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ASX Announcement

18 October 2017

Annual Report for the year ended 30 June 2017

Attached is a copy of the IPH Limited Annual Report for the year ended 30 June 2017. The Annual Report is being sent to shareholders today.

For more information, please contact:
David Griffith, Managing Director
John Wadley, Chief Financial Officer
Ph: +61 2 9393 0301

About IPH Limited

IPH Limited ("IPH", ASX:IPH), the holding company of Spruson & Ferguson, Practice Insight, Fisher Adams Kelly Callinans, Pizzeys and Cullens, is the leading intellectual property ("IP") services group in the Asia-Pacific region offering a wide range of IP services and products. These services are provided across Australia, New Zealand, Papua New Guinea, the Pacific Islands and Asia from offices in Sydney, Brisbane, Melbourne, Canberra, Singapore, Kuala Lumpur, Jakarta, Shanghai, Beijing, Hong Kong and Bangkok. The group comprises a multidisciplinary team of approximately 450 people, including some of the most highly regarded IP professionals in the Asia-Pacific region. The team services a diverse client base of Fortune Global 500 companies and other multinationals, public sector research organisations, foreign associates and local clients. IPH is the first IP services group to list on the Australian Securities Exchange.

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IPH LIMITED

2017 ANNUAL REPORT

YEAR ENDED 30 JUNE 2017



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CHAIRMAN'S LETTER

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"At the same time, we have continued to deliver on our strategic objectives and further expanded our platform for future organic growth."

In 2017, IPH Limited delivered solid earnings and dividend growth. This was particularly pleasing given the very strong comparative year caused by increased patent filing activity in our markets due to the America Invents Act. At the same time, we have continued to deliver on our strategic objectives and further expanded our platform for future organic growth.

Solid financial performance and strong cash flows have enabled the Directors to declare a final dividend of 10.5c per share (fully franked) bringing total dividends paid during the year to 22c (an increase of 5% on FY16).

Operationally, in the past year we focused on the expansion and strengthening of the Company's presence in the high growth Asian region, with the first international acquisition in China and Hong Kong and continuous development of the new Thailand and Indonesian offices. As a vote of confidence in our model, we saw an increase in the number of cases and portfolios transferred to our businesses in Asia and Australia by both existing and new clients.

As previously announced, David Griffith will step down as Managing Director and CEO at the Annual General Meeting after 43 years in the IP profession with Spruson & Ferguson and IPH Limited.

David has made an enormous contribution to the Spruson & Ferguson business and was a catalyst for the transformation of the entire IP industry in Australia. David has also developed excellent professional and executive talent within the company that has enabled the Board to manage an orderly transition upon his retirement.

Dr Andrew Blattman, current CEO of Spruson & Ferguson, will succeed David as the CEO and Managing Director of IPH. Andrew has more than 20 years of experience in IP and a deep understanding of the IPH business. The Board is confident that Dr Blattman has the knowledge, skills and business acumen to drive the Company into the future.

IPH companies currently employ 65 Principals. The new corporate structure has enabled us to appoint 27 new Principals across the IPH group since listing.

In November 2016, IPH managed the sell-down of approximately 30m escrowed shares by certain vendor principals of Spruson & Ferguson. Management and a number of these Principals continue to hold a significant number of shares.

Looking forward, we remain committed to providing our investors with quality earnings and return on investment through a combination of organic growth and strategic acquisitions.

I would like to thank our shareholders for their support of the Company, and our people for their hard work in driving performance, servicing our clients and growing the company into the future.

Finally, on behalf of the Board, I would like to take this opportunity to congratulate David on his career and the legacy he has left through the creation of the IPH group, and wish him well on his retirement.



Richard Grellman, AM
Chairman

FINANCIAL HIGHLIGHTS[1]

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REVENUE ($M)[2]

$A
186.0M
18%

FY15	107.8
FY16	157.5
FY17	186.0

EBITDA ($M)[3]

$A
68.7M
15%

FY15	38.5
FY16	59.5
FY17	68.7

NPAT ($M)

$A
42.9M
11%

FY15	30.6
FY16	38.8
FY17	42.9

OPERATING CASHFLOW ($M)

$A
49.9M
19%

FY15	31.5
FY16	42.1
FY17	49.9

EARNINGS PER SHARE (cents)[4]

22.3c
3%

FY15	19.5
FY16	21.7
FY17	22.3

FULL YEAR DIVIDEND (cents)

22.0c
5%

FY15	13.5
FY16	21
FY17	22

1. The Company listed on 17 November 2014.
2. FY15 and FY16 revenue has been restated to include recognition of filing fee revenue per change in the FY17 accounting policy.
3. Earnings before interest, tax, depreciation and amortisation.
4. Diluted earnings per share.

BUSINESS SNAPSHOT

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450+
Employees

5
Brands

SPRUSON & FERGUSON INTELLECTUAL PROPERTY

Fisher Adams Kelly Callinans
PATENT & TRADE MARK ATTORNEYS
AUSTRALIA & ASIA-PACIFIC

PIZZEYS Patent and Trade Mark Attorneys
AUSTRALIA | NEW ZEALAND
ASIA PACIFIC

CULLENS Patent and Trade Mark Attorneys
Established 1936

PRACTICE INSIGHT

9k+
Clients

#1
Patent group in Australia & Singapore[1]

22%
Patent market share in Australia[1]

24%
Patent market share in Singapore[1]

14
Offices

6
Countries



5.5k
Trademark filings[2]

16k+
Patent filings[2]

1. Australia – FY17 as at 30 Jun 17. Singapore – CYTD17 as at approx. 30 Jun 17.
2. Filings by all IPH entities. IPH management estimate based on internal filing information. All incoming/outgoing patent/trademark applications filed either directly or indirectly (through an agent) by SF(AU), SF(Asia), FAKC, Pizzeys, Cullens and SF(China/HK), including where agent is an IPH entity. Applications filed by SF(China/HK) are those filed by the firm across the entire financial year.

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CHIEF EXECUTIVE OFFICER'S REPORT



"I am immensely proud of what has been achieved over the years, as the company grew from a traditional patent and trade mark attorney practice to a market-leading S&P/ASX 200 Asia-Pacific IP group employing over 450 people in six countries."

This will be my last report as CEO and Managing Director of IPH Limited as I will be retiring in November 2017. I am immensely proud of what has been achieved over the years, as the company grew from a traditional patent and trade mark attorney practice to a market-leading S&P/ASX 200 Asia-Pacific IP group employing over 450 people in six countries.

Strong earnings and financial performance

In FY17, the Company's Statutory Net Profit after Tax ("NPAT") for the year was $42.9m, which equates to diluted earnings of 22.3c/share and compares to $38.8m in the previous year. The underlying NPAT for the year was $51.2m, being a 9% increase over the previous corresponding period. Underlying EBITDA was $71.6m (an increase of 10% on the corresponding period). The Company's underlying EPS is 26.7c (2% increase on FY16, or 6% increase if eliminating the impact of further investment in Practice Insight).

FY17 results must be viewed against the very strong FY16 year due to the America Invents Act (AIA). In that respect, the Australian and Asian businesses have done very well to "fill the gap" created by the pull-forward effect of AIA.

Market Overview

The Australian and Asian patent markets remain strong post-AIA with the normalisation of patent filing growth patterns. The Australian patent market was down by 1% on previous year, however up by 8% on FY15. In CY16, the total number of applications filed in Singapore from US applicants was down by 6% on the previous corresponding period due to the AIA pull-forward effect.

The combined market opportunity in Asia (excluding China and, primary Asian IP markets, Japan and South Korea) is greater than the Australian and Singapore markets combined. The latest patent filing data demonstrates continued growth of the Asian market with over 56,000 patent applications filed in key Asian jurisdictions in CY15.

China continues to be a high growth jurisdiction with over 1 million patent applications filed in CY15 including over 130,000 patent application from our addressable market, non-residents.

These markets remain very attractive and we continue to see Asia as the growth centre of IPH.

IP services business

The IPH Group continues to hold the leading patent market position in key markets in Australia and Singapore with 22% and 24% market share respectively.

In the past 18 months we have been working on growing our presence in Asia through the opening of the offices in Thailand and Indonesia and new offices in Beijing and Hong Kong through acquisition. Our new and existing clients have responded well to our expanded Asian offering as seen by the significant number of cases transferred in the past 12 months.

In FY17 patent applications by IPH's Asian operations were up by 5% on FY16 supported by the addition of filings from the recently acquired China/Hong Kong businesses, driving overall patent filings by IPH companies up by 1%.

IPH's trademark filings have grown by 38% on the previous year as a result of the acquisition of a predominantly trademark business in China and Hong Kong, along with the opening of the Spruson & Ferguson Melbourne office. In addition, the Spruson & Ferguson (Asia) trademark business is gaining momentum with

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an increase of 50% in trademark filings in 2H17 compared to 2H16. IPH continues to hold the number 1 trademark market position with a combined 13% "qualified" market share.

The new corporate structure has allowed IPH to renew and ensure continuation of the IP professional leadership team with 27 new Principals promoted throughout the business since listing, laying a strong foundation for future growth.

Data & Analytics software business

We continue to invest in our Data & Analytics software business, Practice Insight. All four products, Filing Analytics, Citation Eagle, Wisetime and Document Management System (DMS) have now been released and are being promoted for sale. The products released to date have a high client retention rate (98%), which serves as validation of product concept and testament to Practice Insight's customer support team.

Acquisitions

IPH's first international acquisition in October 2016 has performed well against expectations since acquisition and created an excellent platform for Spruson & Ferguson to expand the provision of its services in Greater China.

The Company's acquisition strategy continues primarily to be aimed at increasing filings into the high growth Asian regions either through direct investment in Asia and/or through acquisition in other secondary markets with the aim to leverage filings into Asia.

IPH has adopted a strategic and disciplined approach to the assessment and due diligence of potential acquisitions, finalising only those acquisitions which align with the Company's strategic vision, add value to the business, and have potential to generate a solid financial return for our shareholders.

Outlook

The Group's Australian and Asian IP businesses are expected to revert to growth rates in line with the underlying market trends experienced in previous years.

We continue to focus on margin improvement across all businesses through IT initiatives and business process improvements.

In Asia, we expect to maintain market share in Singapore and organically grow market share in other jurisdictions in Asia through leverage of our existing network of offices/agents and filings in Asia by IPH Australian businesses.

In China and Hong Kong we will be focusing on strengthening our patent capability and capturing a greater share of the addressable market.

The Practice Insight business will be focusing on sales and marketing activities with a view to increasing revenue and achieving its financial objectives.

In conclusion, I would like to thank our dedicated employees for their role in delivering our very solid result and their commitment to servicing our clients. It's been a great privilege to work with such a talented and dedicated team over the years.

I would like to thank the Chairman and the Board for the leadership opportunity and for your support of IPH's vision, business strategy and growth.

Finally, to our shareholders - we appreciate and value your continued support of our business. With Dr Andrew Blattman as the new CEO of IPH, supported by highly capable management and professional teams, I believe IPH is well positioned for future growth and achieving its vision of becoming the leading IP group in secondary markets and adjacent areas of IP.



David Griffth
CEO & Managing Director

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Richard Grellman, AM

Independent Non-Executive Chairman

FCA

Richard was appointed independent Non-Executive Chairman in September 2014.

Richard worked for KPMG for 32 years, mostly within the Corporate Recovery Division and was a Partner from 1982 to 2000. Richard is currently the Tribunal of The Statutory and other Officers Remuneration Tribunal (SOORT), appointed by the Governor of NSW.

Richard is also Chairman of AMP Foundation and Bible Society Australia. Richard is a Director of Bisalloy Steel Group Limited and the National Health and Medical Research Council Institute for Dementia Research.



David Griffith

CEO & Managing Director

BE (Hons)

David Griffith was appointed CEO of IPH in November 2014, after successfully managing intellectual property (IP) firm Spruson & Ferguson, now subsidiary of IPH, for over 20 years. Under David's leadership Spruson & Ferguson became the first Australian IP firm to the enter Asian IP market with the opening of the firm's Singapore office in 1997 and joining what was the partnership of CPA Global.

After amendments to the Australian Patents Act in 2013 allowing for incorporation of patent attorney practices, in 2014 David led a successful $330m IPO of IPH Limited (ASX: IPH), the first IP professional services group to list on the ASX. Since David's appointment IPH has completed five acquisitions and today is an S&P/ASX 200 company with market capitalisation in excess of $900m.

From 2005 David served on the Board of Computer Patent Annuities Limited Partnership (CPA) in Jersey, Channel Islands until the company was sold to Private Equity in 2010.

David began his career in the patent and trade mark attorney profession when he joined Spruson & Ferguson in 1974. He was a Principal of the firm 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 a Director of Pizzeys, Fisher Adams Kelly Callinans, Cullens and Practice Insight.

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John Atkin

Independent Non-Executive Director

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

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

John is a Non-Executive Director of Integral Diagnostics Limited and the Australian Outward Bound Foundation, and is 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) prior to its successful merger with Perpetual Limited. John was also Managing Partner and Chief Executive of Blake Dawson (2002-2008). John also worked at Mallesons Stephen Jaques as a Mergers & Acquisitions Partner for 15 years (1987-2002).



Robin Low

Independent Non-Executive Director

BCom, FCA

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

Robin is a director of AUB Group Limited, CSG Limited, Appen Limited, Sydney Medical School Foundation, Primary Ethics, the Public Education Foundation, Australian Reinsurance Pool Corporation and Gordian Runoff Limited/Enstar Australia Holdings Pty Limited (part of the NASDAQ listed Enstar Group). 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 a Non-Executive Director in September 2014.

Sally is a non-executive director of Star Entertainment Group Limited, Link Group and Super Retail Group Limited. Sally is the President Queensland Division of the Australian Institute of Company Directors, and member of the National Board.

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

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CORPORATE DIRECTORY

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Directors	Mr Richard Grellman AM - Chairman Mr David Griffith Ms Robin Low Dr Sally Pitkin Mr John Atkin
Company secretary	Mr Philip Heuzenroeder
Notice of annual general meeting	The details of the annual general meeting of IPH Limited are: Monday 20 November at 10:30am at the offices of EY 200 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
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 can be found at www.iphltd.com.au and has been approved by the Board of Directors

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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 2017.

IPH Limited ("IPH", ASX:IPH), is the holding company of intellectual property services firms Spruson & Ferguson, Fisher Adams Kelly Callinans, Pizzeys and Cullens and data analytics software development company, Practice Insight. The group employs a multidisciplinary team of approximately 450 people in Australia, Singapore, Malaysia, Thailand, Indonesia, China, Hong Kong and Germany.

IPH is the leading intellectual property ("IP") services group in the Asia-Pacific region offering a wide range of IP services and products to a diverse client base of Fortune Global 500 companies, multinationals, public sector research organisations, SMEs and professional services firms worldwide.

IPH was the first IP services group to list on the Australian Securities Exchange.

1. 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
Mr David Griffith	Managing Director and Chief Executive Officer
Ms Robin Low	Non-executive Director
Dr Sally Pitkin	Non-executive Director
Mr John Atkin	Non-executive Director

On 2 May 2017, the company announced Dr Andrew Blattman will be appointed as the next Managing Director and CEO of IPH Limited. Dr Blattman will move into the role towards the end of 2017 taking over from David Griffith who will step down after 43 years in the intellectual property profession.

1.1 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. Richard is currently the Tribunal of The Statutory and other Officers Remuneration Tribunal (SOORT), appointed by the Governor of NSW.
Other current directorships:	Richard is also Chairman of AMP Foundation (2012) and Bible Society Australia (2011). Richard is also a Director of Bisalloy Steel Group Limited (2003) and the National Health and Medical Research Council Institute for Dementia Research (2015).
Former directorships (last 3 years)	Chairman of Crowe Horwath Australasia Limited (2011 - 2015), Chairman of Genworth Mortgage Insurance Limited (2012-2016).
Interests in shares:	67,586
Special responsibilities:	Chairman

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Name:	David Griffith
Title:	Managing Director and Chief Executive Officer
Qualifications:	BE (Hons)
Experience and expertise:	David Griffith was appointed CEO of IPH in November 2014, after successfully managing intellectual property (IP) firm Spruson & Ferguson, now subsidiary of IPH, for over 20 years. Under David's leadership Spruson & Ferguson became the first Australian IP firm to the enter Asian IP market with the opening of the firm's Singapore office in 1997 and joining what was the partnership of CPA Global in 1998. After amendments to the Australian Patents Act in 2013 allowing for incorporation of patent attorney practices, David led a successful $AU330m IPO of IPH Limited (ASX: IPH) in November 2014. IPH was the first IP professional services group to list on the ASX. Since David's appointment IPH has completed five acquisitions and today is an S&P/ASX 200 company with market capitalisation of c.A$900m. From 2005 David served on the Board of Computer Patent Annuities Limited Partnership (CPA) in Jersey, Channel Islands until the company was sold to Private Equity in 2010. David began his career in the patent and trade mark attorney profession when he joined Spruson & Ferguson in 1974. He was a Principal of the firm 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 a Director of Pizzeys, Fisher Adams Kelly Callinans, Cullens and Practice Insight.
Memberships of Professional Associations:	Emeritus member, IPTA; Member of Honor, FICPI; member of AIPPI, APAA and LESANZ.
Other current directorships:	No other current directorships
Interests in shares:	2,598,765
Special responsibilities:	CEO

Name:	Robin Low
Title:	Non-executive Director (appointed 23 September 2014)
Qualifications:	BCom, FCA, GAICD
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:	AUB Group Limited (2014), CSG Limited (2014), Appen Limited (2014), Sydney Medical School Foundation (2012), Primary Ethics (2011), Public Education Foundation (2010), Australian Reinsurance Pool Corporation (2017) and Gordian Runoff Limited/Enstar Australia Holdings Pty Limited (part of the NASDAQ listed Enstar Group) (2017).
Interests in shares:	65,804
Special responsibilities:	Chairman - Audit Committee, Member – Risk Committee, Nomination and Remuneration Committee

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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 Star Entertainment Group Limited, Link Group and Super Retail Group Limited
Former directorships (last 3 years)	Non-executive director of Billabong International Limited (2012 – 2016)
Interests in shares:	53,841
Special responsibilities:	Chairman – Risk Committee. Member Audit Committee, Nomination and Remuneration Committee

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 15 years (1987 - 2002).
Other current directorships:	Integral Diagnostics Limited (2015), The Australian Outward Bound Foundation (2007) and the State Library of NSW Foundation (2013).
Former directorships (last 3 years)	Managing Director of The Trust Company Limited (2009 - 2013), Non-executive director Aurizon Holdings Limited (2010 - 2016), Chairman GPT Metro Office Fund (2014-2016).
Interests in shares:	97,292
Special responsibilities:	Chairman - Nomination and Remuneration Committee. Member Audit Committee, Risk Committee

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.

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1.2 Meetings of Directors

The number of meetings of the Company's Board of Directors ('the Board') held during the year ended 30 June 2017, and the number of meetings attended by each Director were:

	Full Board		Nomination and Remuneration Committee		Audit Committee		Risk Committee	
	Attended	Held	Attended	Held	Attended	Held	Attended	Held
Richard Grellman AM	7	7	-	-	-	-	-	-
David Griffith	7	7	-	-	-	-	-	-
Robin Low	7	7	3	3	5	5	2	2
Sally Pitkin	7	7	3	3	5	5	2	2
John Atkin	7	7	3	3	5	5	2	2

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

2. Company secretary

Philip Heuzenroeder, BEc, LLB, LLM, GAICD (Order of Merit). Mr Heuzenroeder was appointed Group General Counsel and Company Secretary on 29 April 2016. He is a solicitor with over 20 years professional experience working in private practice and in-house, with experience in a broad range of areas of law including commercial law, competition law, ICT and intellectual property, and litigation. Philip was formerly a Principal of Spruson & Ferguson Lawyers and was a director of the Cure Brain Cancer Foundation from 2013 to 2017.

3. Principal activities

During the year principal activities of the Group consisted of:

» IP services related to provision of filing, prosecution, enforcement and management of patents, designs, trade marks and other IP in Australia, Asia and other countries; and

» the development and provision of IP data and analytics software under the subscription licence model whereby the software is licensed and paid for on a recurring basis.

There were no significant changes in the nature of activities of the Group during that period.

4. Operational and Financial Review

4.1 Operations and Financial performance

The summary financial analysis below shows the results on a statutory and underlying basis.

The FY17 underlying earnings of the Group have been determined by adjusting statutory earnings amounts to eliminate the effect of business acquisition adjustments, business acquisition costs, new business establishment costs and non-cash share based payments expenses.

Revenue has grown by $28.5M to $186.0M, up by 18%, driven by organic growth and the impact of acquisitions offset by the impact of a stronger Australian dollar than in the comparative period.

EBITDA increased by $9.2M to $68.7M, up from $59.5M in FY16. Underlying EBITDA of $71.6M has increased by 10% from the prior corresponding period.

The Group achieved a statutory net profit after tax of $42.9M up 10% from $38.8M in FY16. Underlying net profit after tax of $51.2M is a 9% improvement over the prior period.

When comparing results to the prior corresponding period, the impact of the America Invents Act should be recalled. This led to a significant increase in inbound filings in Asia (peaking in September 2015) and to a lesser extent in Australia.

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	Revenue FY17	Revenue FY16	Chg%	EBITDA FY17	EBITDA FY16	Chg%
Australian IP	123,162	101,653	21.2%	50,575	42,286	19.6%
Asian IP	68,622	60,297	13.8%	29,579	26,940	9.8%
	191,784	161,950	18.4%	80,154	69,226	15.8%
Data and Analytics Software	743	397		(2,504)	(762)	
Corporate Office	(217)	63		(5,615)	(3,425)	
Eliminations	(6,278)	(4,911)		(410)	-	
Underlying Revenue / EBITDA	**186,032**	**157,499**	**18.1%**	**71,626**	**65,039**	**10.1%**
Business acquisition costs				(2,617)	(2,092)	
Business combination adjustments				1,181	(338)	
New business establishment costs				(207)	(1,064)	
Restructuring expenses				-	(1,231)	
Share based payments				(1,325)	(844)	
Statutory Revenue / EBITDA	**186,032**	**157,499**	**18.1%**	**68,658**	**59,470**	**15.4%**
Interest Income				113	534	
Interest Expense				(1,241)	(1,530)	
Depreciation and amortisation				(10,329)	(7,164)	
Net Profit Before Tax				**57,201**	**51,310**	**11.5%**
Tax				**(14,308)**	**(12,467)**	
Net Profit After Tax				**42,893**	**38,843**	**10.4%**

Australian IP

The Australian IP segment achieved sales revenue growth of 21% to $123.2M of which $23.3M was attributable to the Cullens acquisition and full period contributions of the Pizzeys and Callinans legacy business (now merged into Fisher Adams Kelly Callinans).

The Group has maintained its number one patent market share position (all patent applications filed in Australia) in the half year. The overall market is marginally down (in terms of number of patent filings) on the prior corresponding period, however this is due to the impact of the America Invents Act in the comparative period.

EBITDA was up by 20% to $50.6M at a margin of 41% (2016: 42%). This included organic growth of approximately 5%. The organic growth was assisted by the successful integration of the Callinans business into Fisher Adams Kelly.

Asian IP

The Asian IP segment achieved sales revenue growth of 14% to $68.6M of which $9.9M was attributable to the Ella Cheong acquisition. The slowing of organic growth during FY17 is not unexpected as a result of the spike in filings related to the America Invents Act (AIA) in the prior corresponding period. We have seen the market stabilise in the second half of the year in number of filings.

EBITDA was up by $2.7M, or 10%, reflecting the investment in Ella Cheong and new offices in Thailand and Indonesia.

On the latest available data the Group has maintained its number one patent market share position (all patent applications filed in Singapore).

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Data and Analytics Software

The Group continues to invest in its Data and Analytics Software business through its Practice Insight subsidiary. Key activities in the year have been the ongoing development of the Citation Eagle (formerly Licensing Alerts) and Wisetime products, as well as the build-up of sales resources. The existing Filing Analytics product has acquired 55 new customers in the year. The Citation Eagle & Wisetime products were launched in June 2017.

Movements in FX Rates

Foreign exchange rates used to translate earnings throughout the period were:

	AUD/USD		AUD/EUR		SGD/AUD	
	Year End	Average	Year End	Average	Year End	Average
FY15	0.7680	0.8391	0.6866	0.6968	1.0340	1.0987
FY16	0.7426	0.7286	0.6699	0.6564	1.0027	1.0122
Movement		13.2%		5.7%		7.9%
FY17	0.7692	0.7545	0.6730	0.6919	1.0598	1.0505
Movement		(3.5)%		(5.4)%		(3.8)%

4.1.1 Adjustments to Statutory Results

Adjustments to the statutory EBITDA have been made for:

- **Business acquisition costs** – costs incurred in the pursuit of acquisitions which have been completed, not ultimately pursued or are currently in progress
- **Business combination adjustments** – P&L impact of the revaluation of earn-out agreements for the Pizzeys, Cullens and Callinans acquisitions and movement in the deferred consideration for Ella Cheong
- **New business establishment costs** – cost of establishing offices in China, Indonesia and Thailand
- **Restructuring expenses** – costs of restructuring across the Group. The prior year includes costs associated with the restructuring of Callinans and the one-time impact on executive leave balances as a result of corporatisation of the business.
- **Share based payments** – accounting charges for the share based incentive plans

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4.2 Statement of Financial Position

	Balance Sheet as at 30 June 2017	Balance Sheet as at 30 June 2016
$'m		
Cash and cash equivalents	24.4	58.7
Trade and other receivables	38.0	38.0
Other current assets	3.4	3.7
Total current assets	**65.8**	**100.4**
PP&E	3.0	4.3
Acquisition intangibles & goodwill	213.1	190.2
Deferred tax asset	5.1	3.1
Total assets	**287.0**	**298.0**
Trade and other payables	11.2	13.9
Tax provisions	6.9	6.9
Deferred acquisition liability	-	28.2
Deferred tax liability	18.7	17.4
Other liabilities	10.5	9.8
Total liabilities	**47.3**	**76.2**
Net assets	**239.7**	**221.8**
Equity		
Issued capital	233.6	218.6
Reserves	(12.3)	(13.2)
Retained profits	18.4	16.4
Total equity	**239.7**	**221.8**

A summary of specific key movements are as follows:

Cash & cash equivalents

» The decrease in cash relates to the acquisition of Ella Cheong and deferred payments in relation to Pizzeys, Cullens and Callinans. The Group has undrawn bank facilities of $95m at its disposal. The Group generated positive cash flows from operating activities of $49.9m.

» As at 30 June 2017 the cash balance was denominated in AUD (12%), USD (69%), other (19%).

Acquisition intangibles & goodwill

» The increase in intangible assets arises from the acquisition of Ella Cheong.

» Identifiable intangible assets (at cost) consist of customer relationships $71.6m, trademarks $3.5m and software of $3.8m.

» Goodwill resulting from the acquisitions is $144.6m.

Liabilities

» All deferred acquisition liabilities have been settled during FY17 – Pizzeys $13.4m, Cullens $6.1m and Callinans $2.7m.

» The deferred tax liabilities related to the identifiable intangible assets on acquisitions and have increased with the acquisition of Ella Cheong.

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Equity

» The increase in issued capital arises on equity components of the settlement of deferred acquisition payments.

Acquisitions

On 31 October 2016 IPH completed its first international acquisition upon reaching agreement to acquire Ella Cheong (Hong Kong) Limited and its subsidiary Ella Cheong Intellectual Property Agency (Beijing) Company Limited ("Ella Cheong Hong Kong & Beijing"). Upon completion of the transaction Ella Cheong Hong Kong & Beijing was rebranded as Spruson & Ferguson, and further extends the IPH group's reach into Asia. The agreed purchase consideration for the acquisition is HK$169.4m (approximately A$28.9m).

The acquisitions represent a significant step in IPH's strategy of building an intellectual property network in secondary markets internationally and provide an excellent platform for Spruson & Ferguson to expand the provision of its services for existing and new clients in Greater China.

4.3 Business Model, Strategy and Outlook

4.3.1 Business Model

IPH Limited is an intellectual property group operating a number of independent professional businesses providing intellectual property services ("IP Services") and IP data and analytics software ("Data Services") sectors.

In IPH's IP services businesses in Australia and Asia, revenue is derived from fees charged for the provision of professional IP services by each firm as related to securing, enforcing and managing IP rights in the country (directly or through an agent) in which registration is sought by the client. The business model allows IPH to generate recurring revenue streams throughout all stages of the IP lifecycle from its long-standing and diverse client base.

Practice Insight, IPH's Data services business, generates revenue from the sale of its products directly or through a third party under an annual subscription licence model.

Factors that affect the performance of both business segments include, amongst others, the performance of the global and Australian economies, client activity levels, competitor activity, and the regulatory environment in which the services are provided.

4.3.2 Strategy

IPH Vision, Mission and Values

From the Company's foundation and listing on the ASX in November 2014, IPH has been pursuing the vision of becoming the leading IP group in IP secondary[1] markets and adjacent areas of IP.

IPH mission is to provide the highest quality of service to our clients, meeting their needs and exceeding their expectations, whilst delivering sustainable growth and value to all of our stakeholders.

From our origins in 1887 as Spruson & Ferguson, IPH's success continues to be underpinned by key drivers and values at the core our businesses, which remain unchanged:

» Excellence in service delivery to our clients
» Innovation in value creation
» Integrity in business practices
» Efficiency and effectiveness in operations
» Empowerment and engagement of our people

1. The primary IP markets of USA, Japan and Western Europre generate the majority of IP rights and clients by value. The secondary markets are all countires outside of USA, Japan and Western Europe.

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Value creating growth strategies

IPH's plan is to achieve its goals through implementation of strategic initiatives in five key areas:

- Australian IP businesses
- Asia IP business
- Other secondary IP markets
- Adjacent to IP markets
- Business Improvements and Operations

Australian IP businesses

A key objective of all IPH's Australian businesses is to continue to organically grow volume of filings, market share and revenue across all disciplines. IPH's Australian businesses are also important part of Asian growth strategy and valuable source of filings and revenue into IPH's Asian business in high growth Asian region.

Asian IP businesses

Over the past two years IPH has successfully executed on its Asian growth strategy with opening offices in Thailand and Indonesia and expanding into China and Hong Kong through acquisition of Ella Cheong Hong Kong and Beijing (re-branded Spruson & Ferguson). The expansion provided excellent platform for IPH's Asian business to extend the provision of IP services to new geographical areas for existing clients and improved services offering for potential new clients. The key focus for IPH's Asian business is to leverage existing infrastructure for further organic growth. IPH will continue to assess organic and M&A opportunities in Asia as they arise.

Other secondary IP markets

IPH adopted strategic and disciplined approach to assessment of any of the potential M&A opportunities in Asia-Pacific and other secondary IP markets. Most and foremost, the growth opportunities are evaluated on the extent to which they help to achieve IPH's strategic objectives. IPH continues to evaluate acquisition opportunities in international secondary markets.

Adjacent to IP markets

Over the past 40 years the IP industry observed the rise of non-traditional IP service providers offering alternative ways of servicing and delivering value to clients through technology and data-driven business models. With the acquisition and further investment in Practice Insight IPH is well positioned to capitalise on disruptive innovation. IPH continuously explores new opportunities in the adjacent to IP markets.

Business Improvements and Operations

In FY18, IPH will continue to focus on optimisation of IPH's businesses with a view to extract operational efficiencies and improve quality of service for our clients.

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4.3.3 Outlook

The Group's Australian businesses are expected to revert to growth rates in line with the underlying market trends experienced in recent years. There will be a focus on continued margin improvement across all businesses through IT initiatives and business process improvements.

In Asia, it is expected that filing growth trends in the region will continue to normalise back to pre-AIA levels. We expect to maintain market share in Singapore and look to expand market share in higher growth jurisdictions. There will be a focus on leveraging and strengthening the Group's existing network in Asia. Organic company growth in the region will be driven by filings directed from IPH's Australian businesses and international clients acquired through traditional channels. The increasing trend of case transfers will support revenue growth into the future. Our China and Hong Kong businesses will seek to strengthen the patent capability of the offices and the capturing of market share in our addressable market.

The Data and Analytics Software business now has all products released, with the expectation that further enhancements will be made to the product suite on the basis of customer feedback. The immediate focus is on marketing and sales with a further investment in FY18 of approximately $3M, subject to meeting periodic performance milestones.

4.4 Risks

Risk	Description	Management of Risk
Strategic planning and implementation	The Company conducts its operations in a market that has undergone significant changes with the development of corporatised service providers, which market continues to adjust. This provides the Group with both opportunities and risks requiring development and communication of a clear strategic vision and objectives.	The Board is closely involved in identifying, reviewing and confirming strategic objectives and reviewing implementation, including assessing opportunities and risks, and in providing direction to management.
Transition of CEO	The Company's Managing Director and Chief Executive Officer will retire in November 2017 and be replaced by a new appointment.	The replacement Chief Executive Officer is an internal appointment of a known executive with significant experience in IP and in the management of the Company's business.
Competition and changing market conditions	The sectors in which the Company operates are subject to vigorous competition, based on factors including price, service, innovation and the ability to provide the customer with an appropriate range of IP services in a timely manner. Scope exists for market conditions to change over time reflecting economic, political or other circumstances.	Effective client service, comprising a high level of expertise at competitive prices delivered in a timely manner. All operations of the IPH Group are now or will be supported by industry leading IT systems. Regular marketing visits are undertaken to maintain and develop client relationships and understand potential changes in client needs, and internal and external pressures. IPH also provides of a broad range of intellectual property services, and its operations are geographically widespread, reducing exposure to any one form of intellectual property country or jurisdiction in which it operates.
Regulatory environment	The Company is subject to significant regulatory and legal oversight.	Senior executives ensure that all regulatory and legal issues affecting IPH's business are monitored and that any changes to the business operations necessary to comply with regulatory and legal changes are undertaken in a timely manner. Careful management and oversight of the Group's internal case management system. Principal review of all professional work and compliance with a professional work approval matrix for outgoing work. The approval matrix is correlated to the complexity and level of potential risk associated with the work.

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Risk	Description	Management of Risk
Regulatory reforms	The Group's service offerings are subject to changes to government legislation, regulation and practices including particularly, if implemented, proposals to streamline multi-jurisdictional patent filing and examination processes.	The Company is proactive in any review or evaluation of regulations likely to affect its operations materially, and works with regulators or review authorities to ensure a clear understanding of facts and circumstances, and consideration of all stakeholder perspectives. The Company seeks to offer its services in a range of secondary markets. Many of these markets have less developed IP regulations and systems, and require translations into languages other than English, and are therefore less likely to be affected by such proposals if they were to be implemented than developed or primary markets. Other factors which help safeguard the company's role are effective technology, excellent client service and efficient operations and the likely need for IP applicants to continue to be required to record a local address for service of documents with the local IP office for examination and prosecution purposes. The Company also continues to seek to develop revenue streams from adjacent markets.
Personnel	The Company depends on the talent and experience of its personnel. The loss of any key personnel, or a significant number of personnel generally may have an adverse effect on the Company. Employee costs represent a significant component of the Group's total cost base.	Retention practices including appropriate remuneration, incentive programmes (both short and long term), retention awards, working environment and rewarding work. Careful management of staff numbers and salary levels and consideration of resourcing requirements as the Company grows.
Disintermediation	The Group acts as an intermediary agent between its clients and IP offices. The removal of intermediaries in the IP application and registration process would have an adverse impact on the Group.	IPH's intermediary role is safeguarded by clients' reliance on the Group's expertise (both general IP expertise and local expertise) and regulatory barriers such as exclusive rights of patent attorneys to provide various IP related services and requirements for IP applicants to record a local address for service of documents with the local IP office. Other factors which help safeguard the Company's intermediary role are effective technology, excellent client service and efficient operations. The Company also seeks to offer its services in a range of secondary markets. Many of these markets have less developed IP regulations and systems and require translations into languages other than English, and are therefore less likely to be affected by disintermediation.

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Risk	Description	Management of Risk
Case management and technology systems	The Group's internally customised systems represent an important part of its operations upon which the Group is reliant.	The Company has established business continuity plans and procedures and maintains system back up and maintenance processes. The Company conducts appropriate reviews of its information technology systems, operations and human resourcing. The Company continually invests in system enhancements and engages quality 3rd party suppliers to assist with its systems developments. The Company's transition of its IT systems to offsite 'cloud-based' systems has enabled centralised oversight and standardisation of processes.
Technology Disruption	The increasing use of electronic systems and processes by regulatory authorities in some markets may provide opportunities for technology disruption in the industry.	The need for the Company's services is safeguarded by the reliance of target clients' on the Group's expertise (both general IP expertise and local expertise) and regulatory barriers such as exclusive rights of patent attorneys to provide various IP related services, and requirements for IP applicants to record a local address for service of documents with the local IP office. Other factors which help safeguard the Company against technology disruption include its own investment in awareness of and effective technology development, and in efficiency in operations. The Company also seeks to offer its services in a range of secondary markets. Many of these markets have less developed IP regulations and systems, are less advanced technologically and require technical translations into languages other than English.
Foreign exchange risk	The Group's financial reports are prepared in Australian dollars. However, a substantial proportion of the Group's sales revenue, expenditure and cash flows are generated in, and assets and liabilities are denominated in US dollars, Euros and Singapore dollars.	The Company monitors the foreign currency exposures that arise from its foreign currency revenue, expenditure and cash flows and from the foreign currency assets and liabilities held on its balance sheet. The Company undertakes regular sensitivity analyses of these exposures. The Company has foreign currency hedging facilities available as part of its bank facilities. The Chief Financial Officer regularly reports to the Board in respect of the Company's foreign currency exposures. The Board reviews its hedging policy in respect of the foreign currency exposures from time to time. Currently the Group does not hedge against its foreign currency exchange risk.
Conflict of duties	Patent and trademark attorney are required to abide by a code of conduct that requires them to act in accordance with the law, in the best interests of their client, in the public interest, and in the interests of the registered attorney's profession as a whole. There may be circumstances in with the Company is required to act in accordance with these duties contrary to other corporate responsibilities and against the interests of shareholders and the short term profitability of IPH. An amendment to the Code of Conduct may affect the manner in which the Group conducts its activities.	Conflict of interest advice obtained from outside Counsel from which the Group has developed a comprehensive conflict of interest policy. The Company is proactive in any review or evaluation of regulations likely to affect its operations materially, and works with regulators or review authorities to ensure a clear understanding of facts and circumstances, and consideration of all stakeholder perspectives.

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Risk	Description	Management of Risk
Professional liability and uninsured risks	The provision of patent and trademark services and legal services by the Company gives rise to the risk of potential liability for negligence or other similar client or third party claims.	The Company maintains file management processes which are highly automated, safeguarded, controlled and regularly reviewed. The Company has comprehensive quality assurance processes to ensure appropriate standards of professional work are maintained. The Group has in place a comprehensive insurance programme which includes professional indemnity insurance. To support its professional indemnity insurance arrangements the Group has internal processes to ensure timely notification to the underwriters of any potential claim arising from its business activities.
Acquisitions	The Company's growth strategy involves the acquisition of other intellectual property businesses. Risks arise in ensuring that potential acquisitions are appropriately selected and that all issues affecting the value of individual acquisitions are identified and reflected in the purchase considerations. After acquiring a new business, risks arise in ensuring the business is properly integrated into the IPH Group	The Company seeks to identify acquisition opportunities that provide an appropriate match for the Company's strategic objectives, values and culture. The Company undertakes an extensive due diligence process covering all relevant matters relating to each acquisition target. Where appropriate the Company engages competent professional experts to assist with the due diligence process. For each acquisition the Company requires comprehensive legal contracts to be completed with the Vendors. The contracts include appropriate indemnities and warranties and employment arrangements with key individuals. For most acquisitions part of the consideration is paid in the form of IPH shares which are required to be escrowed for up to two years. Management keeps the Board closely informed throughout each acquisition process and seeks the Non-executive Directors' counsel where appropriate. The Board conducts a formal detailed review of each acquisition prior to giving its final approval. After completing an acquisition, processes are undertaken to review standards of governance, compliance with IPH policies and procedures, and levels of financial control and reporting, and where necessary brought into line with Group standards.

5. 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 the 2017 financial year.

The Company's remuneration framework was initially developed in the context of the Company's IPO in November 2014 and particularly the very significant continuing equity ownership held by the CEO and a number of other Principals. As foreshadowed in last year's report, the Committee has reviewed the framework and implemented changes that reflect the transition from a private firm to a publicly listed company and the acquisition of a number of other businesses during that time.

Professional Staff Incentive Plan

The long term incentive scheme in place for professional staff has been replaced for future years by a new Equity Incentive Plan that provides a more direct link between individual performance and incentive achievement. In broad terms, half the balance of an incentive achieved (by reference to individual targets such as billings and client and expertise development) in any particular year will be paid in cash and half in IPH Limited shares. These shares will be issued to the employee immediately but held in trust for a period of three years. It is anticipated that this plan will be progressively rolled out to all business units in the group.

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Corporate Executive Remuneration

Short and long term incentive measures for FY18 have been formalised for the IPH executive.

The Directors are of the view that fixed remuneration should be set at median market levels compared to peers with similar revenues and market capitalisation. At this stage of the company's development, a simple annual bonus for superior performance awarded at the Board's discretion having regard to the Group's overall performance and the individual executive's performance against agreed performance goals or key result areas is appropriate as a short term supplement to fixed remuneration. The long term Incentive is structured to align the long term interests of shareholders and executives and is pitched at the upper quartiles compared to the same peer group. Long term incentives will vest over a three year period with reference to EPS performance hurdles.

These changes have taken effect from 1 July 2017. Details of these arrangements affecting the KMP have been included in this report for the information of shareholders.

CEO Transition

As announced on 2 May 2017, Dr Andrew Blattman will succeed David Griffith as Managing Director and CEO in November 2017. In light of this transition Dr Blattman's remuneration has been reviewed as of 1 July 2017.

Company Performance

The underlying performance of IPH Limited since the IPO has been extremely positive. Total shareholder returns during that time have ranked the company 16th against its peers in the ASX300 Accumulation Index. As a result of this and the achievement of the EPS hurdle, the performance criteria for the long term Incentives issued at IPO have been met and will therefore vest on the vesting date of 9 September 2017.

The Company continues to review 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.

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

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

5.1 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. 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.

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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:

» focuses on sustained growth in earnings per share as well as focusing the executive on key non-financial drivers of value; and

» attracts and retains high calibre executives.

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.

Ernst & Young (EY) was engaged by the NRC to provide remuneration advice in relation to Key Management Personnel (KMP), but did not provide the NRC with remuneration recommendations as defined under Division 1, Part 1.2, 9B(1) of the Corporations Act 2001 (Cth). The Board was satisfied that advice received was free from any undue influence by key management personnel to whom the advice may relate, because strict protocols were observed and complied with regarding any interaction between EY and management, and because all remuneration advice was provided to the NRC chair.

The table below lists consultants who were retained during the year. All consultants are independent and were engaged solely on the basis of their competency in the relevant field.

Advisor	Services Provided
Ernst & Young	Calculation of the fair value of retention rights and performance rights granted under the Long Term Incentive Plan and Retention Rights Plan published on the ASX on 17 November 2014 and subsequently replaced by the IPH Limited Employee Incentive Plan, approved by shareholders at the Annual General Meeting held on 16 November 2016, for the purpose of calculating the value of share based remuneration.
Orient Capital	Calculation of the total shareholder return achieved by IPH Limited compared to the S&P/ASX 300 Index, for the purpose of determining whether long term incentive criteria have been met.

5.2 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 for KMP for FY17 had the following components:

» base pay and non-monetary benefits; and

» other remuneration such as superannuation and long service leave.

The combination of these comprises the KMP's total remuneration. In addition John Wadley as the incoming CFO was entitled to be considered for a bonus for superior performance awarded at the Board's discretion on the CEO's recommendation having regard to the Group's overall performance and his performance against agreed performance goals or key result areas

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 KMP have been granted options or performance rights over shares during the year ended 30 June 2017.

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5.3 Company performance

For the year to 30 June 2017, other than for John Wadley, there was no link between Company performance and KMP remuneration. However, each of the other three executive members of the KMP who are ex-trustees (i.e. David Griffith the CEO, Dr Andrew Blattman and Kristian Robinson) continued to hold a substantial shareholding thereby providing a significant alignment of interests with company performance. Each of these executive KMP have had their executive service agreements, particularly their base pay, amended to reflect their roles in the Group.

For the year ended 30 June 2017, the earnings per share were 22.46 cents (2016: 21.92 cents). Shares in the company closed on 30 June 2017 at $4.80 (2016: $6.42 per share). Dividends totalling 22 cents were declared for FY17 (2016: 21cents).

5.4 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 from the fees of other non-executive Directors based on comparative roles in the external market. 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) for the year ending 30 June 2017 is summarised as follows:

Name - Position	FY 2017 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 had elected to receive 20% 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 $5.52, which reflected the market price at the time they were acquired. This election ceased from September 2016.

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.

5.5 Details of remuneration

Amounts of remuneration

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

- Richard Grellman, AM - Non-executive Chairman
- David Griffith - Managing Director and Chief Executive Officer
- Robin Low - Non-executive Director
- Sally Pitkin - Non-executive Director
- John Atkin - Non-executive Director

And the following persons:

- Malcolm Mitchell - Group Chief Financial Officer (from 1 July 2016 to 1 September 2016)
- John Wadley - Chief Financial Officer (from 1 September 2016)
- Andrew Blattman - Chief Executive Officer, Spruson & Ferguson Pty Limited
- Kristian Robinson - Managing Director, Spruson & Ferguson Asia Pte Limited

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		Short-term benefits			Post employment benefits	Long-term benefits	Share-based payments	
		Cash salary and fees $	Cash bonus $	Non-monetary $	Super-annuation $	Employee leave $	Equity-settled $	Total $
Non-Executive Directors:								
Richard Grellman	2017	177,854	-	-	12,146	-	-	**190,000**
	2016	177,854	-	-	12,146	-	-	**190,000**
Robin Low	2017	82,192	-	-	7,808	-	-	**90,000**
	2016	82,192	-	-	7,808	-	-	**90,000**
Sally Pitkin	2017	82,192	-	-	7,808	-	-	**90,000**
	2016	82,192	-	-	7,808	-	-	**90,000**
John Atkin	2017	82,192	-	-	7,808	-	-	**90,000**
	2016	82,192	-	-	7,808	-	-	**90,000**
Executive Directors:								
David Griffith	2017	730,690	-	-	19,615	12,281	-	**762,586**
	2016	480,954	-	-	19,308	251,071	-	**751,333**
Other Key Management Personnel:								
Andrew Blattman	2017	480,693	-	-	19,615	7,679	-	**507,987**
	2016	356,554	-	-	23,455	65,859	-	**445,868**
Kristian Robinson	2017	404,979[1]	-	-	-	6,140	-	**411,119**
	2016	347,266	-	-	-	35,664	-	**382,930**
John Wadley[2]	2017	278,419	50,000	-	16,861	-	-	**345,280**
Former Key Management Personnel:								
Malcolm Mitchell[3]	2017	52,500	50,000	-	-	-	-	**102,500**
	2016	328,500	-	-	-	-	-	**328,500**

1. Remuneration received in Singapore Dollars. Translated at the average exchange rate for the year of S$1.0505 (2016: S$1.0121)
2. John Wadley became a KMP on 1 September 2016. Balances represent remuneration from this date.
3. Ceased to be a KMP on 1 September 2016. Represents remuneration to date of resignation.

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5.6 Service agreements

Remuneration and other terms of employment for KMP are formalised in service or employment agreements. Details of these agreements are as follows:

David Griffith, Managing Director and Chief Executive Officer.

» Minimum three-year agreement commenced 17 November 2014.

» Base salary, inclusive of superannuation for the year ended 30 June 2017 of $750,000.

Dr Andrew Blattman, Chief Executive Officer, Spruson & Ferguson Pty Limited.

» Minimum three-year agreement commenced 1 January 2017.

» Base salary, inclusive of superannuation for the year ended 30 June 2017 of $500,308.

Kristian Robinson, Managing Director, Spruson & Ferguson Asia Pte Limited.

» Minimum three-year agreement commenced 1 January 2017.

» Base salary, inclusive of superannuation for the year ended 30 June 2017 of SGD 437,932.

John Wadley, Chief Financial Officer during the period 1 September 2016 to 30 June 2017.

» Base salary, inclusive of superannuation for the year ended 30 June 2017 of $350,000. Annual superior performance bonus of up to 20% of base salary.

» Base salary, inclusive of superannuation for the year ended 30 June 2018 of $450,000. Annual superior performance bonus of up to 10% of base salary and a proposed long term incentive opportunity of 50% of base salary (to be finalised).

As announced in April, David Griffith will retire as CEO later in 2017 and Andrew Blattman will assume that position. Dr Blattman will be employed directly by IPH Limited under an employment contract with an indefinite term. His remuneration has been adjusted from 1 July 2017 to a base salary, inclusive of superannuation for the year ended 2018 of $750,000. He is entitled to be considered for an annual superior performance bonus of up to 20% of base salary and has a proposed long term incentive opportunity of 100% of base salary (subject to any necessary shareholder approval upon taking up his position). Material terms of the arrangements will be disclosed as required upon taking up the position.

Except where minimum employment term applies, KMP may terminate their employment contract by giving six months' notice in writing. Contracts may be terminated by the Company with six months' notice. 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. Messers Griffith, Blattman and Robinson receive five weeks annual leave.

5.7 Additional disclosures relating to key management personnel

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:

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30 June 2017	Balance at the start of the year	Additions	Disposals	Balance at the end of the year
Ordinary shares				
Richard Grellman	54,712	12,874	-	67,586
Robin Low	60,039	5,765	-	65,804
Sally Pitkin	52,519	1,322	-	53,841
John Atkin	97,292	-	-	97,292
David Griffith	6,098,766	-	(3,500,001)	2,598,765
Andrew Blattman	6,006,166	-	(1,500,000)	4,506,166
Kristian Robinson	3,938,991	-	(2,900,000)	1,038,991
Malcolm Mitchell[1]	10,000	-	(10,000)	-
John Wadley[2]	-	379	-	379
	16,318,485	**20,340**	**(7,910,001)**	**8,428,824**

1. Ceased to be a KMP on 1 September 2016. Disposal represents no longer being designated as a KMP, not necessarily a disposal of holding.
2. John Wadley became a KMP on 1 September 2016

30 June 2016	Balance at the start of the year	Additions	Disposals	Balance at the end of the year
Ordinary shares				
Richard Grellman	48,792	5,920	-	54,712
Robin Low	48,190	11,849	-	60,039
Sally Pitkin	47,619	4,900	-	52,519
John Atkin	95,238	2,054	-	97,292
David Griffith	6,098,766	-	-	6,098,766
Malcolm Mitchell	-	10,000	-	10,000
Andrew Blattman	5,911,111	95,055	-	6,006,166
Kristian Robinson	3,876,172	62,819	-	3,938,991
	16,125,888	**192,597**	**-**	**16,318,485**

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 in the year ended 30 June 2017.

This concludes the remuneration report, which has been audited.

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6. 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	747,922	Ordinary	0.00	Up to Sept 2020
IPH Limited	Retention	271,413	Ordinary	0.00	Up to June 2020

7. Shares under option

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

8. Dividends

Dividends paid during the financial year were as follows:

Final dividend of 10.0 cents per share for the year ended 30 June 2016, paid on 14 September 2016. (franked to 5.0c)	18,893
Interim dividend of 11.5 cents per share for the year ended 30 June 2017, paid on 15 March 2017. (100% franked)	22,031

9. Significant changes in the state of affairs

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

10. Matters subsequent to the end of the financial year

Apart from the dividend declared, no other matter or circumstance has arisen since 30 June 2017 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.

11. Environmental regulation

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

12. 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.

13. 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.

14. 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.

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15. 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 28 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 28 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.

16. 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.

17. Rounding of amounts

The Company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors Reports) Instrument dated 24 March 2016 and in accordance with that Instrument amounts in the annual financial report are rounded off to the nearest thousand dollars, unless otherwise indicated.

18. 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.

19. 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

17 August 2017
Sydney

AUDITOR'S INDEPENDENCE DECLARATION

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Deloitte.

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

17 August 2017

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 financial report of IPH Limited for the financial year ended 30 June 2017, 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

Liability limited by a scheme approved under Professional Standards Legislation.
Member of Deloitte Touche Tohmatsu Limited

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30TH JUNE 2017

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	Note	Consolidated 30 June 2017 $'000	Consolidated 30 June 2016 $'000
Revenue	**5**	**182,041**	**154,410**
Other income	6	4,104	3,623
Expenses			
Employee benefits expense		(49,055)	(39,657)
Depreciation and amortisation expenses	7	(10,329)	(7,164)
Rental expenses	7	(5,420)	(4,729)
Business acquisition costs		(1,574)	(3,133)
Agent fee expenses		(51,033)	(41,726)
Insurance expenses		(657)	(533)
Travel expenses		(1,466)	(1,410)
Other expenses	7	(8,169)	(6,841)
Finance costs	7	(1,241)	(1,530)
Profit before income tax expense		**57,201**	**51,310**
Income tax expense	8	(14,308)	(12,467)
Profit after income tax expense for the year		**42,893**	**38,843**
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation		(438)	505
Other comprehensive income for the year, net of tax		(438)	505
Total comprehensive income for the year		**42,455**	**39,348**
Profit for the year is attributable to:			
Owners of IPH Limited		42,893	38,843
		42,893	**38,843**
Total comprehensive income for the year is attributable to:			
Owners of IPH Limited		42,455	39,348
		42,455	**39,348**
Earnings per share			
From continuing operations			
Basic earnings (cents per share)	37	22.46	21.92
Diluted earnings (cents per share)	37	22.33	21.70

These statements should be read in conjunction with the following notes.

STATEMENT OF FINANCIAL POSITION
AS AT 30TH JUNE 2017

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	Note	Consolidated 30 June 2017 $'000	30 June 2016 $'000
Current assets			
Cash and cash equivalents	9	24,398	58,761
Trade and other receivables	10	38,020	37,919
Other	11	3,426	3,527
Total current assets		**65,844**	**100,207**
Non-current assets			
Available-for-sale financial assets	12	180	180
Property, plant and equipment	13	3,004	4,350
Intangibles	14	212,926	190,156
Deferred tax	15	5,077	3,087
Total non-current assets		**221,187**	**197,773**
Total assets		**287,031**	**297,980**
Current liabilities			
Trade and other payables	16	11,244	13,924
Income tax		6,903	6,933
Provisions	17	6,271	6,328
Deferred consideration	18	-	4,554
Other financial liabilities	19	1,570	24,592
Deferred revenue		1,029	1,195
Total current liabilities		**27,017**	**57,526**
Non-current liabilities			
Deferred tax	15	18,715	17,399
Provisions	21	1,605	1,243
Total non-current liabilities		**20,320**	**18,642**
Total liabilities		**47,337**	**76,168**
Net assets		**239,694**	**221,812**
Equity			
Issued capital	22	233,598	218,583
Reserves	23	(12,340)	(13,238)
Retained profits	24	18,436	16,467
Total equity attributable to owners of IPH Limited		**239,694**	**221,812**

These statements should be read in conjunction with the following notes.

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STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30TH JUNE 2017

	Issued Capital	Foreign Currency Translation Reserve	Minority Interest Acquisition Reserve	Equity Settled Employee Benefits Reserve	Retained Profits	Total equity
	$'000	$'000	$'000	$'000	$'000	$'000
Balance at 1 July 2015	**35,305**	**(233)**	**(14,850)**	**495**	**14,461**	**35,178**
Profit after income tax expense for the year	-	-	-	-	38,843	38,843
Effect of foreign exchange differences	-	505	-	-	-	505
Total comprehensive income for the year	**-**	**505**	**-**	**-**	**38,843**	**39,348**
Transactions with owners in their capacity as owners:						
Contributions of equity, net of transaction costs (note 22)	109,150	-	-	-	-	109,150
Issue of ordinary shares as consideration for a business combination, net of transaction costs (note 33)	71,078	-	-	-	-	71,078
Dividend Reinvestment plan	3,050	-	-	-	-	3,050
Share-based payments	-	-	-	845	-	845
Dividends paid (note 25)	-	-	-	-	(36,837)	(36,837)
Balance at 30 June 2016	**218,583**	**272**	**(14,850)**	**1,340**	**16,467**	**221,812**
Balance at 1 July 2016	**218,583**	**272**	**(14,850)**	**1,340**	**16,467**	**221,812**
Profit after income tax expense for the year	-	-	-	-	42,893	42,893
Effect of foreign exchange differences	-	(438)	-	-	-	(438)
Total comprehensive income for the year	**-**	**(438)**	**-**	**-**	**42,893**	**42,455**
Transactions with owners in their capacity as owners:						
Issue of ordinary shares as consideration for a business combination, net of transaction costs (note 33)	14,498	-	-	-	-	14,498
Dividend Reinvestment plan	517	-	-	-	-	517
Share-based payments	-	-	-	1,336	-	1,336
Dividends paid (note 25)	-	-	-	-	(40,924)	(40,924)
Balance at 30 June 2017	**233,598**	**(166)**	**(14,850)**	**2,676**	**18,436**	**239,694**

These statements should be read in conjunction with the following notes.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30TH JUNE 2017

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	Note	Consolidated 30 June 2017 $'000	Consolidated 30 June 2016 $'000
Cash flows from operating activities			
Receipts from customers		205,480	151,164
Payments to suppliers and employees		(136,759)	(94,976)
Interest received	6	113	534
Interest and other finance costs paid	7	(1,241)	(1,530)
Income taxes paid		(17,671)	(13,137)
Net cash from operating activities	**36**	**49,922**	**42,055**
Cash flows from investing activities			
Payments for purchase of subsidiaries, net of cash acquired	33	(39,088)	(49,571)
Payments for property, plant and equipment	13	(619)	(2,564)
Payments for internally developed software	14	(2,670)	(731)
Net cash used in investing activities		**(42,377)**	**(52,866)**
Cash flows from financing activities			
Proceeds from issue of shares		-	108,454
Dividends paid	25	(40,407)	(33,786)
Repayment of borrowings		-	(10,550)
Net cash (used in)/from financing activities		**(40,407)**	**64,118**
Net (decrease)/increase in cash and cash equivalents		(32,862)	53,307
Cash and cash equivalents at the beginning of the financial year		58,761	5,346
Effects of exchange rate changes on cash and cash equivalents		(1,501)	108
Cash and cash equivalents at the end of the financial year	**9**	**24,398**	**58,761**

These statements should be read in conjunction with the following notes.

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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 17 August 2017.

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 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 32.

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.

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Note 2. Significant accounting policies (continued)

Principles of consolidation (continued)

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.

External non controlling interests are allocated their share of total comprehensive income and are presented within equity in the Consolidated Statement of Financial Position, separately from the equity of shareholders.

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 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. Non-monetary 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 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.

For the purpose of presenting these Consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into Australian dollars as follows:

» 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.

» Assets and liabilities for each Statement of Financial Position presented are translated at the closing rate at the balance date; and

» All resulting exchange differences are recognised in other comprehensive income, in the foreign currency translation reserve.

Goodwill and fair value accounting adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

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.

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Note 2. Significant accounting policies (continued)

Revenue recognition (continued)

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 recognised on an accruals basis

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.

Income Tax

The income tax expense or benefit is the tax payable on the current periods taxable income based on the national income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

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.

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.

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 to utilise those temporary differences and losses.

Deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them 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.

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Note 2. Significant accounting policies (continued)
Income Tax (continued)

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.

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.

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.

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

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 de-recognised, at which time the cumulative gain or loss held in equity is recognised in profit and loss.

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Note 2. Significant accounting policies (continued)
Financial instruments (continued)

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.

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 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.

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 represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary/associate at the date of acquisition. Goodwill is not amortised. Instead, goodwill is tested annually for impairment, or more frequently of 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.

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Note 2. Significant accounting policies (continued)

Intangible assets (continued)

Customer Relationships

Customer relationships are the assessed value of the supply of goods and services that exist at the date of acquisition. In valuing customer relationships, consideration is given to historic customer retention and decay statistics, projected future cash flows and appropriate capital charges.

Customer relationships are amortised over a period of 10 years. The estimated useful lives, residual values and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Trademarks

Trademarks are intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

Software acquired

Software acquired through a business combination is assessed as the identifiable value of that software at the date of acquisition. Acquired software is amortised over a period of 4 years.

Internally-generated intangible assets

Internally-generated intangible assets, including software, 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;
- 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 years

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).

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Note 2. Significant accounting policies (continued)

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.

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.

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. Borrowings are initially recognised at fair value, net of transaction costs and subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method.

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Note 2. Significant accounting policies (continued)

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. Equity settled transactions are awards of shares, options or rights, which 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 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 26). 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.

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Note 2. Significant accounting policies (continued)

Business combinations

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. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. 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.

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, the difference is recognised as a gain directly in profit or loss 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 any previously held equity interest.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. Contingent consideration is classified either as equity or a financial liability. Amounts classified as financial liability are subsequently remeasured to fair value with changes to fair value recognised in profit or loss.

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.

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 ASIC Corporations (Rounding in Financial/Directors Reports) Instrument dated 24 March 2016 and in accordance with that Instrument amounts in the annual financial report are rounded off to the nearest thousand dollars, unless otherwise indicated.

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Note 2. Significant accounting policies (continued)

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 2017. 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 and the financial impact of its adoption is currently being assessed. The primary exposure of the group is to trade debtors, creditors and any debt that may be drawn.

AASB 15 Revenue from Contracts with Customers

This standard is currently applicable to annual reporting periods beginning on or after 1 January 2018. AASB 15 replaces all current guidance on revenue recognition from contracts with customers. It requires identification of discrete performance obligations within a transaction and an associated transaction price allocation to these obligations. Revenue is recognised upon satisfaction of these performance obligations, which occur when control of the goods or services are transferred to the customer. Revenue received for a contract that includes a variable amount is subject to revised conditions for recognition, whereby it must be highly probable that no significant reversal of the variable component may occur when the uncertainties around its measurement are removed.

The Group expects to adopt the standard from 1 July 2018 and apply the standard retrospectively, recognising the cumulative effect of initially applying the standard as an adjustment to the opening balance of retained earnings. The new standard will be relevant to the recognition of service charges and recoverable expenses. Any financial impact of adoption is currently being assessed by the Group.

AASB 16 Leases

This standard is currently applicable to annual reporting periods beginning on or after 1 January 2019. AASB 16 replaces the current AASB 117 Leases standard and sets out a comprehensive model for identifying lease arrangements and the subsequent measurement. A contract contains a lease if it conveys the right to control the use of an identified asset for a period of time. The majority of leases from the lessee perspective within the scope of AASB 16 will require the recognition of a "right of use" asset and a related lease liability, being the present value of future lease payments. This will result in an increase in the recognised assets and liabilities in the statement of financial position as well as a change in expense recognition, with interest and depreciation replacing operating lease expense, with the exception of for leases of low value assets and leases with a term of 12 months or less.

The Group expects to adopt the standard from 1 July 2019 and the primary impact from adoption will be the treatment of premises and leased office equipment across the Group. The adoption of the standard will increase net current assets and lease liabilities due to the recognition of the lease liability and right of use asset; expense relating to minimum lease payments will reduce and there will be an increase in interest expense. The quantum of these changes is currently being determined.

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 2016-2 Amendments to Australian Accounting Standards – Disclosure initiative: Amendments to AASB 107 (from 1 January 2017)
- IFRS 2 Share-based payment – amendments clarifying how to account for certain types of share-based payment transactions (from 1 January 2018)

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Note 2. Significant accounting policies (continued)

Changes in Accounting Policies

Recognition of filing fee revenue and expense

The accounting policy for the recognition of subcontracted services revenue has been reviewed as part of the Group's assessment and alignment of the accounting policies of newly acquired entities. The new Standard AASB 15 Revenue from Contracts with Customers includes additional guidance in relation to the determination of principal versus agency relationship in the context of a performance obligation, such guidance is not as extensively included within the current AASB 118 Revenue Standard.

From 1 July 2016, the Group has changed its revenue recognition policy in relation to the treatment of filing fees paid to National IP bodies and recovered from clients. Under the new policy both reimbursement and payment of filing fees are recorded as gross revenue and expense in the Statement of Profit or Loss; previously they were netted off. The Group believes that recording filing fee transactions as gross provides information that is more relevant to the Group's business acting as Principal for clients in preparing and lodging intellectual property applications with the relevant national bodies.

The 30 June 2016 Comparative information has been amended to reflect the payment and receipt of filing fees which were paid by the Group and subsequently reimbursed by clients. During the prior year, filing fees totalling $14.4m were shown as a net value rather being grossed up in the Statement of Profit or Loss and Other Comprehensive Income. As a result, revenue disclosed for 30 June 2016 has been amended to $154.4m (reported: $140.0m) and agents fees expense has been amended to $41.7m (reported: $27.3m). There has been no change to reported net profit, earnings per share or equity and reserve balances.

Deferred tax measurement relating to indefinite life intangible assets

The IFRS Interpretations Committee (IFRIC) has issued an agenda decision related to the expected manner of recovery of indefinite life intangible assets. The Committee was asked to clarify how an entity determines the expected manner of recovery of an intangible asset with an indefinite useful life for deferred tax measurement purposes. The Committee indicated that the fact that an entity does not amortise an indefinite life intangible asset does not necessary mean that the carrying amount will be recovered only through sale and not use. Therefore the entity should determine the expected manner of recovery of the carrying amount of the intangible asset.

As a result of the IFRIC clarification, a deferred tax liability has been recognised in relation to the trade mark intangible assets resulting in an increase to goodwill. Deferred tax liabilities of $1.05m have been recognised as a result with a corresponding increase in goodwill. Refer note 33.

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.

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, total carrying value $148m, have suffered any impairment, in accordance with the accounting policy stated in note 2.

Customer relationships, total carry value $59.9m are finite intangible assets and are amortised over their expected life. Assets subject to amortisation are reviewed for impairment whenever events or circumstances arise that indicates that the carrying amount of the asset may be impaired.

Business combinations

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. Acquisitions of $28.9m were made during the year.

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Note 4. Operating segments

Identification of reportable operating segments

The Group is organised into three segments: Intellectual Property Services Australia; Intellectual Property Services Asia; and Data and Analytics Software. These operating segments are based on the internal reports that are reviewed and used by the senior executive team and 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.

Intellectual Property Services Australia	Related to the provision of filing, prosecution, enforcement and management of patents, designs, trade marks and other IP in Australia.
Intellectual Property Services Asia	Related to the provision of filing, prosecution, enforcement and management of patents, designs, trade marks and other IP in Asia.
Data and Analytics Software	Develops and provides IP data and analytics software under a subscription license model.

The CODM reviews profit before interest, income tax and adjustments to the statutory reported results. 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 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.

Reliance on major customers

Maximum revenue from any customer is less than 2% of overall revenue of the Group. Country of origin of revenue has not been disclosed as this is commercially sensitive information.

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Note 4. Operating segments (continued)

	Intellectual Property Services				Data and Analytics Software		Corporate		Intersegment eliminations / unallocated		Total	
	Australia		Asia									
Consolidated	**2017 $'000**	2016 $'000	**2017 $'000**	2016 $'000	**2017 $'000**	2016 $'000	**2017 $'000**	2016 $'000	**2017 $'000**	2016 $'000	**2017 $'000**	2016 $'000
Revenue												
Sales to external customers	116,002	93,634	66,039	60,776	-	-	-	-	-	-	182,041	154,410
Intersegment sales	362	1,729	1,739	6	-	-	-	-	(2,101)	(1,735)	-	-
Total sales revenue	116,364	95,363	67,778	60,782	-	-	-	-	(2,101)	(1,735)	182,041	154,410
Other revenue	6,798	6,291	844	(483)	743	397	(218)	63	(4,176)	(3,176)	3,991	3,092
Total revenue	**123,162**	**101,654**	**68,622**	**60,299**	**743**	**397**	**(218)**	**63**	**(6,277)**	**(4,911)**	**186,032**	**157,502**
Less: Overheads	(72,587)	(59,368)	(39,043)	(33,359)	(3,246)	(1,159)	(5,398)	(3,997)	5,868	5,420	(114,406)	(92,463)
Earnings before interest, tax, depreciation and amortisation (EBITDA), before adjustments	**50,575**	**42,286**	**29,579**	**26,940**	**(2,503)**	**(762)**	**(5,616)**	**(3,934)**	**(409)**	**509**	**71,626**	**65,039**
Less: Depreciation	(724)	(692)	(254)	(590)	(16)	(244)	(90)	(606)	-	-	(1,084)	(2,132)
Less: Amortisation	(6,285)	(3,924)	(608)	-	(1,548)	(1,108)	(823)	-	19	-	(9,245)	(5,032)
Segment result: (Profit before interest, tax and adjustments)	**43,566**	**37,670**	**28,717**	**26,350**	**(4,067)**	**(2,114)**	**(6,529)**	**(4,540)**	**(390)**	**509**	**61,297**	**57,875**
Reconciliation of segment result												
Segment result											61,297	57,875
Adjustments to statutory result:												
Business acquisition costs											(2,617)	(2,092)
Business acquisition adjustments											1,181	(338)
New business establishment costs											(207)	(1,064)
Restructuring expenses											-	(1,231)
Share based payments											(1,325)	(844)
Total adjustments											(2,968)	(5,569)
Interest income											113	534
Finance Costs											(1,241)	(1,530)
Profit for the period before income tax expense											**57,201**	**51,310**
Reconciliation of segment revenue												
Segment revenue											186,032	157,502
Interest income											113	534
Total revenue											**186,145**	**158,036**

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Note 5. Sales Revenue

	Consolidated	
	30 June 2017	30 June 2016
	$'000	$'000
Revenue from the rendering of services	182,041	154,410
	182,041	**154,410**

Note 6. Other Income

	Consolidated	
	30 June 2017	30 June 2016
	$'000	**$'000**
Net Realised foreign exchange gain	1,050	1,363
Net unrealised foreign exchange (loss)/gain	26	(409)
Other income	1,367	679
Commission	1,548	1,456
Interest	113	534
	4,104	**3,623**

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Note 7. Expenses

Profit before income tax includes the following specific expenses:

	Consolidated	
	30 June 2017	30 June 2016
	$'000	$'000
Depreciation	1,084	1,336
Amortisation - Acquired Intangibles	7,737	5,036
Amortisation - Software Development	1,508	792
	10,329	7,164
Share based payments	1,325	845
Superannuation expense	3,418	2,931
Deferred acquisition and deferred settlement costs remeasurement	(1,181)	(632)
Business acquisition impairment - customer relationships	-	961
Other expenses		
Professional fees	1,414	1,312
IT & Communication	1,728	1,324
Office Expenses	1,328	1,199
Other	3,699	3,006
	8,169	6,841
Finance costs		
Interest on bank facilities - Overdraft	26	3
Other interest expense - Facility fees	1,215	1,527
	1,241	**1,530**
Rental expense relating to operating leases		
Minimum lease payments	5,420	4,729

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Note 8. Income Tax Expense

	Consolidated	
	30 June 2017	30 June 2016
	$'000	$'000
Income tax expense		
Current tax	**16,565**	14,046
Deferred tax	**(2,984)**	(1,574)
Under / (Over) provided in prior years	**727**	(5)
Aggregate income tax expense	**14,308**	**12,467**
Deferred tax included in income tax expense comprises:		
Increase in deferred tax assets (note 15)	**2,062**	(1,574)
Decrease in deferred tax liabilities (note 15)	**985**	-
	3,047	**(1,574)**
Reconciliation of income tax expense and tax at the statutory rate		
Profit before income tax expense	**57,201**	51,310
Tax at the statutory tax rate of 30%	**17,160**	15,393
Tax effect amounts which are not deductible / (taxable) in calculating taxable income:		
Permanent adjustments	**(191)**	(1)
Equity settled share based payments	**279**	390
Earn-out revaluations	**(343)**	(187)
Acquisition costs	**805**	334
Difference in overseas tax rates	**(3,590)**	(3,394)
Losses not brought to account	**35**	79
Under / (Over) provision with respect to current tax in prior years	**9**	(5)
Other	**117**	-
Effect of income that is exempt from tax	**27**	(142)
Income tax expense	**14,308**	**12,467**

Note 9. Current assets - cash and cash equivalents

	Consolidated	
	30 June 2017	30 June 2016
	$'000	$'000
Cash on hand	73	12
Cash at bank	24,325	58,749
	24,398	**58,761**

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Note 10. Current assets - trade and other receivables

	Consolidated	
	30 June 2017	30 June 2016
	$'000	$'000
Trade receivables	38,759	38,493
Less: Provision for impairment of receivables	(739)	(574)
	38,020	**37,919**

Impairment of receivables

The Group has recognised a gain of $13,000 (2016: Impairment expense of $136,000) in profit or loss in respect of impairment reversal of receivables for the year ended 30 June 2017.

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

	Consolidated	
	30 June 2017	30 June 2016
	$'000	$'000
Past due more than 91 days	682	574

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

	Consolidated	
	30 June 2017	30 June 2016
	$'000	$'000
Opening balance	574	760
Additions through business combinations (note 33)	334	-
Additional provisions recognised	(13)	136
Receivables written off during the year as uncollectable	(156)	(322)
Closing balance	**739**	**574**

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Note 10. Current assets - trade and other receivables (continued)

Past due but not impaired

Customers with receivable balances past due but without provision for impairment, amount to $10,793,000 as at 30 June 2017 (2016: $8,812,000). 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 2017	30 June 2016
	$'000	$'000
31 to 60 days overdue	8,297	6,301
61 to 90 days overdue	729	913
Past due more than 91 days	1,767	1,598
	10,793	**8,812**

Ageing has been calculated with reference to the trading terms of local clients (30 days) and international clients (90 days). The prior period disclosure has been amended to reflect this methodology.

Note 11. Current assets - other

	Consolidated	
	30 June 2017	30 June 2016
	$'000	$'000
Prepayments	1,122	1,448
Work in progress	1,042	975
Other current assets	1,262	1,104
	3,426	**3,527**

Note 12. Non-Current assets - Available-For-Sale Financial Assets

	Consolidated	
	30 June 2017	30 June 2016
	$'000	$'000
Unquoted ordinary shares - at fair value	**180**	**180**
	180	**180**

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Note 13. Non-Current assets - Property, plant and equipment

	Consolidated	
	30 June 2017	30 June 2016
	$'000	$'000
Leasehold improvements - at cost	3,143	2,811
Less: Accumulated depreciation	(1,533)	(1,131)
	1,610	**1,680**
Plant and equipment - at cost	1,076	992
Less: Accumulated depreciation	(784)	(533)
	292	**459**
Furniture, fixtures and fittings - at cost	1,572	1,592
Less: Accumulated depreciation	(1,165)	(1,025)
	407	**567**
Computer equipment - at cost	6,531	7,277
Less: Accumulated depreciation	(5,836)	(5,633)
	695	**1,644**
	3,004	**4,350**

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 2015	138	69	167	814	1,188
Additions	1,721	539	229	1,796	4,285
Additions through business combinations (note 33)	23	-	242	-	265
Disposals / Transfers	(17)	(23)	-	(23)	(63)
Exchange differences	1	-	-	10	11
Depreciation expense	(186)	(126)	(71)	(953)	(1,336)
Balance at 30 June 2016	**1,680**	**459**	**567**	**1,644**	**4,350**
Additions	40	10	114	455	619
Additions through business combinations (note 33)	2	14	3	14	33
Disposals / Transfers	96	-	(157)	(847)	(908)
Exchange differences	-	-	-	(6)	(6)
Depreciation expense	(208)	(191)	(120)	(565)	(1,084)
Balance at 30 June 2017	**1,610**	**292**	**407**	**695**	**3,004**

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Note 14. Non Current assets - intangibles

	Consolidated	
	30 June 2017	30 June 2016
	$'000	$'000
Goodwill - at cost	144,570	124,156
Patents and trade marks - at cost	3,519	3,511
	148,089	**127,667**
Capitalised software development - at cost	5,780	1,978
Less: Accumulated amortisation	(2,612)	(867)
	3,168	**1,111**
Software Acquired	3,805	3,805
Less: Accumulated amortisation	(2,064)	(1,112)
	1,741	**2,693**
Customer Relationships	71,598	63,570
Less: Accumulated amortisation	(10,709)	(3,924)
Less : Impairment	(961)	(961)
	59,928	**58,685**
	212,926	**190,156**

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 $'000	Patents and trade marks $'000	Customer relationships $'000	Capitalised software development $'000	Software Acquired $'000	Total $'000
Balance at 1 July 2015	33,581	14	-	930	-	34,525
Provisional accounting adjustments[1]	(10,861)	1,014	8,631	-	3,805	2,589
Additions	-	-	-	973	-	973
Additions through business combinations (note 33)	101,436	2,483	54,939	-	-	158,858
Impairment loss	-	-	(961)	-	-	(961)
Amortisation expense	-	-	(3,924)	(792)	(1,112)	(5,828)
Balance at 30 June 2016	**124,156**	**3,511**	**58,685**	**1,111**	**2,693**	**190,156**
Additions[2]	1,100	8	-	2,662	-	3,770
Additions through business combinations (note 33)	19,314	-	8,028	-	-	27,342
Disposals / Transfers	-	-	-	903	-	903
Amortisation expense	-	-	(6,785)	(1,508)	(952)	(9,245)
Balance at 30 June 2017	**144,570**	**3,519**	**59,928**	**3,168**	**1,741**	**212,926**

1. Due to the proximity of the acquisitions of Practice Insight Pty Ltd and Fisher Adams Kelly Pty Limited to the prior year end, the intangible assets arising on the acquisitions were provisionally allocated entirely to goodwill. A portion of the goodwill was subsequently reallocated to other identifiable intangible assets once final assessments had been determined.
2. Additions to Goodwill include $1.049m on recognition of deferred tax liabilities onto trademarks and $51k final accounting adjustment for Cullens acquisition.

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Note 14. Non Current assets - intangibles (continued)

Impairment testing

For the purposes of impairment testing, goodwill is allocated to Cash Generating Units (CGU's) that are an identifiable group of assets that generate cash associated with the goodwill.

The acquired legal entities are managed as standalone CGU's. A summary of the goodwill by cash generating unit is set out below:

	Consolidated	
	30 June 2017	30 June 2016
Cash Generating Unit	$'000	$'000
Fisher Adams Kelly Callinans	23,978	23,674
Practice Insight	3,834	3,834
Pizzeys	68,158	67,753
Cullens	28,980	28,589
Spruson & Ferguson (Hong Kong)[1]	19,314	-
Other	306	306
Total	**144,570**	**124,156**

1. Ella Cheong (Hong Kong) Limited was acquired on 31 Oct 2016 and subsequently renamed Spruson & Ferguson (Hong Kong) Limited

The recoverable amount of a CGU is determined primarily on a value-in-use calculation and secondly based on estimated net selling prices. Value-in-use calculations use cash flow projections based on financial budgets prepared by management and approved by the Board. Cashflows for future years are extrapolated using the estimated growth rates stated below. After five years a terminal growth rate is assumed and terminal value-in-use calculated. The terminal growth rates do not exceed the average growth rates that the business has experienced and are generally lower than the short term growth rates assumed.

Key assumptions used for value-in-use calculations

	5 yr EBITDA CAGR		Terminal growth rates	Discount rates	
				Pre-Tax	Post-Tax
	2017	2016		2017 & 2016	
Cash Generating Unit	%	%	%	%	%
Fisher Adams Kelly Callinans	4.8	5.2	2.5	15	10.5
Practice Insight	20.8	32.2	2.5	25	17.5
Pizzeys	6.1	7.9	2.5	15	10.5
Cullens	5.1	-	2.5	15	10.5
S&F Hong Kong	17.7	-	2.5	15	10.5

The post-tax discount rate has been applied to discount the future attributable post-tax cash flows.

At 30 June 2017, the assessed value-in-use for each CGU exceeded the carrying amounts of the CGU and no impairment loss was recognised.

Impact of possible change in key assumptions

No impairment charge would arise as a result of the following changes in assumptions:

» Holding all assumptions constant, if the forecast cashflows in years 1 to 5 declined by 5%
» Holding all assumptions constant, if the discount rate increased by 0.5%
» Holding all assumptions constant, if the terminal rate declined by 0.5%

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Note 15. Deferred tax assets/liabilities

	Opening balance	Recognised in profit or loss	Acquisitions	Recognised in equity	Closing balance
	$'000	$'000	$'000	$'000	$'000
The net deferred tax asset comprises the following balances					
Impairment of receivables	131	(36)	-	-	95
Property, plant and equipment	(242)	220	-	-	(22)
Provisions	1,707	248	-	-	1,955
Accrued expenses	-	178	-	-	178
Unbilled revenue	(213)	79	-	-	(134)
Prepayments	(18)	(11)	-	-	(29)
Foreign exchange	3	90	-	-	93
Transaction costs	1,336	(88)	-	-	1,248
Leased assets	305	80	-	-	385
Software	308	302	-	-	610
Intangible assets - Customer Relationships	(17,605)	1,965	(1,325)	-	(16,965)
Intangible assets - Trademarks (Note 33)	-	-	(1,049)	-	(1,049)
Sundry	(24)	21	-	-	(3)
	(14,312)	**3,048**	**(2,374)**	**-**	**(13,638)**

	Consolidated	
	30 June 2017	30 June 2016
	$'000	$'000
Disclosed as:		
Deferred tax asset	5,077	3,087
Deferred tax liability	(18,715)	(17,399)
	(13,638)	**(14,312)**

Note 16. Current liabilities - trade and other payables

	Consolidated	
	30 June 2017	30 June 2016
	$'000	$'000
Trade payables	6,705	5,721
Sundry creditors and accruals	4,539	8,203
	11,244	**13,924**

Refer to note 26 for further information on financial instruments

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Note 17. Current liabilities - provisions

	Consolidated	
	30 June 2017	30 June 2016
	$'000	$'000
Employee benefits	5,479	5,057
Lease make good	51	484
Other provisions	741	787
	6,271	**6,328**

Note 18. Deferred consideration

	Consolidated	
	30 June 2017	30 June 2016
	$'000	$'000
Deferred consideration	**-**	**4,554**

Prior period consideration was in relation to the acquisition of Cullens and was settled during the year. Deferred consideration arose on the acquisition of Ella Cheong (Hong Kong) Limited and was settled during the year

Reconciliations

Reconciliation of the movement in deferred acquisition costs for the financial year is set out below:

	Consolidated	
	30 June 2017	30 June 2016
	$'000	$'000
Opening balance	4,554	4,950
Recognised on acquisition (note 33)	6,894	4,554
Revaluation of liability	256	-
Settlement of deferred consideration - cash	(11,704)	(4,950)
	-	**4,554**

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Note 19. Current liabilities - other financial liabilities

	Consolidated	
	30 June 2017	30 June 2016
	$'000	$'000
Deferred Acquisition costs	-	23,674
Lease Incentive liability	1,370	711
Preference shares	200	200
Other	-	7
	1,570	**24,592**

Deferred acquisition costs relate to additional consideration arising on settlement that is dependent on certain performance conditions being met. The balance represents the fair value of the expected consideration due to paid at the designated date.

Reconciliations

Reconciliation of the movement in deferred acquisition costs for the financial year is set out below:

	Consolidated	
	30 June 2017	30 June 2016
	$'000	$'000
Opening balance	23,674	-
Recognised on acquisition	-	24,306
Revaluation of liability	(1,437)	(632)
Settlement of deferred costs	(22,237)	-
	-	**23,674**

The deferred acquisition costs settled during the year relate to earn-outs on Pizzeys ($13.4m), Cullens ($6.1m) and Callinans ($2.7m).

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Note 20. Borrowings

	Consolidated	
	30 June 2017	30 June 2016
	$'000	$'000
Current		
Bank overdraft	-	-
Multi-option facility	-	-
	-	**-**

	Consolidated	
	30 June 2017	30 June 2016
	$'000	$'000
Non Current		
Bank overdraft	-	-
Multi-option facility	-	-
	-	**-**

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.

On 7 July 2015, IPH Limited amended the agreement to extend the facility to $97m over a three year term maturing on 31 July 2018 comprising:

- A multi-option acquisition loan facility

- A multi-option revolving loan facility including a bank guarantee facility and overdraft facility for the general corporate purposes of the Group

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

Assets pledged as security

The bank facility made available by ANZ is secured by cross guarantee and all assets from IPH Limited and a number of its wholly owned subsidiaries. The value of current and non-current assets pledged as security are as noted on the Consolidated balance sheet.

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Note 20. Borrowings (continued)

Financing arrangements

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

	Consolidated	
	30 June 2017	30 June 2016
	$'000	$'000
Total facilities		
Bank overdraft[1]	-	-
Multi-option facility[1]	97,000	97,000
Standby letter of credit facility	-	-
Bank guarantees[1]	-	-
	97,000	**97,000**
Used at the reporting date		
Bank overdraft	-	-
Multi-option facility	-	-
Standby letter of credit facility	-	-
Bank guarantees	2,473	2,494
	2,473	**2,494**
Unused at the reporting date		
Bank overdraft	-	-
Multi-option facility	94,527	94,506
Standby letter of credit facility	-	-
Bank guarantees	-	-
	94,527	**94,506**

1. The Multi-option facility Includes facility sublimits of $10m and $7m which may be used for the issuance of bank guarantees and available overdraft respectively.

Note 21. Non-current liabilities - provisions

	Consolidated	
	30 June 2017	30 June 2016
	$'000	$'000
Employee benefits	278	373
Lease incentive liability	1,327	870
	1,605	**1,243**

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Note 22. Equity - issued capital

	Consolidated		Consolidated	
	30 June 2017	30 June 2016	30 June 2017	30 June 2016
	Shares	Shares	$'000	$'000
Ordinary Class shares - fully paid	191,688,526	188,883,320	233,598	218,583
	191,688,526	**188,883,320**	**233,598**	**218,583**

Movements in ordinary share capital

	Date	Shares	$'000
Balance		162,378,265	35,305
Acquisition of Fisher Adams Kelly Pty Ltd	27 August 2015	1,029,010	4,950
Acquisition of Pizzeys Patent & Trademark Attorneys	30 September 2015	6,776,263	46,756
Dividend reinvestment plan issues	7 October 2015	507,271	3,050
Acquisition of Callinans Patent & Trademark Attorneys	2 November 2015	393,932	2,978
Shares issued	1 December 2015	15,197,330	110,940
Capital raising costs		-	(1,790)
Retention rights exercised	2 December 2015	47,619	-
Acquisition of Cullens & Cullens Services No 1Pty Ltd	30 June 2016	2,553,630	16,394
Balance at 30 June 2016		**188,883,320**	**218,583**
Retention rights exercised	19 August 2016	42,187	-
Acquisition of Pizzeys Patent & Trademark Attorneys[1]	31 August 2016	1,229,545	6,787
Acquisition of Cullens & Cullen Services No 1Pty Ltd[1]	31 August 2016	487,890	2,693
Acquisition of Ella Cheong (Hong Kong) Ltd[1]	31 October 2016	737,261	4,313
Retention rights exercised	6 December 2016	47,619	-
Acquisition of Callinans Patent & Trademark Attorneys [1]	31 January 2017	143,248	705
Dividend reinvestment - interim dividend (Note 25)	15 March 2017	113,155	517
Retention rights exercised	13 June 2017	4,301	-
Balance at 30 June 2017		**191,688,526**	**233,598**

1. Refer note 33 for share issuances arising from business acquisitions.

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.

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Note 22. Equity - issued capital (continued)

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.

Dividend reinvestment plan

The group operates a dividend reinvestment plan. The issue price is the average of the daily volume weighted average market price of all shares sold by normal trade during the 10 days trading days commencing on the second trading day following the dividend record date.

Note 23. Equity - reserves

	Consolidated	
	30 June 2017	30 June 2016
	$'000	$'000
Foreign currency reserve	(166)	272
Share-based payments reserve	2,676	1,340
Minority interest acquisition reserve	(14,850)	(14,850)
	(12,340)	**(13,238)**

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 presented in the Statement of Changes in Equity.

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Note 24. Equity - retained profits

	Consolidated	
	30 June 2017	30 June 2016
	$'000	$'000
Retained profits at the beginning of the financial year	16,467	14,461
Profit after income tax expense for the year attributable to owners of IPH Limited	42,893	38,843
Dividends paid (note 25)	(40,924)	(36,837)
Retained profits at the end of the financial year	**18,436**	**16,467**

Note 25. Equity - dividends

		Consolidated	
	Cents per share	30 June 2017	30 June 2016
		$'000	$'000
Interim dividend			
December 2015 - paid 23 March 2016	11.0	-	20,496
December 2016 - paid 15 March 2017	11.5	22,031	-
Final dividend			
June 2015 - paid 7 October 2015	10.0	-	16,341
June 2016 - paid 14 September 2016	10.0	18,893	-

On 17 August 2017, the Company declared an ordinary dividend of 10.50 cents per share (franked at 100%) to be paid on 13 September 2017. The dividend value is $20,133,000. No provision for this dividend has been recognised in the Statement of Financial Position as at 30 June 2017, as it was declared after the end of the financial year.

Dividend Reinvestment Plan

The Dividend Reinvestment Plan was reactivated for the interim dividend paid on 15 March 2017. 113,155 shares were issued to participants at $4.57 per share totalling $517,000.

Franking credits

	Consolidated	
	30 June 2017	30 June 2016
	$'000	$'000
Franking credits available for subsequent financial years based on a tax rate of 30%	3,092	5,604

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

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Note 26. 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 Group's net asset exposure at the reporting date was as follows:

	A$'000	US$'000	€'000	S$000	Other[1]
30 June 2017					
Net asset exposure (Local Currency)	195,890	27,942	1,603	5,349	336
30 June 2016					
Net asset exposure (Local Currency)	173,890	30,615	2,304	4,141	(107)

1. Australian dollar equivalent

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Note 26. Financial instruments (continued)

Sensitivity analysis

The sensitivity of the Group's Australian dollar denominated Profit or Loss account and Statement of Financial Position to foreign currency movements is based on a 10% fluctuation (2016: 10% fluctuation) on the average rates during the financial year. This analysis assumes that all other variables including interest rates remain constant. A 10% movement in the average foreign exchange rates would have impacted the Group's profit after tax and equity as follows:

	10% Weakening		10% Strengthening	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
USD	3,635	3,822	(3,305)	(4,204)
Euro	238	319	(217)	(351)
SGD	505	372	(459)	(409)
Other currencies	34	11	(31)	(10)
Net exposure to foreign currency risk	**4,412**	**4,524**	**(4,012)**	**(4,974)**

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.

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

Consolidated	30 June 2017		30 June 2016	
	Weighted average interest rate	Balance	Weighted average interest rate	Balance
	%	$'000	%	$'000
Multi-option facility	-	-	-	-
Net exposure to cash flow interest rate risk		**-**		**-**

The Group had no bank loans outstanding at 30 June 2017 (2016: $0) and is therefore not exposed to movements in interest rates.

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.

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Note 26. Financial instruments (continued)

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.

Financing arrangements (unused)

Unused borrowing facilities at the reporting date:

	Consolidated	
	30 June 2017	30 June 2016
	$'000	$'000
Bank overdraft	-	-
Multi-option facility	94,506	94,506
Standby letter of credit facility	-	-
Bank guarantees	-	-
	94,506	94,506

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.

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Note 26. Financial instruments (continued)

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.

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

Consolidated - 30 June 2017	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						
Non-interest bearing						
Trade payables	-	6,705	-	-	-	6,705
Other payables and accruals	-	4,539	-	-	-	4,539
Deferred acquisition costs	-	-	-	-	-	-
Interest-bearing - variable						
Multi-option facility	0.00%	-	-	-	-	-
Total non-derivatives		**11,244**	**-**	**-**	**-**	**11,244**

Consolidated - 30 June 2016	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						
Non-interest bearing						
Trade payables	-	5,721	-	-	-	5,721
Other payables and accruals	-	8,203	-	-	-	8,203
Deferred acquisition costs	-	23,674	-	-	-	23,674
Interest-bearing - variable						
Multi-option facility	0.00%	-	-	-	-	-
Total non-derivatives		**37,598**	**-**	**-**	**-**	**37,598**

Note 27. 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 2017	30 June 2016
	$	$
Short-term employee benefits	2,471,711	1,937,704
Post-employment benefits	91,661	78,333
Long-term benefits	26,100	352,594
	2,589,472	**2,368,631**

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Note 28. 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 2017	30 June 2016
	$	$
Audit services - Deloitte Touche Tohmatsu (Australia)		
Audit or review of the financial statements	266,850	297,000
Other assurance services	3,990	4,000
Other services - Deloitte Touche Tohmatsu (Australia)		
Tax compliance services	-	147,658
	270,840	448,658
Deloitte Touche Tohmatsu (Singapore)		
Audit or review of the financial statements	52,627	66,780
Tax compliance services	-	44,193
	52,627	**110,973**
Audit services - unrelated firms		
Audit or review of the financial statements	23,175	5,142
Other services - unrelated firms		
Corporate and taxation services	63,082	836
	86,257	**5,978**

Note 29. Contingent liabilities

The Group has given bank guarantees in respect of operating lease commitments for office premises as at 30 June 2017 of $1,831,000 (2016: $1,853,000).

Note 30. Commitments

	Consolidated	
	30 June 2017	30 June 2016
	$'000	$'000
Lease commitments - operating		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	5,055	4,539
One to five years	6,895	8,479
Over five years	2,475	2,392
	14,425	**15,410**

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.

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Note 31. Related party transactions

Parent entity
IPH Limited is the parent entity.

Subsidiaries
Interests in subsidiaries are set out in note 34.

Key management personnel
Disclosures relating to key management personnel are set out in note 27 and the remuneration report in the Directors' report.

Transactions with related parties
There were no additional transactions with related parties

Note 32. Parent entity information

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

	Parent	
	30 June 2017	30 June 2016
	$'000	$'000
Statement of profit or loss and other comprehensive income		
Profit after income tax	31,893	43,611
Total comprehensive income	31,893	43,611
Statement of financial position		
Total current assets	14,991	148,198
Total assets	237,773	319,663
Total current liabilities	1,898	96,340
Total liabilities	1,898	96,386
Equity		
Issued capital	232,727	217,112
Share-based payments reserve	2,677	954
Retained earnings	471	5,211
	235,875	**223,277**

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 20, the parent entity had no guarantees in relation to the debts of its subsidiaries as at 30 June 2017 apart from being party to the deed of cross guarantee as detailed in Note 39.

Contingent liabilities
The parent entity had no contingent liabilities as at 30 June 2017.

Capital commitments - Property, plant and equipment
The parent entity had no capital commitments for property, plant and equipment as at 30 June 2017.

Significant accounting policies
The accounting policies of the parent entity are consistent with those of the Group, as disclosed in note 2.

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Note 33. Business combinations

Ella Cheong (Hong Kong) Limited

On 31 October 2016, the Group acquired 100% of the ordinary shares of Ella Cheong (Hong Kong) Limited and its subsidiary Ella Cheong Intellectual Property Agency (Beijing) Company Limited, under the terms of a Share Purchase Agreement (SPA). The agreed purchase price was HK$169,414,000 (A$28,916,000). The consideration is settled by way of issue of 737,261 IPH shares at an issue price of $5.4933 and cash of A$17,709,000.

Subsequent to acquisition the entities were renamed Spruson & Ferguson (Hong Kong) Limited and Spruson & Ferguson Intellectual Property Agency (Beijing) Company Limited.

The acquired business contributed revenues of $9,943,000 and profit after tax of $1,857,000 to the Group for the period from 1 November 2016 to 30 June 2017. If the acquisition occurred on 1 July 2016, the full year contributions would have been revenues of $14,220,000 and profit after tax of $2,661,000.

Consideration transferred

The following table summarises the acquisition date fair value of each major class of consideration transferred.

	$'000
Cash	17,709
Equity instruments (737,261 ordinary shares)	4,313
Deferred consideration	6,894
Total consideration transferred	**28,916**

The Group incurred acquisition related costs of $161,000. These costs have been included in business acquisition expenses.

Equity instruments issued

On 31 October 2016, $4,049,996 of the purchase price was settled by way of the issue of 737,261 ordinary shares in IPH to the vendors of Ella Cheong (Hong Kong) Ltd at an agreed price of $5.4933 per share. The shares issued have been recorded in the financial statements at the acquisition date fair value on issue date of $5.85 per share totalling $4,313,000.

Deferred consideration

HK$41,457,000 of the purchase price was deferred and paid in cash in May 2017. The final value of deferred consideration recorded in the financial statements was A$7,149,914. No further consideration is payable on the acquisition.

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Note 33. Business combinations (continued)

Ella Cheong (Hong Kong) Limited (continued)

Identifiable assets acquired and liabilities assumed

The following table summarises the recognised amounts of assets acquired and liabilities assumed at the date of acquisition.

	Fair value $'000
Cash and cash equivalents	2,122
Trade and other receivables	2,107
Other assets	520
Property, plant and equipment	33
Intangible assets - customer relationships	8,028
Deferred tax liabilities	(1,325)
Trade and other payables	(1,185)
Current tax liability	(286)
Other creditors	(412)
Net assets acquired	9,602
Goodwill	19,314
Acquisition-date fair value of total consideration transferred	**28,916**
Cash used to acquire business, net of cash acquired:	
Acquisition-date fair value of total consideration transferred	28,916
Less: shares issued by company as part of consideration	(4,313)
Less: cash and cash equivalents acquired	(2,122)
Net cash used	**22,481**

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Note 33. Business combinations (continued)

Acquisitions undertaken in the year ended 30 June 2016

Cullens Pty Limited and Cullens Services No1 Pty Limited ("Cullens")

On 30 June 2016, the Group acquired 100% of the ordinary shares of Cullens Pty Limited and Cullens Services No1 Pty Limited "Cullens" under the terms of a Share Purchase Agreement (SPA).

The final accounting for the acquisition of Cullens was finalised during the current financial year. The IFRS Interpretations Committee (IFRIC) clarified that an intangible asset with an indefinite useful life is not a non-depreciable asset. Therefore a deferred tax liability has been recognised in relation to the trade mark intangible asset resulting in an increase to goodwill of $340,000. Additional adjustments resulted in a further $51,000 of additional goodwill. The final acquisition details are as follows:

	Fair value
	$'000
Cash and cash equivalents	1,868
Trade and other receivables	2,776
Property, plant and equipment	202
Intangible assets - customer relationships	13,661
Intangible assets - trade marks	1,134
Deferred tax assets	122
Deferred tax liabilities	(4,438)
Trade and other payables	(1,130)
Current tax liability	(1,067)
Provisions	(410)
Net assets acquired	12,718
Goodwill	28,980
Acquisition-date fair value of total consideration transferred	**41,698**

Application of IFRIC on non-depreciable intangible assets

The IFRS Interpretations Committee (IFRIC) clarified that an intangible asset with an indefinite useful life is not a non-depreciable asset.

The acquisitions of Pizzeys Patent & Trade Mark Attorneys Pty Ltd ("Pizzeys") in September 2015 and Fisher Adams Kelly Pty Ltd ("FAK") in May 2015, included trademarks. As a result of the IFRIC clarification, a deferred tax liability has been recognised in relation to the trade mark intangible asset resulting in an increase to goodwill.

A deferred tax liability of $304,000 has been recognised in FAK, $405,000 in Pizzeys with a corresponding increase in goodwill of the same amount in each entity respectively. The resulting carrying value of goodwill in FAK is $23,978,000; Pizzeys $68,158,000

Settlement of Deferred Acquisition Costs

During the year, the following amounts were paid as settlement of deferred acquisition costs from prior periods:

	Cash[1]	Shares	Total
	$'000	$'000	$'000
Pizzeys Patent & Trade Mark Attorneys Pty Ltd	6,651	6,787	13,438
Cullens Pty Limited and Cullen Services No1 Pty Limited	7,955	2,693	10,648
Callinans Patent & Trade Mark Attorneys Pty Ltd	2,000	705	2,705
	16,606	**10,185**	**26,791**

1. Cullens cash includes deferred consideration (note 18) and deferred acquisition (note 19) amounts

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Note 34. 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	Ownership interest 30 June 2017	Ownership interest 30 June 2016
Spruson & Ferguson Pty (NSW) Limited[2,3]	Australia	Non Trading entity	100%	100%
Spruson & Ferguson Pty Limited[2,3]	Australia	Patent attorneys	100%	100%
Spruson & Ferguson Lawyers Pty Limited[2,3]	Australia	Lawyers	100%	100%
Spruson & Ferguson (Asia) Pte Limited	Singapore	Patent attorneys	100%	100%
Spruson & Ferguson SDN BHD	Malaysia	Patent attorneys	100%	100%
IPH Holdings (Asia) Pte Ltd	Singapore	Non Trading entity	100%	100%
PT Spruson Ferguson Indonesia	Indonesia	Patent attorneys	100%	100%
IPH (Thailand) Ltd[4]	Thailand	Non Trading entity	49%	49%
Spruson & Ferguson Ltd	Thailand	Patent attorneys	100%	100%
IPH Services Limited[2,3]	Australia	Software development	100%	100%
Practice Insight Pty Limited[2,3]	Australia	Data analysis and software	100%	100%
Wise Time Pty Limited[2,6]	Australia	Data analysis and software	100%	100%
Fisher Adams Kelly Pty Limited[2,3]	Australia	Patent attorneys	100%	100%
Pizzeys Patent & Trademark Attorneys Pty Ltd[2,3]	Australia	Patent attorneys	100%	100%
Cullens Pty Limited[2,3]	Australia	Patent attorneys	100%	100%
Cullens Services No 1 Pty Limited[2,3]	Australia	Patent attorneys	100%	100%
Pizzeys Pte Ltd	Singapore	Patent attorneys	100%	100%
Spruson & Ferguson (Shanghai) Ltd	China	Patent attorneys	100%	100%
Spruson & Ferguson Limited	Hong Kong	Non Trading entity	100%	100%
Spruson & Ferguson (Beijing) Ltd	China	Patent attorneys	100%	100%
Spruson & Ferguson (Hong Kong) Ltd[5]	Hong Kong	Patent attorneys	100%	0%
Spruson & Ferguson Intellectual Property Agency (Beijing) Company Ltd[5]	China	Patent attorneys	100%	0%

1. IPH Limited is the head entity within the tax Consolidated group.
2. These companies are member of the tax Consolidated group
3. These wholly owned subsidiaries entered into a deed of cross guarantee with IPH limited pursuant to ASIC Corporations (Wholly-owned Companies) Instrument 2016/785 and are relieved from the requirements to prepare and lodge an audited financial report (note 39)
4. The Group holds 90.6% of the voting rights and thus has control of this entity
5. These entities were acquired through the Ella Cheong acquisition (Note 33) and subsequently renamed.
6. This entity was deregistered on 16 November 2016.

Note 35. Events after the reporting period

No matter or circumstance has arisen since 30 June 2017 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.

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Note 36. Reconciliation of profit after income tax to net cash from operating activities

	Consolidated	
	30 June 2017	30 June 2016
	$'000	$'000
Profit after income tax expense for the year	42,893	38,843
Adjustments for:		
Depreciation and amortisation	10,329	7,164
Unrealised foreign exchange	1,067	108
Share-based payments	1,332	845
Other	(1,408)	338
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	2,095	(6,350)
Increase in deferred tax assets	(3,047)	(420)
Decrease/(increase) in other assets	768	(558)
Increase/(decrease) in trade and other payables	(4,582)	1,667
Increase in provision for income tax	(316)	(453)
Increase in other liabilities	(218)	248
(Increase)/Decrease in deferred revenue	(166)	8
Increase in provisions	1,175	615
Net cash from operating activities	**49,922**	**42,055**

Note 37. Earnings per share

	Consolidated	
	30 June 2017	30 June 2016
	$'000	$'000
Profit after income tax	42,893	38,843
Profit after income tax attributable to the owners of IPH Limited	**42,893**	**38,843**

	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	190,953,365	177,222,041
Options over ordinary shares	1,164,271	1,769,596
Weighted average number of ordinary shares used in calculating diluted earnings per share	192,117,636	178,991,637

	Cents	Cents
Basic earnings per share	22.46	21.92
Diluted earnings per share	22.33	21.70

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Note 38. 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 portion of the aggregate retention rights granted will vest at each twelve month anniversary of the grant date; vesting is conditional on continued employment.

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

Grant Date	Vesting Date	Exercise price	Balance at the start of year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
19 Nov 2014	19 Nov 2016[1]	$0.00	47,619	-	(47,619)	-	-
19 Nov 2014	19 Nov 2017	$0.00	47,619	-	-	-	47,619
16 Sept 2015	1 July 2016[2]	$0.00	-	42,183	(42,183)	-	-
16 Sept 2015	1 July 2017	$0.00	-	63,275	-	(5,756)	57,519
16 Sept 2015	1 July 2018	$0.00	-	105,458	-	(9,594)	95,864
19 August 2016	30 June 2019	$0.00	-	134,149	-	(6,219)	127,930
Total Retention Rights			**95,238**	**345,065**	**(89,802)**	**(21,569)**	**328,932**

1. Share price at date of exercise $5.80
2. Share price at date of exercise $4.86

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:

- 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.

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Note 38. Share-based payments (continued)

Performance rights (continued)

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%

For the FY15 award, the performance has exceeded the 75th percentile and the rights will be issued in full.

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, 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%

	FY15 Award (Nov 2014)	FY16 Award (Sept/Dec 15)
Minimum EPS Target	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.	Compound annual growth rate (CAGR) of 7%
EPS Target	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.	Compound annual growth rate (CAGR) of 15%

For the FY15 award, the performance has exceeded the EPS Target and the rights will be issued in full.

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Note 38. Share-based payments (continued)

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

Grant Date	Vesting Date	Exercise price	Balance at the start of year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
TSR - 19 Nov 14[1]	9 Sept 2017	$0.00	118,449	-	-	(7,560)	110,889
EPS - 19 Nov 14[1]	9 Sept 2017	$0.00	118,449	-	-	(7,560)	110,889
TSR - 16 Sept 15	8 Sept 2018	$0.00	133,047	-	-	(7,406)	125,641
EPS - 16 Sept 15	8 Sept 2018	$0.00	133,047	-	-	(7,406)	125,641
TSR - 2 Dec 15	8 Sept 2018	$0.00	3,528	-	-	-	3,528
EPS - 2 Dec 15	8 Sept 2018	$0.00	3,528	-	-	-	3,528
Total Performance Rights			**510,048**	**-**	**-**	**(29,932)**	**480,116**

1. These awards have achieved the maximum performance hurdles and will vest 100% for both TSR and EPS at the vesting date

IPH Limited Employee Incentive Plan

A new incentive plan, the IPH Limited Employee Incentive Plan (the "Incentive Plan"), was approved at the AGM on 16 November 2016. This plan replaces the existing Long Term Incentive Plan and Retention Rights Plan. Each performance right issued under the Incentive Plan 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.

The conditions attached to rights issued under the Incentive Plan can be in the form of a retention requirement, TSR, EPS or other Key Performance Indicator (KPI) metric for the Group, business unit and individual.

TSR and EPS target and measurement criteria remain the same as per the EPS and TSR Rights under the previous plan.

Performance Rights issued under the new Incentive Plan during the financial year were:

Grant Date	Final vesting date	Exercise price	Balance at the start of year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
Retention - 23 May 17	23 May 2019[1,2]	$0.00	-	5,963	(1,193)	-	4,770
Retention - 24 May 17	1 Jan 2020[1]	$0.00	-	20,000	-	-	20,000
Retention - 24 May 17	1 May 2020[1]	$0.00	-	21,142	-	-	21,142
Retention - 7 June 17	1 June 2020[1]	$0.00	-	21,368	-	-	21,368
TSR - 23 May 17	1 Sept 2019	$0.00	-	2,235	-	-	2,235
EPS - 23 May 17	1 Sept 2019	$0.00	-	2,235	-	-	2,235
EPS - 24 May 17	1 Sept 2020	$0.00	-	7,166	-	-	7,166
KPI - 26 June 17	31 Aug 2017	$0.00	-	179,743	-	-	179,743
Total Performance Rights			**-**	**259,852**	**(1,193)**	**-**	**258,659**

1. Annual vesting at the following rates: 20% first vesting date, 30% second and 50% final vesting date
2. Share price at date of exercise of the first tranche was $4.75

Fair value of retention and performance rights granted

The weighted average share price during the financial year was $5.25 (2016: $7.18).

The weighted average remaining contractual life of rights outstanding at the end of the financial year was 0.9 years (2016: 2.1 years)

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Note 38. Share-based payments (continued)

Valuation model inputs used to determine the fair value of rights at the grant date, are as follows:

Grant Date	Vesting Date	Share price at grant date	Exercise price	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date
Performance rights							
TSR - 19 Nov 14	9 Sept 2017	$2.10	$0.00	35.00%	6.40%	2.56%	$1.04
EPS - 19 Nov 14	9 Sept 2017	$2.10	$0.00	35.00%	6.40%	2.56%	$1.75
TSR - 17 Sept 15	8 Sept 2018	$6.12	$0.00	35.00%	3.50%	2.00%	$4.45
EPS - 17 Sept 15	8 Sept 2018	$6.12	$0.00	35.00%	3.50%	2.00%	$5.51
TSR - 2 Dec 15	8 Sept 2018	$8.20	$0.00	35.00%	3.50%	2.00%	$6.66
EPS - 2 Dec 15	8 Sept 2018	$8.20	$0.00	35.00%	3.50%	2.00%	$7.40
Retention rights							
19 Nov 2014	19 Nov 2015	$2.10	$0.00	35.00%	6.40%	2.44%	$1.97
19 Nov 2014	19 Nov 2016	$2.10	$0.00	35.00%	6.40%	2.49%	$1.84
19 Nov 2014	19 Nov 2017	$2.10	$0.00	35.00%	6.40%	2.58%	$1.73
17 Sept 2015	1 July 2016	$6.12	$0.00	35.00%	3.50%	1.96%	$5.95
17 Sept 2015	1 July 2017	$6.12	$0.00	35.00%	3.50%	1.93%	$5.75
17 Sept 2015	1 July 2018	$6.12	$0.00	35.00%	3.50%	1.99%	$5.55
19 Sept 2016[1]	30 June 2019	$5.80	$0.00		4.00%		$5.17
1. Expected volatility and risk free rate not included in this valuation							
IPH Limited Employee Incentive Plan							
Retention - 23 May 17[1,2]	23 May 2019	$4.81	$0.00	35.00%	5.40%	1.58%	$4.49
Retention - 24 May 17[1,2]	1 Jan 2020	$4.86	$0.00	35.00%	5.40%	1.63%	$4.39
Retention - 24 May 17[1,2]	1 May 2020	$4.86	$0.00	35.00%	5.40%	1.66%	$4.31
Retention - 7 June 17[1,2]	1 June 2020	$4.76	$0.00	35.00%	5.40%	1.65%	$4.31
TSR - 23 May 17	1 Sept 2019	$4.81	$0.00	35.00%	5.40%	1.65%	$1.21
EPS - 23 May 17	1 Sept 2019	$4.81	$0.00	35.00%	5.40%	1.65%	$4.25
EPS - 24 May 17	1 Sept 2020	$4.86	$0.00	35.00%	5.40%	1.77%	$4.07
KPI - 26 June 17	31 Aug 2017	$4.83	$0.00	35.00%	5.40%	1.57%	$4.78

1. Annual vesting at the following rates: 20% first vesting date, 30% second and 50% final vesting date
2. Risk free interest rate and fair value at grant date are at the weighted average of the rights issued

The weighted fair value of the rights granted during the year is $4.80 (2016: $5.39)

Amounts recognised in the Financial Statements

During the financial year ended 30 June 2017, an expense of $1,325,000 was recognised in the Statement of Profit or Loss in relation to equity settled share based payment awards. (June 2016: $845,000)

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Note 39. Deed of cross guarantee

The members of the Group party to the deed of cross guarantee are detailed in note 34. 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 2017 $'000	30 June 2016 $'000
Revenue	116,204	95,364
Other income	24,637	29,325
Expenses		
Employee benefits expense	(33,592)	(28,812)
Depreciation and amortisation expense	(8,515)	(6,569)
Rental expenses	(3,388)	(3,607)
Business acquisition costs	(1,583)	(2,430)
Agent fee expenses	(35,064)	(26,651)
Insurance expenses	(513)	(353)
Travel expenses	(986)	(1,043)
Printing & stationery expenses	(237)	(436)
Other expenses	(7,674)	(6,405)
Finance costs	(1,224)	(1,525)
Profit before income tax expense	**48,065**	**46,858**
Income tax expense	(9,985)	(8,352)
Profit after income tax expense for the year	**38,080**	**38,506**
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss		
Other comprehensive income for the year, net of tax	-	-
Total comprehensive income for the year	**38,080**	**38,506**
Profit for the year is attributable to:		
Owners of IPH Limited	38,080	38,506
Profit after income tax expense for the year	**38,080**	**38,506**
Total comprehensive income for the year is attributable to:		
Owners of IPH Limited	38,080	38,506
Profit after income tax expense for the year	**38,080**	**38,506**

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Note 39. Deed of cross guarantee (continued)

	30 June 2017 $'000	30 June 2016 $'000
Current assets		
Cash and cash equivalents	14,008	51,372
Trade and other receivables	22,861	22,145
Other assets	2,785	2,455
Total current assets	**39,654**	**75,972**
Non-current assets		
Property, plant and equipment	2,693	2,677
Intangibles	186,566	147,502
Investments in subsidiaries	48,064	48,275
Deferred tax	4,581	2,992
Total non-current assets	**241,904**	**201,446**
Total assets	**281,558**	**277,418**
Current liabilities		
Trade and other payables	7,611	5,945
Income tax	2,788	1,794
Provisions	6,070	5,292
Other liabilities	1,370	28,904
Deferred revenue	868	1,195
Total current liabilities	**18,707**	**43,130**
Non-current liabilities		
Borrowings	-	-
Provisions	1,605	1,768
Deferred tax liability	17,463	13,301
Total non-current liabilities	**19,068**	**15,069**
Total liabilities	**37,775**	**58,199**
Net assets	**243,783**	**219,219**
Equity		
Issued capital	233,582	218,582
Reserves	2,669	(10,164)
Retained profits	7,532	10,801
Total equity	**243,783**	**219,219**

DIRECTORS' 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 2017 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 Corporations (Wholly-owned Companies) Instrument 2016/785. 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 Corporations Instrument applies, as detailed in note 39 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

17 August 2017
Sydney

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Deloitte.

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Independent Auditor's Report to the Members of IPH Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of IPH Limited (the "Company") and its subsidiaries (the "Group") which comprises the consolidated statement of financial position as at 30 June 2017, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the Group's financial position as at 30 June 2017 and of its financial performance for the year then ended; and
(ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Group in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Key Audit Matter	How the scope of our audit responded to the Key Audit Matter
Accounting for Acquisitions As disclosed in Note 33 'Business Combinations', the Group made a significant acquisition during the financial year. Accounting for the transaction is a complex and judgemental exercise, requiring management to determine: ○ the fair value of the total purchase consideration including any deferred amounts; and ○ the identifiable intangible assets such as customer contracts and relationships, to be recognised separately from goodwill. As a result the assessment of the accounting for the acquisitions was a key audit matter.	Our procedures performed in conjunction with our valuation specialists, included, amongst others: ○ Understanding the process that management and the directors were following to account for the acquisition. ○ Obtaining a detailed understanding of the terms and conditions of the purchase contract to enable us to critically assess management's accounting treatment including the determination of the nature and the amount of deferred consideration. ○ Evaluating the competence, capability and objectivity of management's external expert and performing a detailed review of their report to understand the scope of their engagement and any limitations in the report. In addition we held discussions with them. ○ Evaluating the methodology used by management to ascertain the fair value of the purchase consideration at acquisition date. ○ Evaluating the appropriateness of the values attributed to the acquired intangible assets assumed as part of each business acquisition: • Assessing the identification and valuation of customer relationships and the appropriateness of the amortisation rate; • Performing procedures over the intangible asset valuations, specifically: ▪ analysing cash flow assumptions including revenue growth rates, gross margin, contributory asset charges, ▪ assessing the discount rate used; and ▪ challenging the reasonableness of the valuation outputs. We also evaluated the adequacy of the Group's disclosures note 33.

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Key Audit Matter	How the scope of our audit responded to the Key Audit Matter
Recoverability of Goodwill and Intangible Assets As disclosed in Note 3 *'Critical accounting judgements, estimates and assumptions'* and Note 14 *'Intangible Assets',* the Group had goodwill and intangible assets of $212,926,000 as at 30 June 2017. The determination of the recoverable amount of the goodwill and intangible assets is complex and requires management to exercise significant judgement in particular in determining the key assumptions used in cash flow projections, such as: • long term growth rates • discount rates; and • budgeted EBITDA, specifically growth rates. We have identified two cash generating units (CGUs) being Pizzeys Patent & Trade Mark Attorneys Pty Limited and Practice Insight Pty Limited where recoverability of the CGU was a key audit matter.	Our procedures performed in conjunction with our corporate finance specialists included, amongst others: • Obtaining an understanding of the key controls associated managements' recoverable amount assessment. • Assessing the appropriateness of management's impairment model. • Agreeing the inputs used in the model to board approved forecasts. • Assessing the historical accuracy of management's forecasting by comparing actual results to budgeted results for preceding years. • Challenging the key assumptions and estimates used by management in their models, including performing an independent calculation of the discount rates used, analysis of the growth rates used in years 2 to 5 including reference to industry data and the long term growth rates into perpetuity. • Challenging and evaluating the appropriateness of management's sensitivity analysis and challenging the key inputs, specifically in relation to changes of growth rates and discount rates applied. • Given the start-up nature of Practice Insight, discussing the operational strategies with management to obtain further understanding as to the basis of the assumptions used in forecasts for Practice Insights. • Evaluating the adequacy of the Group's disclosures note 3.

Other Information

The directors are responsible for the other information. The other information comprises the Directors' Report, which we obtained prior to the date of this auditor's report, and also includes the following information which will be included in the annual report (but does not include the financial report and our auditor's report thereon): the Chairman's Letter, Chief Executive Officer's Report, Board of Directors, and Shareholders Information, which is expected to be made available to us after that date.

Our opinion on the financial report does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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When we read the Chairman's Letter, Chief Executive Officer's Report, Board of Directors, Corporate Governance Report, and Shareholders Information, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors and use our professional judgement to determine the appropriate action.

Responsibilities of the Directors 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 preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group's audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 24 to 30 of the Directors' Report for the year ended 30 June 2017.

In our opinion, the Remuneration Report of IPH Limited for the year ended 30 June 2017, complies with section 300A of the Corporations Act 2001.

Responsibilities

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.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Tara Hill
Partner
Chartered Accountants
Sydney, 17 August 2017

SHAREHOLDERS INFORMATION

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The shareholder information set out below was applicable as at 31 August 2017.

Distribution of equitable securities

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

Range	Securities	%
100,001 and Over	133,804,905	69.78
10,001 to 100,000	22,631,011	11.80
5,001 to 10,000	14,856,072	7.75
1,001 to 5,000	18,018,531	9.40
1 to 1,000	2,435,526	1.27
	191,746,045	**100.00**
Unmarketable Parcels	-	0.00

Equity security holders

Twenty largest quoted equity security holders

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

Rank	Name	31 Aug 2017	%IC
1	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	39,016,763	20.35
2	J P MORGAN NOMINEES AUSTRALIA LIMITED	11,371,356	5.93
3	UBS NOMINEES PTY LTD	9,817,360	5.12
4	CITICORP NOMINEES PTY LIMITED	9,140,861	4.77
5	TALABAH PTY LIMITED	4,067,175	2.12
6	WOMBEE PTY LTD <IRANI FAMILY A/C>	3,987,654	2.08
7	BNP PARIBAS NOMINEES PTY LTD <AGENCY LENDING DRP A/C>	3,976,562	2.07
8	NATIONAL NOMINEES LIMITED	3,200,404	1.67
9	SETDOR PTY LIMITED	2,462,963	1.28
10	NABIDE PTY LIMITED <THE GRIFFITH FAMILY A/C>	2,358,024	1.23
11	KORTRUS PTY LIMITED	2,253,086	1.18
12	AFTRUS PTY LIMITED	2,113,166	1.10
13	SHANTAY PTY LIMITED <BRASS FAMILY A/C>	1,937,249	1.01
14	CURNTRUS PTY LIMITED	1,641,976	0.86
15	RBC INVESTOR SERVICES AUSTRALIA NOMINEES PTY LIMITED <BKCUST A/C>	1,564,589	0.82
16	BERGTRUS PTY LIMITED	1,514,708	0.79
17	ASSONET PTY LIMITED <MASSASOIT A/C>	1,414,814	0.74
18	CIP INVESTMENTS PTY LTD <GURR SUPERANNUATION FUND>	1,407,407	0.73
19	ROSSARD PTY LIMITED	1,361,004	0.71
20	O'BRIENTRUS PTY LIMITED	1,314,814	0.69
		105,921,935	55.24

The above table includes shareholders that may hold shares for the benefit of third parties.

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Geography distribution

	Ordinary Shares	
	Number of shares	Number of holder
AUSTRALIA	189,465,218	13,949
BAHRAIN	760	1
CHINA	23,483	3
CYPRUS	3,100	1
HONG KONG	754,823	7
INDONESIA	2,231	2
IRELAND	900	1
KUWAIT	460	1
MALAYSIA	4,050	3
NEW ZEALAND	274,305	122
PAPUA NEW GUINEA	2,380	1
SINGAPORE	1,110,130	19
SOUTH AFRICA	16,193	2
SWITZERLAND	575	1
THAILAND	2,000	1
UNITED ARAB EMIRATES	513	1
UNITED KINGDOM	69,883	10
UNITED STATES	9,147	6
VANUATU	5,894	2
	191,746,045	14,133

Unquoted equity securities

	Number on Issue	Number of holders
Performance Rights over ordinary shares granted under the Long Term Incentive Plan	747,922	35
Retention Rights granted under the Long Term Incentive Plan	271,413	21

Substantial holders

The names of substantial shareholders of the Company's ordinary shares as at 31 August 2017 (holding no less than 5%) who have notified the Company in accordance with section 671B of the Corporations Act 2001 are:

Holder	Number of securities
Perpetual Limited and its related bodies corporate	24,989,192
IPH Limited and its related bodies corporate	11,751,549

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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.

Securities Subject to Voluntary Escrow

Class	Expiry Date	Number of Shares
Ordinary	30/9/2017	6,776,263
Ordinary	2/11/2017	537,180
Ordinary	30/6/2018	2,042,905
Ordinary	31/8/2018	1,619,860
Ordinary	31/10/2018	737,261

Annual General Meeting (AGM)

The 2017 annual general meeting (AGM) of IPH Limited will be held on Monday 20 November at 10:30am at the offices of EY, 200 George Street, Sydney NSW 2000.

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 2016 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.

SHAREHOLDERS INFORMATION

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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

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