE FINANCIAL STATEMENTS / CONTINUED

30 JUNE 2015

NOTE 10. CURRENT ASSETS - TRADE AND OTHER RECEIVABLES (continued)

Impairment of receivables

The Group has recognised a loss of \$475,000 (2014: \$162,000) in profit or loss in respect of impairment of receivables for the year ended 30 June 2015.

The ageing of the impaired receivables provided for above are as follows:

	Consolidated	
	30 June 2015	30 June 2014
	\$'000	\$'000
Past due more than 91 days	760	456

Movements in the provision for impairment of receivables are as follows:

	Consolidated	
	30 June 2015	30 June 2014
	\$'000	\$'000
Opening balance	456	294
Additional provisions recognised	475	162
Receivables written off during the year as uncollectable	(171)	-
Closing balance	760	456

Past due but not impaired

Customers with receivable balances past due but without provision for impairment, amount to \$14,907,000 as at 30 June 2015 (\$10,945,000 as at 30 June 2014).

The Group did not consider a credit risk on the aggregate balances after reviewing the credit terms of customers based on recent collection practices.

The ageing of the past due but not impaired receivables are as follows:

	Consolidated	
	30 June 2015	30 June 2014
	\$'000	\$'000
31 to 60 days overdue	6,484	5,242
61 to 90 days overdue	4,019	2,514
Past due more than 91 days	4,404	3,189
	14,907	10,945

NOTES TO THE FINANCIAL STATEMENTS / CONTINUED

30 JUNE 2015

NOTE 11. CURRENT ASSETS - OTHER

	Consolidated	
	30 June 2015	30 June 2014
	\$'000	\$'000
Accrued revenue	45	183
Prepayments	818	195
Other current assets	1,261	693
	2,124	1,071

NOTE 12. NON-CURRENT ASSETS - AVAILABLE-FOR-SALE FINANCIAL ASSETS

	Consolidated	
	30 June 2015	30 June 2014
	\$'000	\$'000
Unquoted ordinary shares - at fair value	29	25
	29	25

NOTE 13. NON-CURRENT ASSETS - PROPERTY, PLANT AND EQUIPMENT

	Consolidated	
	30 June 2015	30 June 2014
	\$'000	\$'000
Leasehold improvements - at cost	1,068	917
Less: Accumulated amortisation	(930)	(869)
	138	48
Plant and equipment - at cost	465	438
Less: Accumulated depreciation	(396)	(332)
	69	106
Furniture, fixtures and fittings - at cost	809	798
Less: Accumulated depreciation	(642)	(598)
	167	200
Computer equipment - at cost	5,237	4,618
Less: Accumulated depreciation	(4,423)	(3,846)
	814	772
	1,188	1,126

NOTES TO THE FINANCIAL STATEMENTS / CONTINUED

30 JUNE 2015

NOTE 13. NON-CURRENT ASSETS - PROPERTY, PLANT AND EQUIPMENT (continued)

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Leasehold improvements	Plant and equipment	Furniture, fixtures and fittings	Computer equipment	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2013	107	124	188	987	1,406
Additions	-	12	54	480	546
Disposals	-	-	-	(4)	(4)
Exchange differences	-	-	-	4	4
Depreciation/amortisation expense	(59)	(30)	(42)	(695)	(826)
Balance at 30 June 2014	48	106	200	772	1,126
Additions	149	-	6	440	595
Additions through business combinations (note 37)	-	-	5	207	212
Disposals	-	(11)	(1)	(13)	(25)
Exchange differences	2	2	(6)	27	25
Depreciation/amortisation expense	(61)	(28)	(37)	(619)	(745)
Balance at 30 June 2015	138	69	167	814	1,188

NOTE 14. NON-CURRENT ASSETS - INTANGIBLES

	Consolidated	
	30 June 2015	30 June 2014
	\$'000	\$'000
Goodwill - at cost	33,581	-
Patents and trade marks - at cost	14	-
Capitalised software development - at cost	1,247	595
Less: Accumulated amortisation	(317)	-
	930	595
	34,525	595

NOTE 14. NON-CURRENT ASSETS - INTANGIBLES (continued)**Reconciliations**

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Goodwill	Patents and trade marks	Capitalised software development	Total
	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2013	-	-	-	-
Additions	-	-	595	595
Balance at 30 June 2014	-	-	595	595
Additions through business combinations (note 37)*	33,581	14	-	33,595
Additions	-	-	652	652
Disposals	-	-	-	-
Amortisation expense	-	-	(317)	(317)
Balance at 30 June 2015	33,581	14	930	34,525

* Due to the proximity of the acquisitions of Practice Insight Pty Ltd and Fisher Adams Kelly Pty Limited to the year end, the intangible assets arising on the acquisitions have provisionally been allocated entirely to goodwill. The Directors acknowledge that a portion of the goodwill consequently may relate to the other identifiable intangible assets and a portion of goodwill consequently may be reallocated accordingly when final assessments have been determined.

Impairment testing

AASB136 states that an impairment test must be performed annually for goodwill and other indefinite life tangible assets. Further, companies must also assess at each reporting date whether there is any indication that the asset may be impaired and, if so perform an impairment test.

A value in use method has not been adopted as all three transactions were arm's length in nature and within a few months of year end and as such a fair value less cost to sell approach has been used. The impairment tests did not indicate any impairment of the goodwill or indefinite life intangible assets.

NOTES TO THE FINANCIAL STATEMENTS / CONTINUED

30 JUNE 2015

NOTE 15. DEFERRED TAX ASSETS / LIABILITIES

	Consolidated			
	Opening Balance	Recognised in profit or loss	Acquisitions	Closing Balance
	\$'000	\$'000	\$'000	\$'000
The net deferred tax asset comprises of the following balances:				
Impairment of receivables	-	176	-	176
Property, plant and equipment	-	(375)	-	(375)
Provisions	-	1,084	447	1,531
Accrued expenses	-	252	9	261
Unbilled revenue	-	(132)	-	(132)
Prepayments	-	8	(20)	(12)
Foreign exchange	-	(171)	-	(171)
Work in progress	-	24	(89)	(65)
Transaction costs	-	778	5	783
Sundry	(21)	(3)	-	(24)
	(21)	1,641	352	1,972

	Consolidated	
	30 June 2015	30 June 2014
	\$'000	\$'000
Disclosed as		
Deferred tax asset	1,972	-
Deferred tax liability	-	21
	1,972	21

Deferred taxes have been recognised for the first time on the corporatisation of the Australian group arising from the Group's reorganisation. (see note 2).

NOTES TO THE FINANCIAL STATEMENTS / CONTINUED

30 JUNE 2015

NOTE 16. CURRENT LIABILITIES - TRADE AND OTHER PAYABLES

	Consolidated	
	30 June 2015	30 June 2014
	\$'000	\$'000
Trade payables	5,179	3,619
Sundry creditors and accruals	4,799	2,804
	9,978	6,423

Refer to note 29 for further information on financial instruments.

NOTE 17. CURRENT LIABILITIES - BORROWINGS

	Consolidated	
	30 June 2015	30 June 2014
	\$'000	\$'000
Second multi-option facility	-	622
First progress draw facility	-	1,648
Hire purchase	-	236
	-	2,506

Refer to note 22 for further information on assets pledged as security and financing arrangements.

Refer to note 29 for further information on financial instruments.

NOTE 18. CURRENT LIABILITIES - PROVISIONS

	Consolidated	
	30 June 2015	30 June 2014
	\$'000	\$'000
Employee benefits	4,419	2,616
Lease make good	198	-
Other provisions	88	-
	4,705	2,616

NOTES TO THE FINANCIAL STATEMENTS / CONTINUED

30 JUNE 2015

NOTE 19. CURRENT LIABILITIES - OTHER FINANCIAL LIABILITIES

	Consolidated	
	30 Jun 2015	30 June 2014
	\$'000	\$'000
320 fully paid A Units at \$1 each and 450,320 fully paid C Units at \$1 each	-	451

The A and C class Units of the Spruson & Ferguson Unit Trust were classified as financial liabilities as in the event of termination of the Trust, the unit holders were entitled to receive the amount paid of \$1 per unit over all other units including Ordinary Units (classified as equity). Units were converted into ordinary shares on 19 November 2014 (Refer to note 24). The Trust vested on 27 October 2014 and as such has wound up during the year.

The A Units were not entitled to receive any part of the net income of the Trust. The C units had special rights attaching to them including the distribution of an agreed share of the net income from relevant country entity dividend income.

NOTE 20. CURRENT LIABILITIES - OTHER

	Consolidated	
	30 June 2015	30 June 2014
	\$'000	\$'000
Deferred consideration	4,950	7,182

The deferred consideration represents the estimated fair value of the deferred consideration relating to the acquisition of Fisher Adams Kelly (note 37). There have been no significant changes to the fair value of the deferred consideration since the acquisition date.

NOTE 21. CURRENT LIABILITIES - DEFERRED REVENUE

	Consolidated	
	30 June 2015	30 June 2014
	\$'000	\$'000
Deferred revenue	1,162	1,635

NOTE 22. NON-CURRENT LIABILITIES - BORROWINGS

	Consolidated	
	30 June 2015	30 June 2014
	\$'000	\$'000
Multi-option facility	10,550	-
Second multi-option facility	-	3,462
Hire purchase	-	129
	10,550	3,591

Refer to note 29 for further information on financial instruments.

Total secured liabilities

The total secured liabilities (current and non-current) are as follows:

	Consolidated	
	30 June 2015	30 June 2014
	\$'000	\$'000
Multi-option facility	10,550	-
Second multi-option facility	-	4,084
First progress draw facility	-	1,648
Hire purchase	-	365
	10,550	6,097

Assets pledged as security

On 25 August 2014, the Group entered into a facilities agreement ('Agreement') with Australian and New Zealand Banking Group Limited ('ANZ'). The facilities under the Agreement comprised:

- A multi-option facility with a term of three years for the general corporate purposes of the Group and
- A revolving annual credit facility allowing for financial guarantees and standby letters of credit to be issued for the general corporate purposes of the Group.

The Agreement is subject to specific financial covenants.

On 7 July 2015, IPH Limited amended the agreement to extend the facility to \$100m over a three year term.

The bank facility made available by ANZ is secured by cross guarantee and all assets from IPH Limited and each of its wholly owned subsidiaries, excluding IPH Services Pty Limited and Spruson & Ferguson (NSW) Pty Limited (refer to note 38 for a list of wholly owned subsidiaries).

Upon executing the new Multi-Option Facility Agreement, previous borrowings under the Working Capital Facility were extinguished.

NOTES TO THE FINANCIAL STATEMENTS / CONTINUED

30 JUNE 2015

NOTE 22. NON-CURRENT LIABILITIES - BORROWINGS (continued)

Financing arrangements

Unrestricted access was available at the reporting date to the following lines of credit:

	Consolidated	
	30 June 2015	30 June 2014
	\$'000	\$'000
Total facilities		
Bank overdraft	500	1,647
Multi-option facility	30,000	-
Hire purchase facility	-	1,000
First progress draw facility	-	3,125
Second multi option facility	-	4,534
Letter of credit issuance facility	-	622
Standby letter of credit facility	1,100	1,648
Bank guarantees	2,000	-
	33,600	12,576
Used at the reporting date		
Bank overdraft	-	-
Multi-option facility	10,550	-
Hire purchase facility	-	365
First progress draw facility	-	1,648
Second multi option facility	-	4,084
Letter of credit issuance facility	-	580
Standby letter of credit facility	-	-
Bank guarantees	1,781	-
	12,331	6,677
Unused at the reporting date		
Bank overdraft	500	1,647
Multi-option facility	19,450	-
Hire purchase facility	-	635
First progress draw facility	-	1,477
Second multi option facility	-	450
Letter of credit issuance facility	-	42
Standby letter of credit facility	1,100	1,648
Bank guarantees	219	-
	21,269	5,899

NOTES TO THE FINANCIAL STATEMENTS / CONTINUED

30 JUNE 2015

NOTE 23. NON-CURRENT LIABILITIES - PROVISIONS

	Consolidated	
	30 June 2015	30 June 2014
	\$'000	\$'000
Employee benefits	407	347

NOTE 24. EQUITY - ISSUED CAPITAL

	Consolidated			
	30 June 2015	30 June 2014	30 June 2015	30 June 2014
	Shares	Units	\$'000	\$'000
Ordinary Units - fully paid	-	320	-	420
Ordinary Class shares - fully paid	162,378,265	-	35,305	-
	162,378,265	320	35,305	420

Movements in ordinary units

Details	Date	Units	\$'000
Balance	1 July 2013	320	420
Balance	30 June 2014	320	420
Subdivision of units	19 November 2014	151,999,680	-
Units converted on IPO	19 November 2014	(152,000,000)	(420)
Balance	30 June 2015	-	-

NOTES TO THE FINANCIAL STATEMENTS / CONTINUED

30 JUNE 2015

NOTE 24. EQUITY - ISSUED CAPITAL (continued)

Movements in ordinary share capital

Details	Date	Shares	\$'000
Balance	1 July 2013	-	-
Balance	30 June 2014	-	-
Conversion of units **	19 November 2014	152,000,000	871
Acquisition of non-controlling interest	19 November 2014	5,406,666	11,354
Issue of shares to employees	19 November 2014	57,596	121
Issue of shares for directors services	19 November 2014	95,237	200
Acquisition of Practice Insight Pty Ltd (note 37)	30 April 2015	855,111	3,694
Acquisition of Fisher Adams Kelley Pty Ltd (note 37)	28 May 2015	3,963,655	19,065
Balance	30 June 2015	162,378,265	35,305

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

** Share issues during the period

The previous unitholders of the Spruson & Ferguson Unit Trust received one IPH Limited share for each unit held in the Trust. On IPO, the previous unit holders sold approximately 50% of their shares via IPH (SaleCo) Limited and therefore no additional capital is reflected in the issued capital of IPH Limited. "A" and "C" class units in the Spruson & Ferguson Unit Trust were classified as financial liabilities.

Share buy-back

There is no current on-market share buy-back.

Capital risk management

The Group's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group would look to raise capital when an opportunity to invest in a business or company was seen as value adding relative to the current Company's share price at the time of the investment.

The Group is subject to certain financing arrangements covenants and meeting these is given priority in all capital risk management decisions. There have been no events of default on the financing arrangements during the financial year.

NOTE 25. EQUITY - RESERVES

	Consolidated	
	30 June 2015	30 June 2014
	\$'000	\$'000
Foreign currency reserve	(233)	(276)
Share-based payments reserve	495	-
Minority interest acquisition reserve	(14,850)	(4,472)
	(14,588)	(4,748)

Foreign currency reserve

The reserve is used to recognise exchange differences arising from the translation of the financial statements of foreign operations to Australian dollars. It is also used to recognise gains and losses on hedges of the net investments in foreign operations.

Share-based payments reserve

The reserve is used to recognise the value of equity benefits provided to employees and Directors as part of their remuneration, and other parties as part of their compensation for services. Specifically the reserve relates to performance rights issued by the Company to its employees under its LTIP.

Minority interest acquisition reserve

This reserve represents the difference between the amount by which non-controlling interests are adjusted and the fair value of the consideration paid or received, where there is no change in control.

Movements in reserves

Movements in each class of reserve during the current and previous financial year are set out below:

Consolidated	Foreign currency	Share-based payments	Minority interest acquisition	Total
	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2013	(208)	-	(4,472)	(4,680)
Foreign currency translation	(68)	-	-	(68)
Balance at 30 June 2014	(276)	-	(4,472)	(4,748)
Foreign currency translation	43	-	-	43
Share-based payments	-	495	-	495
Minority interest acquisition	-	-	(10,378)	(10,378)
Balance at 30 June 2015	(233)	495	(14,850)	(14,588)

NOTES TO THE FINANCIAL STATEMENTS / CONTINUED

30 JUNE 2015

NOTE 26. EQUITY - RETAINED PROFITS

	Consolidated	
	30 June 2015	30 June 2014
	\$'000	\$'000
Retained profits at the beginning of the financial year	3,933	4,674
Profit after income tax expense for the year attributable to owners of IPH Limited	16,042	-
Profit attributable to previous unitholders	14,273	31,339
Dividends paid (note 28)	(5,514)	-
Distribution to trust unit holders	(14,273)	(32,080)
Retained profits at the end of the financial year	14,461	3,933

NOTE 27. EQUITY - NON-CONTROLLING INTEREST

	Consolidated	
	30 June 2015	30 June 2014
	\$'000	\$'000
Retained profits at the beginning of the financial year	543	600
Share of total comprehensive income for the year	274	811
Acquisition of non controlling interest	(159)	-
Dividends paid to non controlling interest	(658)	(868)
Retained profits at the end of the financial year	-	543

On 3 October 2014, the remaining 7% interest in Spruson & Ferguson (Asia) Pte Limited was acquired, increasing in ownership from 93% to 100%, in exchange for issue of shares in IPH Limited amounting to \$11,354,000. The Group recognised an increase in the minority interest acquisition reserve of \$11,354,000, net of the balance owing in the non-controlling interest account.

NOTE 28 EQUITY - DIVIDENDS

	Consolidated	
	30 June 2015	30 June 2014
	\$'000	\$'000
Interim dividend of 3.5 cents per share for the year ended 30 June 2015, with a record date of 5 March 2015 and paid on 25 March 2015	5,514	-

NOTE 28 EQUITY - DIVIDENDS (continued)

On 28 August 2015, the Company declared an ordinary dividend of 10.0 cents per share (franked at 5.0 cents) to be paid on 7 October 2015 to shareholders registered on the record date of 7 September 2015.

Franking credits

	Consolidated	
	30 June 2015	30 June 2014
	\$'000	\$'000
Franking credits available for subsequent financial years based on a tax rate of 30%	3,602	-

The above amounts represent the balance of the franking account as at the end of the financial year, adjusted for:

- franking credits that will arise from the payment of the amount of the provision for income tax at the reporting date
- franking debits that will arise from the payment of dividends recognised as a liability at the reporting date
- franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date

NOTE 29. FINANCIAL INSTRUMENTS

Financial risk management objectives

The Group's activities expose it to a variety of financial risks: market risk (including foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate and foreign exchange and ageing analysis for credit risk.

Market risk

Foreign currency risk

The Group undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations.

Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting.

The Group does not enter into any derivative financial instruments to manage its exposure to foreign currency risk.

The carrying amount of the Group's foreign currency denominated financial assets and financial liabilities at the reporting date were as follows:

NOTES TO THE FINANCIAL STATEMENTS / CONTINUED

30 JUNE 2015

NOTE 29. FINANCIAL INSTRUMENTS (continued)

Market risk (continued)

Foreign currency risk (continued)

The Group had net assets denominated in foreign currencies of \$16,920,000 (assets of \$19,557,000 less liabilities of \$2,637,000) as at 30 June 2015 (2014: \$16,540,000 (assets of \$19,253,000 less liabilities of \$2,713,000)). Based on this exposure, had the Australian dollar weakened by 10%/strengthened by 10% (2014: weakened by 10%/strengthened by 10%) against these foreign currencies with all other variables held constant, the Group's profit before tax for the year would have been \$1,432,000 lower/\$1,432,000 higher (2014: \$1,364,000 higher/\$1,364,000 lower) and equity would have been \$1,432,000 lower/\$1,432,000 higher (2014: \$1,364,000 higher/\$1,364,000 lower).

The percentage change is the expected overall volatility of the significant currencies, which is based on management's assessment of reasonable possible fluctuations taking into consideration movements over the last 12 months each year and the spot rate at each reporting date. The actual foreign exchange gain for the year ended 30 June 2015 was \$3,120,000 (2014: loss of \$40,000) (note 6).

	Consolidated	
	30 June 2015	30 June 2014
	\$'000	\$'000
United States dollars		
+ / - 10% United States dollars		
Decrease on profit before tax	(1,325)	(1,239)
Euro		
+ / - 10% Euro		
Decrease on profit before tax	(127)	(143)
Singapore dollars		
+ / - 10% Singapore dollars		
Increase on profit before tax	-	18
Other currencies		
+ / - 10% Other currencies		
Increase on profit before tax	20	20

Price risk

The Group is not exposed to any significant price risk.

Interest rate risk

The Group's main interest rate risk arises from its borrowings. Borrowings issued at variable rates expose the Group to interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. The Group does not enter into any derivative financial instruments to manage its exposure to interest rate risk.

NOTE 29. FINANCIAL INSTRUMENTS (continued)**Market risk (continued)***Interest rate risk (continued)*

As at the reporting date, the Group had the following variable rate borrowings outstanding:

Consolidated	30 June 2015		30 June 2014	
	Weighted average interest rate	Balance	Weighted average interest rate	Balance
	%	\$'000	%	\$'000
Multi-option facility	3.74%	10,550	-%	-
Second-multi option facility	-%	-	5.0%	4,084
First progress draw facility	-%	-	5.0%	1,648
Net exposure to cash flow interest rate risk		10,550		5,732

An analysis by remaining contractual maturities is shown in 'liquidity and interest rate risk management' below.

For the Group the bank loans outstanding, totalling \$10,550,000 (2014: \$5,732,000), are principal and interest payment loans. Monthly cash outlays of approximately \$23,000 (2014: \$23,000) per month are required to service the interest payments. An official increase/decrease in interest rates of 100 (2014: 100) basis points would have an adverse/favourable effect on profit before tax of \$115,000 (2014: \$61,000) per annum. The percentage change is based on the expected volatility of interest rates using market data and analysts forecasts. In addition, minimum principal repayments of \$0 (2014: \$0) are due during the year ending 30 June 2016 (2014: 30 June 2015).

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group may obtain payment in advance or restrict the services offered where appropriate to mitigate credit risk. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The Group does not have any material credit risk exposure to any single debtor or group of debtors and does not hold any collateral.

Liquidity risk

Liquidity risk management requires the Group to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

The Group manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

NOTES TO THE FINANCIAL STATEMENTS / CONTINUED

30 JUNE 2015

NOTE 29. FINANCIAL INSTRUMENTS (continued)

Liquidity risk (continued)

Financing arrangements (unused)

Unused borrowing facilities at the reporting date:

	Consolidated	
	30 June 2015	30 June 2014
	\$'000	\$'000
Bank overdraft	500	1,647
Multi-option facility	19,450	-
Hire purchase facility	-	635
First progress draw facility	-	1,477
Second multi option facility	-	450
Letter of credit issuance facility	-	42
Standby letter of credit facility	1,100	1,648
Bank guarantees	219	-
	21,269	5,899

The bank overdraft facilities may be drawn at any time and may be terminated by the bank without notice. Subject to the continuance of satisfactory credit ratings, the bank loan facilities may be drawn at any time and have an average maturity of 3 years (2014: 2 years).

Remaining contractual maturities

The following tables detail the Group's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

NOTE 29. FINANCIAL INSTRUMENTS (continued)
Liquidity risk (continued)
Remaining contractual maturities (continued)

The cash flows in the maturity analysis below are not expected to occur significantly earlier than contractually disclosed below.

Consolidated - 30 June 2015	Weighted average interest rate	1 year or less	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Remaining contractual maturities
	%	\$'000	\$'000	\$'000	\$'000	\$'000
Non-derivatives						
<i>Non-interest bearing</i>						
Trade payables	-%	5,719	-	-	-	5,719
Other payables and accruals	-%	4,799	-	-	-	4,799
<i>Interest-bearing - variable</i>						
Multi-option facility	3.74%	310	310	10,602	-	11,222
Total non-derivatives		10,828	310	10,602	-	21,740

Consolidated - 30 June 2014	Weighted average interest rate	1 year or less	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Remaining contractual maturities
	%	\$'000	\$'000	\$'000	\$'000	\$'000
Non-derivatives						
<i>Non-interest bearing</i>						
Trade payables	-%	3,619	-	-	-	3,619
Other payables and accruals	-%	2,804	-	-	-	2,804
<i>Interest-bearing - variable</i>						
Bank loans	5.00%	2,500	3,529	-	-	6,029
Lease liability	6.20%	248	131	-	-	379
Total non-derivatives		9,171	3,660	-	-	12,831

NOTES TO THE FINANCIAL STATEMENTS / CONTINUED

30 JUNE 2015

NOTE 30. FAIR VALUE MEASUREMENT

Fair value hierarchy

The following tables detail the Group's assets and liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3: Unobservable inputs for the asset or liability

Consolidated - 30 Jun 2015	Level 1	Level 2	Level 3	Total
	\$'000	\$'000	\$'000	\$'000
Assets				
Available for sale unquoted ordinary shares	-	-	29	29
Total assets	-	-	29	29

Consolidated - 30 Jun 2014	Level 1	Level 2	Level 3	Total
	\$'000	\$'000	\$'000	\$'000
Assets				
Available for sale unquoted ordinary shares	-	-	25	25
Total assets	-	-	25	25

There were no transfers between levels during the financial year.

The carrying amounts of trade and other receivables and trade and other payables are assumed to approximate their fair values due to their short-term nature.

The fair value of financial liabilities is estimated by discounting the remaining contractual maturities at the current market interest rate that is available for similar financial liabilities.

Available for sale unquoted ordinary shares fair value approximates its cost.

In view of the immaterial balance of the available for sale financial assets, the Directors believe financial assets' fair value approximates their costs.

NOTE 31. KEY MANAGEMENT PERSONNEL DISCLOSURES

Compensation

The aggregate compensation made to Directors and other members of key management personnel of the Group is set out below:

	Consolidated	
	30 June 2015	30 June 2014
	\$	\$
Short-term employee benefits	1,517,283	-
Post-employment benefits	98,490	-
Long-term benefits	135,803	-
Share-based payments	199,996	-
	1,951,573	-

Historically the group operated out of a unit trust structure as described in note 1. Compensation paid to key management personnel consisted of both equity and non-equity components. As such, information for the prior year is unable to be presented on a comparable basis and has therefore not been included for the period prior to listing.

NOTE 32. REMUNERATION OF AUDITORS

During the financial year the following fees were paid or payable for services provided by Deloitte Touche Tohmatsu, the auditor of the Company, and unrelated firms:

	Consolidated	
	30 June 2015	30 June 2014
	\$	\$
Audit services - Deloitte Touche Tohmatsu		
Audit or review of the financial statements	158,000	75,000
Other assurance services	3,500	-
Other services - Deloitte Touche Tohmatsu		
Tax compliance services	60,660	-
Transaction due diligence	40,000	-
Tax advisory services	71,300	-
Investigating Accountants Report and associated services	275,000	195,000
	608,460	270,000

NOTES TO THE FINANCIAL STATEMENTS / CONTINUED

30 JUNE 2015

NOTE 32. REMUNERATION OF AUDITORS (continued)

	Consolidated	
	30 June 2015	30 June 2014
	\$	\$
Deloitte Touche Tohmatsu (Singapore)		
Audit or review of the financial statements	43,689	-
Tax compliance services	15,825	-
	59,514	-
Audit services - unrelated firms		
Audit or review of the financial statements	-	24,361
Other services - unrelated firms		
Corporate and taxation services	-	3,288
	-	27,649

NOTE 33. CONTINGENT LIABILITIES

The Group has given bank guarantees in respect of operating lease commitments for office premises as at 30 June 2015 of \$1,781,000 (2014: \$0).

NOTE 34. COMMITMENTS

	Consolidated	
	30 June 2015	30 June 2014
	\$'000	\$'000
Lease commitments - operating		
<i>Committed at the reporting date but not recognised as liabilities, payable:</i>		
Within one year	3,072	1,563
One to five years	8,588	3,934
Over five years	4,023	-
	15,683	5,497

NOTE 34. COMMITMENTS (continued)

	Consolidated	
	30 June 2015	30 June 2014
	\$'000	\$'000
Lease commitments - hire purchase		
<i>Committed at the reporting date and recognised as liabilities, payable:</i>		
Within one year	-	260
One to five years	-	140
Total commitment	-	400
Less: Future finance charges	-	(35)
Net commitment recognised as liabilities	-	365
Representing:		
Hire purchase - current	-	236
Hire purchase - non-current	-	129
	-	365

Operating lease commitments include contracted amounts for offices and plant and equipment under non-cancellable operating leases expiring within 1 to 10 years with, in some cases, options to extend. The leases have various escalation clauses. On renewal, the terms of the leases are renegotiated.

NOTE 35. RELATED PARTY TRANSACTIONS**Parent entity**

IPH Limited is the parent entity.

Subsidiaries

Interests in subsidiaries are set out in note 38.

Key management personnel

Disclosures relating to key management personnel are set out in note 31 and the remuneration report in the Directors' report.

NOTES TO THE FINANCIAL STATEMENTS / CONTINUED

30 JUNE 2015

NOTE 35. RELATED PARTY TRANSACTIONS (continued)

Transactions with related parties

The following transactions occurred with related parties:

	Consolidated	
	30 June 2015	30 June 2014
	\$	\$
Other income:		
Income from Spruson & Ferguson Lawyers Unit Trust - a related party *	-	1,366,154
Distributions from Spruson & Ferguson Lawyers Unit Trust - a related party *	112,398	1,366,154

* The Spruson & Ferguson Lawyers Unit Trust 'SFLUT' was a discretionary trust that was operated but not controlled by the Group. The SFLUT vested on 27 October 2014.

Receivable from and payable to related parties

The following balances are outstanding at the reporting date in relation to transactions with related parties:

	Consolidated	
	30 June 2015	30 June 2014
	\$	\$
Current receivables:		
Spruson & Ferguson Lawyers Unit Trust	-	342,412

Loans to / from related parties

The following balances are outstanding at the reporting date in relation to loans with related parties:

	Consolidated	
	30 June 2015	30 June 2014
	\$	\$
Current receivables:		
Interest bearing secured loans to KMP included in "trade and other receivables"	-	181,773

Terms and conditions

All transactions were made on normal commercial terms and conditions and at market rates.

NOTE 36. PARENT ENTITY INFORMATION

Set out below is the supplementary information about the parent entity.

Statement of profit or loss and other comprehensive income

	Parent	
	30 June 2015	30 June 2014
	\$'000	\$'000
Profit after income tax	3,952	-
Total comprehensive income	3,952	-

NOTE 36. PARENT ENTITY INFORMATION (continued)

Statement of financial position

	Parent	
	30 June 2015	30 June 2014
	\$'000	\$'000
Total current assets	15,607	-
Total assets	59,649	-
Total current liabilities	16,117	-
Total liabilities	26,668	-
Equity		
Issued capital	34,434	-
Share-based payments reserve	110	-
Accumulated losses	(1,563)	-
Total equity	21,627	-

Net current asset deficiency

As at 30 June 2015, the parent entity had a deficiency of net current assets of \$510,000 which relates to interest free payables in intercompany entities.

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries

Other than the security provided for the ANZ Facility Agreement as disclosed in note 22, the parent entity had no guarantees in relation to the debts of its subsidiaries as at 30 June 2015 apart from being party to the deed of cross guarantee as detailed in Note 43.

Contingent liabilities

The parent entity had no contingent liabilities as at 30 June 2015 and 30 June 2014.

Comparative accounting period

The parent entity was incorporated on 9 April 2014 and remained dormant for the period from incorporation to 30 June 2014.

Capital commitments - Property, plant and equipment

The parent entity had no capital commitments for property, plant and equipment as at 30 June 2015 and 30 June 2014.

Significant accounting policies

The accounting policies of the parent entity are consistent with those of the Group, as disclosed in note 2, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Investments in associates are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.

NOTES TO THE FINANCIAL STATEMENTS / CONTINUED

30 JUNE 2015

NOTE 37. BUSINESS COMBINATIONS

Practice Insight Pty Ltd and WiseTime Pty Ltd

On 30 April 2015, the Group acquired 100% of the ordinary shares of data analysis and software companies Practice Insight Pty Ltd and WiseTime Pty Ltd under the terms of a Share Purchase Agreement (SPA). Under the terms of the SPA, the consideration is settled by way of the issue of 855,111 IPH Limited's shares at an issue price of \$4.6778 per share and cash of \$4,000,000, subject to accounting adjustments.

In accordance with accounting standard AASB3, the shares issued have been recorded at their acquisition date fair value (\$4.3200 per share). Consequently, the value of the 855,111 shares issued, has been recorded in the financial statements as \$3,694,000 which has the effect of valuing the acquisition at a total of \$7,694,000. The acquired business contributed revenues of \$104,000 and profit after tax of \$3,490 to the Group for the period from 30 April 2015 to 30 June 2015. If the acquisition occurred on 1 July 2014, the full year contributions would have been revenues of \$285,000 and profit after tax of \$76,000.

The initial accounting for the acquisition of Practice Insight Pty Ltd and WiseTime Pty Ltd has only been provisionally determined at the end of the reporting period. For tax purposes, the tax values of Practice Insight's assets are required to be reset based on market values. At the date of these consolidated financial statements, the necessary market valuations and other calculations had not been finalised and they have therefore only been provisionally determined based on the directors' best estimates of the likely tax values. The assets for which initial accounting has not been completed include software, customer relationships and trade marks.

Details of the acquisition are as follows:

	Fair value \$'000
Cash and cash equivalents	77
Trade receivables	145
Plant and equipment	5
Other intangible assets	14
Trade payables	(35)
Deferred revenue	(165)
Net assets acquired	41
Goodwill and intangibles	7,653
Acquisition-date fair value of the total consideration transferred	7,694
Representing:	
Cash paid or payable to vendor	4,000
IPH Limited shares issued to vendor	3,694
	7,694
Acquisition costs expensed to profit or loss	117

NOTE 37. BUSINESS COMBINATIONS (continued)

Practice Insight Pty Ltd and WiseTime Pty Ltd (continued)

	Fair value \$'000
Cash used to acquire business, net of cash acquired:	
Acquisition-date fair value of the total consideration transferred	7,694
Less: cash and cash equivalents acquired	(77)
Less: shares issued by Company as part of consideration (Note 24)	(3,694)
Net cash used	3,923

Fisher Adams Kelly Pty Ltd

On 28 May 2015 the Group acquired 100% of the ordinary shares of patent & trade mark attorneys firm Fisher Adams Kelly Pty Ltd "FAK" under the terms of a Share Purchase Agreement (SPA). The final agreed purchase price was \$22,912,339 which was based on seven and a half times FAK's forecast profit before interest and tax for its financial year ended 30 June 2015 subject to accounting adjustments.

Under the terms of the SPA, \$18,190,005 of the purchase price was settled by way of the issue of ordinary shares in IPH to the vendors of FAK at a price of \$4.5892 per share, which equated to the issue of 3,963,655. The balance of the purchase price of \$4,950,000, recognised as deferred consideration.

In accordance with accounting standard AASB3, the shares issued have been recorded at their acquisition date fair value (\$4.810 per share). Consequently, the value of the 3,963,655 shares issued and the deferred consideration has been recorded in the financial statements as \$24,014,715.

The acquired business contributed revenues of \$1,572,000 and profit after tax of \$263,000 to the Group for the period from 28 May 2015 to 30 June 2015. If the acquisition occurred on 1 July 2014, the full year contributions would have been revenues of \$16,433,000 and profit after tax of \$2,035,000.

The initial accounting for the acquisition of FAK Pty Ltd has only been provisionally determined at the end of the reporting period. For tax purposes, the tax values of FAK's assets are required to be reset based on market values. At the date of these consolidated financial statements, the necessary market valuations and other calculations had not been finalised and they have therefore only been provisionally determined based on the directors' best estimates of the likely tax values. The assets for which initial accounting has not been completed include customer relationships and trade marks.

NOTES TO THE FINANCIAL STATEMENTS / CONTINUED

30 JUNE 2015

NOTE 37. BUSINESS COMBINATIONS (continued)

Fisher Adams Kelly Pty Ltd (continued)

Details of the acquisition are as follows:

	Fair value \$'000
Cash and cash equivalents	712
Trade and other receivables	2,858
Plant and equipment	207
Other assets	665
Trade payables	(1,747)
Deferred tax asset	352
Provisions	(1,478)
Borrowings	(3,482)
Net assets acquired	(1,913)
Goodwill and intangibles	25,928
Acquisition-date fair value of the total consideration transferred	24,015
Representing:	
IPH Limited shares issued to vendor	19,065
Deferred consideration	4,950
	24,015
Acquisition costs expensed to profit or loss	164
Cash used to acquire business, net of cash acquired:	
Acquisition-date fair value of the total consideration transferred	24,015
Less: shares issued by Company as part of consideration	(19,065)
Less: cash and cash equivalents acquired (note 24)	(712)
Deferred consideration (note 20)	(4,950)
Net cash used	(712)

NOTE 38. INTERESTS IN SUBSIDIARIES

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policies described in note 2:

Name	Principal place of business / Country of incorporation	Principal activities	Parent		Non-controlling interest	
			Ownership interest	Ownership interest	Ownership interest	Ownership interest
			30 Jun 2015 %	30 Jun 2014 %	30 Jun 2015 %	30 Jun 2014 %
Spruson & Ferguson Pty (NSW) Limited (iii) (iv)	Australia	Non trading entity	100.00%	100.00%	-%	-%
Spruson & Ferguson Pty Limited (iii) (iv)	Australia	Patent attorneys	100.00%	100.00%	-%	-%
Spruson & Ferguson Lawyers Pty Limited (iii) (iv)	Australia	Lawyers	100.00%	100.00%	-%	-%
Spruson & Ferguson (Asia) Pte Ltd (i)	Singapore	Patent attorneys	100.00%	93.00%	-%	7.00%
Spruson & Ferguson SDN BHD	Malaysia	Patent attorneys	100.00%	100.00%	-%	-%
IPH Services Limited (iii) (iv)	Australia	Software Development	100.00%	100.00%	-%	-%
Practice Insight Pty Limited (iii) (iv)	Australia	Data analysis and software	100.00%	-%	-%	-%
Wise Time Pty Limited (iii)	Australia	Data analysis and software	100.00%	-%	-%	-%
Fisher Adams Kelly Pty Limited (iii) (iv)	Australia	Patent attorneys	100.00%	-%	-%	-%

(i) During the financial year ended 30 June 2015, the remaining 7% of the issued share capital in Spruson & Ferguson Asia Pte Limited was acquired. As at 30 June 2015, the Group owns 100% of the issued share capital in Spruson & Ferguson Asia Pte Limited

(ii) IPH Limited is the head entity within the tax consolidated group.

(iii) These companies are member of the tax consolidated group

(iv) These wholly owned subsidiaries entered into a deed of cross guarantee with IPH limited on 26 June 2015 pursuant to class order 98/1418 and are relieved from the requirements to prepare and lodge an audited financial report.

NOTES TO THE FINANCIAL STATEMENTS / CONTINUED

30 JUNE 2015

NOTE 39. EVENTS AFTER THE REPORTING PERIOD

No matter or circumstance has arisen since 30 June 2015 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

NOTE 40. RECONCILIATION OF PROFIT AFTER INCOME TAX TO NET CASH FROM OPERATING ACTIVITIES

	Consolidated	
	30 June 2015	30 June 2014
	\$'000	\$'000
Profit after income tax expense for the year	30,589	32,155
Adjustments for:		
Depreciation and amortisation	1,062	826
Unrealised foreign exchange	398	985
Dividend income	(112)	-
Share-based payments	495	-
Issue of shares on listing to employees and directors	321	-
Other	(4)	-
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	(4,083)	2,130
Increase in deferred tax assets	(1,641)	(1)
Decrease/(increase) in other assets	(424)	63
Increase/(decrease) in trade and other payables	1,773	551
Increase in provision for income tax	3,158	702
Decrease in deferred revenue	(638)	(108)
Increase in provisions	671	1,010
Net cash from operating activities	31,565	38,313

NOTE 41. EARNINGS PER SHARE

	Consolidated	
	30 June 2015	30 June 2014
	\$'000	\$'000
Profit after income tax	30,589	32,155
Non-controlling interest	(274)	(816)
Profit after income tax attributable to the owners of IPH Limited	30,315	31,339

	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	155,387,554	152,000,000
Options over ordinary shares	225,725	-
Weighted average number of ordinary shares used in calculating diluted earnings per share	155,613,279	152,000,000

	Cents	Cents
Basic earnings per share	19.51	20.62
Diluted earnings per share	19.48	20.62

The weighted average number of ordinary shares for the year ended 30 June 2014 is calculated on the 152,000,000 ordinary shares that would have been in existence had the corporate/group reorganisation occurred as at 1 July 2013.

NOTE 42. SHARE-BASED PAYMENTS

On 24 October 2014, the Long Term Incentive Plan ('LTIP') was adopted by the Board of Directors and was established to attract, motivate and retain key staff. Participation in the LTIP is at the Board's discretion and no individual has a contracted right to participate in the LTIP or to receive any guaranteed benefits.

Retention rights

Each retention right issued under the LTIP converts into one ordinary share of IPH Limited on exercise. No amounts are paid or payable by the recipient of the retention right, and the retention rights carry neither rights to dividends nor voting rights. The retention rights are treated as in substance options and accounted for as share-based payments.

A third of the aggregate retention rights granted will vest at each twelve month anniversary of the grant date; vesting is conditional on continued employment.

NOTES TO THE FINANCIAL STATEMENTS / CONTINUED

30 JUNE 2015

NOTE 42. SHARE-BASED PAYMENTS (continued)

Retention rights (continued)

Set out below are summaries of the rights granted under the plan:

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired / forfeited / other	Balance at the end of the year
19/11/2014	9/09/2017	\$0.00	-	47,619	-	-	47,619
19/11/2014	9/09/2017	\$0.00	-	47,619	-	-	47,619
19/11/2014	9/09/2017	\$0.00	-	47,619	-	-	47,619
			-	142,857	-	-	142,857

Performance rights

Each performance right issued under the LTIP converts into one ordinary share of IPH Limited on exercise. No amounts are paid or payable by the recipient of the performance right, and the performance rights carry neither rights to dividends nor voting rights. The performance rights are treated as in substance options and accounted for as share-based payments.

Performance Rights will vest (and become exercisable) to the extent that the applicable performance, service or other vesting conditions specified at the time of the grant are satisfied (collectively the 'Performance Criteria'). Performance Criteria may include conditions relating to continuous employment or service, the individual performance of the participant and/or the Group's performance. Typically, the Performance Criteria must be satisfied within a predetermined performance period. Both the performance Criteria and the performance period are set by the Board at its absolute discretion.

The Board has set the following Performance Criteria for the performance period for the Performance Rights granted to employees on 19 November 2014:

- 50% of the Performance Rights granted will vest subject to a relative total shareholder return ('TSR') performance hurdle over the relevant vesting period; and
- the remaining 50% of the Performance Rights granted will vest subject to an earnings per share ('EPS') performance hurdle over the relevant vesting period.

TSR Rights

TSR rights will be assessed against the relative performance over the relevant performance period of a list of companies included in the ASX300 Accumulation Index. The relative TSR performance targets and corresponding percentages of the maximum number of TSR Rights that would vest are as follows:

- Below the 50th percentile: 0%
- At the 50th percentile: 25%
- Better than the 50th percentile but below the 75th percentile: Pro-rata straight-line between 25% and 100%
- Equal to or above the 75th percentile: 100%

NOTE 42. SHARE-BASED PAYMENTS (continued)

TSR Rights (continued)

For the Performance Rights granted to employees on 19 November 2014, the share price baseline for the TSR calculation will be the offer price per the prospectus, and the performance period will be the period from the 19 November 2014 to 30 June 2017.

EPS Rights

The absolute EPS performance target (being the compound annual EPS growth over the relevant performance period, adjusted to take into account one-off items associated with the Offer, if necessary) and corresponding percentages of the maximum number of EPS Rights that would vest are as follows:

- Compound EPS growth of less than 7% per annum: 0%
- Compound EPS growth of 7% per annum : 20%
- Compound EPS growth of more than 7% per annum but less than 15% per annum: Pro-rata straight line between 20% and 100%
- Compound EPS growth equal to or above 15% per annum : 100%

For the performance rights granted on 19 November 2014, the minimum EPS target (at which 20% of the EPS Rights vest) will be EPS in the financial year ending 30 June 2017 of 17.3 cents, being the forecast pro forma EPS of IPH for the financial year ending 30 June 2015 with a compound annual growth rate of 7% applied to it for the following 2 financial years, and the maximum EPS target (at which 100% of the EPS Rights vest) will be EPS in the financial year ending 30 June 2017 of 20.0 cents, being the forecast pro forma EPS of IPH for the financial year ending 30 June 2015 with a compound annual growth rate of 15% applied to it for the following 2 financial years.

The performance rights are subject to a vesting period from grant date to 9 September 2017, and are detailed below:

Grant date	Type	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited / other	Balance at the end of the year
19/11/2014	TSR	30/06/2017	\$0.00	-	137,538	-	-	137,538
19/11/2014	EPS	30/06/2017	\$0.00	-	137,538	-	-	137,538
				-	275,076	-	-	275,076

Fair value of retention and performance rights granted this year

The weighted average share price during the financial year was \$2.70 (2014: N/A).

The weighted average remaining contractual life of rights outstanding at the end of the financial year was 2 years.

NOTES TO THE FINANCIAL STATEMENTS / CONTINUED

30 JUNE 2015

NOTE 42. SHARE-BASED PAYMENTS (continued)

Fair value of retention and performance rights granted this year (continued)

For the performance rights granted during the current financial year, the valuation model inputs used to determine the fair value at the grant date, are as follows:

Grant date		Expiry date	Share price at grant date	Exercise price	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date
Performance rights								
24/10/2014	TSR	09/09/2017	\$2.10	\$0.00	35.00%	6.40%	2.56%	\$1.040
24/10/2014	EPS	09/09/2017	\$2.10	\$0.00	35.00%	6.40%	2.56%	\$1.750
Retention rights								
24/10/2014	Tranche 1	09/09/2017	\$2.10	\$0.00	35.00%	6.40%	2.44%	\$1.970
24/10/2014	Tranche 2	09/09/2017	\$2.10	\$0.00	35.00%	6.40%	2.49%	\$1.840
24/10/2014	Tranche 3	09/09/2017	\$2.10	\$0.00	35.00%	6.40%	2.58%	\$1.730

The weighted fair value of the rights granted during the year is \$1.55.

NOTE 43. DEED OF CROSS GUARANTEE

The members of the Group party to the deed of cross guarantee are detailed in note 38. The consolidated statement of profit or loss and other comprehensive income and consolidated statement of financial position of the entities party to the deed of cross guarantee are:

	30 June 2015
	\$'000
Revenue	47,562
Other income	35,524
Expenses	
Employee benefits expense	(19,722)
Depreciation and amortisation expense	(780)
Rental expenses	(1,903)
Restructure and formation expenses	(3,499)
Business acquisition costs	(310)
Agent fee expenses	(6,995)
Insurance expenses	(265)
Travel expenses	(362)
Printing & stationery expenses	(128)
Other expenses	(4,692)
Finance costs	(623)
Profit before income tax expense	43,807

NOTE 43. DEED OF CROSS GUARANTEE (continued)

	30 June 2015
	\$'000
Profit before income tax expense	43,807
Income tax expense	(2,862)
Profit after income tax expense for the year	40,945
Other comprehensive income	
<i>Items that may be reclassified subsequently to profit or loss</i>	
Other comprehensive income for the year, net of tax	-
Total comprehensive income for the year	40,945
Profit for the year is attributable to:	
Non-controlling interest	-
Owners of IPH Limited	40,945
	40,945
Total comprehensive income for the year is attributable to:	
Non-controlling interest	-
Owners of IPH Limited	40,945
	40,945

NOTES TO THE FINANCIAL STATEMENTS / CONTINUED

30 JUNE 2015

NOTE 43. DEED OF CROSS GUARANTEE (continued)

	30 June 2015
	\$'000
Current assets	
Cash and cash equivalents	2,848
Trade and other receivables	15,158
Other assets	1,359
Total current assets	19,365
Non-current assets	
Property, plant and equipment	1,129
Intangibles	34,526
Investments in subsidiaries	6,577
Deferred tax	1,996
Total non-current assets	44,228
Total assets	63,593
Current liabilities	
Trade and other payables	6,280
Income tax	2,106
Provisions	4,687
Other liabilities	4,950
Deferred revenue	1,162
Total current liabilities	19,184
Non-current liabilities	
Borrowings	10,550
Provisions	407
Total non-current liabilities	10,957
Total liabilities	30,141
Net assets	33,451
Equity	
Issued capital	35,305
Reserves	(10,954)
Retained profits	9,100
Total equity	33,451

DIRECTOR'S DECLARATION

In the Directors' opinion:

- the attached financial statements and notes comply with the *Corporations Act 2001*, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 2 to the financial statements;
- the attached financial statements and notes give a true and fair view of the Group's financial position as at 30 June 2015 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

At the date of this declaration, the company is within the class of companies affected by ASIC Class Order 98/1418. The nature of the deed of cross guarantee is such that each company which is party to the deed guarantees to each creditor payment in full of any debt in accordance with the deed of cross guarantee.

In the directors' opinion, there are reasonable grounds to believe that the company and the companies to which the ASIC class order applies, as detailed in note 43 to the financial statements, will as a group, be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee.

The Directors have been given the declarations required by section 295A of the *Corporations Act 2001*.

Signed in accordance with a resolution of Directors made pursuant to section 295(5)(a) of the *Corporations Act 2001*.

On behalf of the Directors



David Griffith
Managing Director

16 September 2015
Sydney

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF IPH LIMITED



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Independent Auditor's Report to the Members of IPH Limited

Report on the Financial Report

We have audited the accompanying financial report of IPH Limited, which comprises the statement of financial position as at 30 June 2015, the statement of comprehensive income, the statement of cash flows and the statement of changes in equity for the year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity, comprising the company and the entities it controlled at the year's end or from time to time during the financial year as set out on pages 37 to 97.

Directors' Responsibility for the Financial Report

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

Auditor's Responsibility

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Auditor's Independence Declaration

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of IPH Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Opinion

In our opinion:

- (a) the financial report of IPH Limited is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2015 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- (b) the consolidated financial statements also comply with International Financial Reporting Standards as disclosed in Note 2.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 24 to 31 of the directors' report for the year ended 30 June 2015. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion the Remuneration Report of IPH Limited for the year ended 30 June 2015, complies with section 300A of the *Corporations Act 2001*.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU



Tara Hill
Partner
Chartered Accountants
Sydney, 16 September 2015

SHAREHOLDER INFORMATION

The shareholder information set out below was applicable as at 20 August 2015.

DISTRIBUTION OF EQUITABLE SECURITIES

Analysis of number of equitable security holders by size of holding:

	Number of holders of ordinary shares	Number of ordinary shares
1 to 1,000	539	364,047
1,001 to 5,000	2,405	7,590,098
5,001 to 10,000	1,074	8,459,852
10,001 to 100,000	697	15,504,815
100,001 and over	78	130,459,453
	4,793	162,378,265
Holding less than a marketable parcel	-	-

EQUITY SECURITY HOLDERS

Twenty largest quoted equity security holders

The names of the twenty largest security holders of quoted equity securities are listed below:

Name	Ordinary shares	
	Number held	% of total shares issued
J P MORGAN NOMINEES AUSTRALIA LIMITED	11,215,486	6.91
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	6,187,228	3.81
CITICORP NOMINEES PTY LIMITED	6,138,582	3.78
NATIONAL NOMINEES LIMITED	5,715,728	3.52
TALABAH PTY LIMITED	5,441,975	3.35
NABIDE PTY LIMITED	5,358,024	3.30
SETDOR PTY LIMITED	4,925,925	3.03
KIZILE PTY LIMITED	4,654,321	2.87
RBC INVESTOR SERVICES AUSTRALIA NOMINEES P/L	4,130,746	2.54
WOMBEE PTY LIMITED	3,987,654	2.46
BERGTRUS PTY LIMITED	3,987,654	2.46
BNP PARIBAS NOMS PTY LTD	3,785,112	2.33
MASSEYTRUS PTY LIMITED	3,753,086	2.31
KORTRUS PTY LIMITED	3,753,086	2.31
SHANTAY PTY LIMITED	3,753,086	2.31
HEUZTRUS PTY LIMITED	3,518,518	2.17

SHAREHOLDER INFORMATION / CONTINUED

EQUITY SECURITY HOLDERS (CONTINUED)

Twenty largest quoted equity security holders (continued)

Name	Ordinary shares	
	Number held	% of total shares issued
GURLUCHI PTY LIMITED	3,283,951	2.02
CURNTRUS PTY LIMITED	3,283,951	2.02
AFTRUS PTY LIMITED	3,283,951	2.02
ROSSARD PTY LIMITED	3,283,950	2.02
EDNIC PTY LIMITED	2,814,815	1.73
O'BRIENTRUS PTY LIMITED	2,814,814	1.73
ASSONET PTY LIMITED	2,814,814	1.73
UBS NOMINEES PTY LTD	2,218,781	1.37
NADIRA HOLDINGS (S) PTE LTD	1,876,543	1.16
AMP LIFE LIMITED	1,810,758	1.12

No person holds 20% or more of unquoted equity securities as at the date of this report.

Unquoted equity securities

	Number on issue	Number of holders
Performance rights over ordinary shares	275,706	18
Retention rights	142,857	2

SUBSTANTIAL HOLDERS

No substantial holder (least 5% of total issued shares) as at the date of this report.

VOTING RIGHTS

The voting rights attached to ordinary shares are set out below:

Ordinary shares

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

There are no other classes of equity securities.

RESTRICTED SECURITIES

There are no restricted securities.

SHAREHOLDER INFORMATION / CONTINUED

SECURITIES SUBJECT TO VOLUNTARY ESCROW

Class	Expiry date	Number of shares
Ordinary	14/11/16	78,398,388
Ordinary	30/04/17	591,979
Ordinary	28/05/17	1,486,370

Annual General Meeting (AGM)

The 2015 annual general meeting (AGM) of IPH Limited will be held at 10:30am on 20 November 2015, at Deloitte, Level 9, Grosvenor Place, 225 George Street, Sydney. The AGM will be webcast live on the internet at www.iphltd.com.au and an archived version will be placed on the website to enable the AGM to be viewed at a later time.

IPH Limited is listed on the ASX and its ordinary shares are quoted under the ASX code 'IPH'.

Annual Report

Amendments to the *Corporations Act 2001* have changed the obligations of companies regarding the provision of annual reports to shareholders. The default option for receiving annual reports has changed from a printed copy to an electronic copy via IPH's website at www.iphltd.com.au.

Online voting

Shareholders can lodge voting instructions electronically either as a direct vote or by appointing a proxy for the 2015 AGM at www.iphltd.com.au. The information required to log on and use online voting is shown on the voting form distributed to shareholders with the Notice of Annual General meeting.

Voting Rights

At a general meeting, a shareholder present in person or by proxy, attorney or representative has one vote on a show of hands and on a poll has one vote for each fully paid share held.

Voting at any meeting of shareholder is by a show of hands unless a poll is demanded in the manner described in the Company's Constitution. If there are two or more joint holders of a share and more than one of them is present at a general meeting, in person or by proxy, attorney or representative, and tenders a vote in respect of the share, the Company will count only the vote cast by, or on behalf of, the shareholder by the joint holder whose name appears first in the Company's register of shareholder.

The quorum required for a meeting of members is two shareholders. If the votes are equal on a proposed resolution, the matter is decided in the negative.

Shareholder questions

Shareholders can submit a written question to the Company or the Company's auditor in regard to the AGM or any of the proposed resolutions to be considered at the AGM, using the form supplied with the Notice of AGM distributed to shareholders.

Information about IPH

Information about IPH Limited including company announcements, presentations and reports can be accessed at www.iphltd.com.au

