Appendix 4E

Full year report

Name of entity

INTEGRATED RESEARCH LIMITED

ABN	Reporting period (year ended)	Previous corresponding period (year ended)
76 003 588 449	30 June 2015	30 June 2014

For announcement to the market

Extracts from this report for announcement to the market

				A$000
Revenues from ordinary activities	Up	32%	to	70,279
Profit before tax attributable to members	Up	81%	to	19,266
Profit after tax attributable to members	Up	68%	to	14,251
Net profit for the period attributable to members	Up	68%	to	14,251

Dividends (distributions)	Amount per security	Franked amount per security
Final dividend	4.0¢	35%
Previous corresponding period	2.5¢	35%

Dividends consist of no conduit foreign income.

Record date for determining entitlements to the dividend	7 Sept 2015
Date the dividend is payable	22 Sept 2015

NTA backing	**June 2015 cents**	June 2014 cents
Net tangible asset backing per ordinary security	11.26	8.58

Brief explanation of directional and percentage changes to profit:

Refer accompanying Market Release.

Audit

This report is based on accounts that are in the process of being audited, and are unlikely to be subject to dispute or qualification.

INTEGRATED RESEARCH LIMITED AND CONTROLLED ENTITIES

FINANCIAL STATMENTS

FOR THE YEAR-ENDED

30 JUNE 2015

ABN: 76 003 588 449

ASX CODE: IRI

Financial Statements

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Consolidated statement of comprehensive income

For the year ended 30 June 2015

In thousands of AUD	Notes	Consolidated 2015	2014
Revenue			
Revenue from licence fees		41,031	28,048
Revenue from maintenance fees		23,700	20,562
Revenue from consulting		5,548	4,633
Total revenue		70,279	53,243
Expenditure			
Research and development expenses		(12,431)	(11,067)
Sales, consulting and marketing expenses		(35,161)	(26,836)
General and administration expenses		(5,220)	(4,707)
Total expenditure	4	(52,812)	(42,610)
Other gains and losses			
Currency exchange gains/(losses)		1,502	(364)
Profit before finance income and tax		18,969	10,269
Finance income	3	297	384
Profit before tax		19,266	10,653
Income tax expense	6	(5,015)	(2,164)
Profit for the year		14,251	8,489
Other comprehensive income			
Items that may be reclassified subsequently to profit			
Gain/(loss) on cash flow hedge taken to equity		(317)	897
Foreign exchange translation differences		915	14
Other comprehensive income		598	911
Total comprehensive income for the year		14,849	9,400
Profit attributable to:			
Members of Integrated Research		14,251	8,489
Total comprehensive income attributable to:			
Members of Integrated Research		14,849	9,400
Earnings per share attributable to members of Integrated Research:			
Basic earnings per share (AUD cents)	7	8.41	5.03
Diluted earnings per share (AUD cents)	7	8.34	5.00

The consolidated statement of comprehensive income is to be read in conjunction with the notes to the financial statements set out on pages 5 to 35.

Consolidated statement of financial position

As at 30 June 2015

		Consolidated	
In thousands of AUD	**Notes**	**2015**	**2014**
Current assets			
Cash and cash equivalents	8	15,323	13,300
Trade and other receivables	9	25,012	20,225
Current tax assets		184	616
Other current assets	10	1,344	1,024
Total current assets		41,863	35,165
Non-current assets			
Trade and other receivables	9	13,260	2,632
Other financial assets	11	804	786
Property, plant and equipment	12	1,969	1,680
Deferred tax assets	13	1,342	1,463
Intangible assets	14	17,020	16,257
Total non-current assets		34,395	22,818
Total assets		76,258	57,983
Current liabilities			
Trade and other payables	15	7,241	4,074
Provisions	17	2,327	2,105
Income tax liabilities		1,719	237
Deferred revenue		18,698	13,571
Other current liabilities	18	604	9
Total current liabilities		30,589	19,996
Non-current liabilities			
Deferred tax liabilities	13	4,408	3,664
Provisions	17	899	778
Deferred revenue		3,825	2,798
Other non-current liabilities	18	405	-
Total non-current liabilities		9,537	7,240
Total liabilities		40,126	27,236
Net assets		36,132	30,747
Equity			
Issued capital	19	1,667	1,667
Reserves	19	935	(361)
Retained earnings		33,530	29,441
Total equity		36,132	30,747

The consolidated statement of financial position is to be read in conjunction with the notes to the financial statements set out on pages 5 to 35.

Consolidated statement of changes in equity

For the year ended 30 June 2015

Consolidated In thousands of AUD	Share capital	Hedging reserve	Translation reserve	Employee benefit reserve	Retained earnings	Total
Balance at 1 July 2014	1,667	120	(1,354)	873	29,441	30,747
Profit for the year	-	-	-	-	14,251	14,251
Other comprehensive income for the year (net of tax)	-	(317)	915	-	-	598
Total comprehensive income for the year	-	(317)	915	-	14,251	14,849
Share based payments expense	-	-	-	698	-	698
Shares issued	-	-	-	-	-	-
Dividends to shareholders	-	-	-	-	(10,162)	(10,162)
Balance at 30 June 2015	1,667	(197)	(439)	1,571	33,530	36,132

Consolidated In thousands of AUD	Share capital	Hedging reserve	Translation reserve	Employee benefit reserve	Retained earnings	Total
Balance at 1 July 2013	1,501	(777)	(1,368)	424	30,230	30,010
Profit for the year	-	-	-	-	8,489	8,489
Other comprehensive income for the year (net of tax)	-	897	14	-	-	911
Total comprehensive income for the year	-	897	14	-	8,489	9,400
Share based payments expense	-	-	-	449	-	449
Shares issued	166	-	-	-	-	166
Dividends to shareholders	-	-	-	-	(9,278)	(9,278)
Balance at 30 June 2014	1,667	120	(1,354)	873	29,441	30,747

The consolidated statement of changes in equity is to be read in conjunction with the notes to the financial statements set out on pages 5 to 35.

Consolidated statement of cash flows

For the year ended 30 June 2015

		Consolidated	
In thousands of AUD	**Notes**	**2015**	**2014**
Cash flows from operating activities			
Cash receipts from customers		62,012	54,080
Cash paid to suppliers and employees		(38,855)	(35,627)
Cash generated from operations		23,157	18,453
Income taxes paid		(1,738)	(2,434)
Net cash provided by operating activities	23	21,419	16,019
Cash flows from investing activities			
Payments for capitalised development		(9,037)	(7,967)
Payments for property, plant and equipment		(1,004)	(609)
Payments for intangible asset		(126)	(173)
Interest received		297	384
Net cash used in investing activities		(9,870)	(8,365)
Cash flows from financing activities			
Proceeds from issuing of shares		-	166
Payment of dividend	19	(10,162)	(9,278)
Net cash used in financing activities		(10,162)	(9,112)
Net (decrease)/ increase in cash and cash equivalents		1,387	(1,458)
Cash and cash equivalents at 1 July		13,300	14,827
Effects of exchange rate changes on cash		636	(69)
Cash and cash equivalents at 30 June	8	15,323	13,300

The consolidated statement of cash flows is to be read in conjunction with the notes to the financial statements set out on pages 5 to 35.

Notes to the Financial Statements

For the year ended 30 June 2015

Note 1: Significant accounting policies

Integrated Research Limited (the "Company") is a company domiciled in Australia. The financial report of the Company for the year ended 30 June 2015 comprises the Company and its subsidiaries (together referred to as the "consolidated entity").

Integrated Research is a for-profit Company limited by ordinary shares.

a) Statement of Compliance

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards, and Interpretations and the Corporations Act 2001. Financial statements of the consolidated entity comply with International Financial Reporting Standards and interpretations adopted by the International Accounting Standards Board.

b) Basis of Preparation

The financial statements are presented in Australian dollars and are prepared on the historical cost basis, with the exception of derivatives, which are at fair value.

The company is of a kind referred to in ASIC Class Order (CO) 98/100 dated 10 July 1998 (updated by CO 05/641 effective 28 July 2005 and CO 06/51 effective 31 January 2006) and in accordance with that Class Order, amounts in the financial report and Directors' Report have been rounded off to the nearest thousand dollars, unless otherwise stated.

The preparation of financial statements in conformity with Australian Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. These accounting policies have been consistently applied by each entity in the consolidated entity.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

New accounting standards and Interpretations

The Company has applied the following standards and amendments for the first time for the annual reporting period commencing 1 July 2014 and have not had any material effect on its financial position or performance:

AASB2012-3 'Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities'

AASB 2013-3 'Amendments to Australian Accounting Standards – Recoverable Amount Disclosures for Non-Financial Assets'

AASB 1031 'Materiality'

AASB2013-9 'Amendments to Australian Accounting Standards – 'Conceptual Framework, Materiality and Financial Instruments'

AASB 2014-1 Part A 'Annual Improvements 2010-2012 Cycle'

AASB 2014-1 Part A 'Annual Improvements 2011-2013 Cycle'

Note 1: Significant accounting policies (continued)

Standards and Interpretations issued not yet effective

At the date of authorisation of the financial report, a number of standards and Interpretations were in issue but not yet effective.

Initial application of the following Standards is not expected to materially affect any of the amounts recognised in the financial statements, but may change the disclosures presently made in relation to the consolidated entity’s financial statements:

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 9 ‘Financial Instruments’	1 January 2018	30 June 2018
AASB 15 ‘Revenue from Contracts with Customers’	1 January 2017*	30 June 2017
AASB 2014-4 ‘Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to AASB 116 and AASB 138)’	1 January 2016	30 June 2016
AASB 2015-1 ‘Amendments to Australian Accounting Standards - Annual Improvements 2012-2014 Cycle’	1 January 2016	30 June 2016
AASB 2015-3 ‘Amendments to Australian Accounting Standards arising from the Withdrawal of AASB1031 Materiality’	1 July 2015	30 June 2016

* - The International Accounting Standards Board (IASB) in its July 2015 meeting decided to confirm its proposal to defer the effective date of IFRS 15 (the international equivalent of AASB 15) from 1 January 2017 to 1 January 2018. The amendment to give effect to the new effective date for IFRS 15 is expected to be issued in September 2015. At this time, it is expected that the AASB will make a corresponding amendment to AASB 15, which will mean that the application date of this standard for the Group will move from 1 July 2017 to 1 July 2018.

Note 1. Significant accounting policies (continued)

The accounting policies set out below have been applied consistently to all periods presented in the consolidated financial statements.

c) Basis of consolidation

Subsidiaries are entities controlled by the Company. Control is achieved when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Company controls an investee if and only if the Company has: Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee). Exposure, or rights, to variable returns from its involvement with the investee, and the ability to use its power over the investee to affect its returns.

When the Company has less than a majority of the voting or similar rights of an investee, the Company considers all relevant facts and circumstances in assessing whether it has power over an investee including: The contractual arrangement with the other vote holders of the investee; rights arising from other contractual arrangements and the Company's voting rights and potential voting rights.

The Company re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of comprehensive income from the date the Company gains control until the date the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Company's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Company are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Company loses control over a subsidiary, it: de-recognises the assets (including goodwill) and liabilities of the subsidiary; de-recognises the carrying amount of any non-controlling interests; de-recognises the cumulative translation differences recorded in equity; recognises the fair value of the consideration received; recognises the fair value of any investment retained; recognises any surplus or deficit in profit or loss; reclassifies the parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Company had directly disposed of the related assets or liabilities.

d) Foreign currency

In preparing the financial statements of the individual entities transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the year end date are translated to Australian dollars at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in profit or loss. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to Australian dollars at foreign exchange rates ruling at the dates the fair value was determined.

On consolidation, the assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation are translated to Australian dollars at foreign exchange rates ruling at the year end date. The revenues and expenses of foreign operations, are translated to Australian dollars at rates approximating the foreign exchange rates ruling at the dates of the transactions. Foreign exchange differences arising on retranslation are recognised directly in other comprehensive income and accumulated in the translation reserve.

e) Derivative financial instruments

The consolidated entity uses derivative financial instruments to hedge its exposure to foreign exchange risks arising from operational activities. In accordance with its treasury policy, the consolidated entity does not hold or issue derivative financial instruments for trading purposes.

Derivative financial instruments are recognised initially at fair value. Subsequent to initial recognition, derivative financial instruments are stated at fair value. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the item being hedged.

The fair value of forward exchange contracts is their quoted market price at the year end date, being the present value of the quoted forward price.

Note 1. Significant accounting policies (continued)

f) Hedging
On entering into a hedging relationship, the consolidated entity normally designates and documents the hedge relationship and risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the hedging instrument's effectiveness in offsetting the exposure to changes in the item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they are designated.

For cash flow hedges, the associated cumulative gain or loss is removed from equity and recognised in profit or loss in the same period or periods during which the hedged forecast transaction affects profit or loss. The ineffective part of any gain or loss is recognised immediately in the profit or loss.

g) Property, plant and equipment
Items of property, plant and equipment are stated at cost or deemed cost less accumulated depreciation and impairment losses (see accounting policy (k)). The cost of acquired assets includes (i) the initial estimate at the time of installation and during the period of use, when relevant, of the costs of dismantling and removing the items and restoring the site on which they are located, and (ii) changes in the measurement of existing liabilities recognised for these costs resulting from changes in the timing or outflow of resources required to settle the obligation or from changes in the discount rate.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Depreciation is provided on property, plant and equipment. Depreciation is calculated on a straight line basis so as to write off the net cost of each asset over its expected useful life to its estimated residual value. Leasehold improvements are depreciated over the period of the lease or estimated useful life, whichever is the shorter, using the straight line method. The estimated useful lives, residual values and depreciation method are reviewed annually, with the effect of any changes recognised on a prospective basis.

The following useful lives are used in the calculation of depreciation:

Leasehold improvements	6 to 10 years
Plant and equipment	4 to 8 years

h) Intangible Assets
Research and development
Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in profit or loss as incurred.

Expenditure on development activities, whereby research findings are applied to a plan or design for the production of new or substantially improved products and processes, is capitalised if the product or process is technically and commercially feasible and the consolidated entity has sufficient resources to complete development.

The useful lives of the capitalised assets are assessed as finite.

The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of overheads. Other development expenditure is recognised in profit or loss as an expense as incurred. Capitalised development expenditure is stated at cost less accumulated amortisation and impairment losses (see accounting policy (k)).

Amortisation is charged to profit or loss on a straight-line basis over the estimated useful life, but no more than three years.

Note 1. Significant accounting policies (continued)

Intellectual property
Intellectual property acquired from third parties is amortised over its estimated useful life, but no more than three years.

Computer software
Computer software is stated at cost and depreciated on a straight-line basis over a 2½ to 3 year period.

i) Trade and other receivables
Trade and other receivables are stated at their amortised cost less impairment losses. The carrying amount of uncollectible trade receivables is reduced by an impairment loss through the use of an allowance account.

For the trade receivables with extended payment terms beyond twelve months, the receivable is initially recognised at fair value calculated by applying a discount to the contracted cash flows. The discount rate applied is based upon the corporate borrowing rate that would apply to the type of customer, taking into account the customers' credit worthiness based on its size and jurisdiction.

j) Cash and cash equivalents
Cash and cash equivalents comprises cash balances and call deposits with an original maturity of three months or less.

k) Impairment
The carrying amounts of the consolidated entity's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

For intangible assets that are not yet available for use, the recoverable amount is estimated at each year end date.

An impairment loss is recognised whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognised in profit or loss unless the asset has previously been revalued, in which case the impairment loss is recognised as a reversal to the extent of that previous revaluation with any excess recognised through profit or loss.

Note 1. Significant accounting policies (continued)

k) Impairment (continued)

The recoverable amount of other assets is the greater of their fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

l) Employee benefits

Superannuation

Obligations for contributions to defined contribution pension plans are recognised as an expense in profit or loss as incurred. There are no defined benefit plans in operation.

Long-term service benefits

The consolidated entity's net obligation in respect of long-term service benefits, other than pension plans, is the amount of future benefit that employees have earned in return for their service in the current and prior periods. The obligation is calculated using expected future increases in wage and salary rates including related on-costs and expected settlement dates, and is discounted using the rates attached to the Corporate bond rate at the year end date which have maturity dates approximating to the terms of the consolidated entity's obligations.

Share-based payment transactions

The share option and performance rights programmes allow the consolidated entity's employees to acquire shares of the Company. The fair value of options and performance rights granted are recognised as an employee expense with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the options or the performance rights. The fair value of the instrument granted is measured using a binomial option pricing model, taking into account the terms and conditions upon which the options were granted. The amount recognised as an expense is adjusted to reflect the actual number of share options or performance rights that are expected to vest.

Wages, salaries, annual leave, and non-monetary benefits

Liabilities for employee benefits for wages, salaries and annual leave represent present obligations resulting from employees' services provided to the year end date, calculated at undiscounted amounts based on remuneration wage and salary rates that the consolidated entity expects to pay as at the year end date.

m) Provisions

A provision is recognised in the statement of financial position when the consolidated entity has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Employee benefits

Provisions for employee benefits include liabilities for annual leave and long service leave and are measured at the amounts expected to be paid when the liabilities are settled.

Make good

The make good provision is for leases undertaken by the Company. For each provision raised a corresponding asset has been recognised and is amortised over the shorter of the term of the lease or the useful life of the asset.

n) Trade and other payables

Trade and other payables are stated at their amortised cost.

Note 1. Significant accounting policies (continued)

o) Revenue

The consolidated entity allocates revenue to each element in software arrangements involving multiple elements based on the relative fair value of each element. The typical elements in the multiple element arrangement are licence and maintenance fees. The company's determination of fair value is generally based on the price charged when the same element is sold separately.

Revenue from the sale of licences, where the consolidated entity has no post delivery obligations to perform is recognised in profit or loss at the date of delivery of the licence key.

Revenue from maintenance contracts is recognised rateably over the term of the service agreement, which is typically one year. Maintenance contracts are typically priced based on a percentage of licence fees and have a one year term. Services provided to customers under maintenance contracts include technical support and supply of software updates.

Revenue from multiple element software arrangements, where the fair value of an undelivered element cannot be reliably measured are recognised over the period the undelivered services are provided.

Revenue from consulting services is recognised over the period the services are provided.

No revenue is recognised if there are significant uncertainties regarding the recovery of the consideration due, the costs incurred or to be incurred cannot be measured reliably, there is a risk of return of goods or there is continuing management involvement with the goods.

p) Expenses

Operating lease payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense and spread over the lease term.

Financing income

Financing income comprises interest receivable on funds invested.

q) Income tax

Income tax on the profit or loss for the periods presented comprises current and deferred tax. Income tax is recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the year end date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the year end date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Additional dividend franking deficit tax that arises from the distribution of dividends are recognised at the same time as the liability to pay the related dividend.

Note 1. Significant accounting policies (continued)

r) Goods and Services Tax

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), or similar taxes, except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable or payable is included as a current asset or liability in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities, which are recoverable or payable are classified as operating cash flows.

s) Significant accounting judgements, estimates and assumptions

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

Intangible assets

An intangible asset arising from development expenditure on an internal project is recognised only when the consolidated entity can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the development and the ability to measure reliably the expenditure attributable to the intangible asset during its development. Following the initial recognition of the development expenditure, the cost model is applied requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses. Any expenditure so capitalised is amortised over the period of expected benefits from the related project commencing from the commercial release of the project. The carrying value of an intangible asset arising from development expenditure is tested for impairment annually when the asset is not yet available for use or more frequently when an indication of impairment arises during the reporting period.

Share based payment transactions

The consolidated entity measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using a binomial option pricing model and applying management determined probability factors relating to non-market vesting conditions.

Receivables

The consolidated entity assesses impairment of receivables based upon assessment of objective evidence for significant receivables and by placing non-significant receivables in portfolios of similar risk profiles, based on objective evidence from historical experience adjusted for any effects of conditions existing at each reporting date. This assessment includes judgements and estimates of future outcomes the actual results of which may differ from the estimates at the reporting date.

Note 2. Segment reporting

The information reported to the CODM (being the Chief Executive Officer) for the purposes of resource allocation and assessment of performance is focused on geographical performance. The principal geographical regions are The Americas – Operating from the United States with responsibility for the countries in North, Central and South America, Europe – operating from the United Kingdom with responsibility for the countries in Europe, Asia Pacific – operating from Australia and Singapore with responsibility for the countries in the rest of the world and Corporate Australia – includes revenue and expenses for research and development and corporate head office functions of the company.

Inter-segment pricing is determined on an arm’s length basis.

Segment profit represents the profit earned by each segment without allocation of investment revenue and income tax expense. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

Information regarding these segments is presented below. The accounting policies of the reportable segments are the same as the Group’s accounting policies.

Note 2. Segment reporting (continued)

In thousands of AUD	Americas 2015	Americas 2014	Europe 2015	Europe 2014	Asia Pacific 2015	Asia Pacific 2014	Corporate Australia[1] 2015	Corporate Australia[1] 2014	Eliminations 2015	Eliminations 2014	Consolidated 2015	Consolidated 2014
Sales to customers outside the consolidated entity	52,688	38,133	10,182	7,896	8,866	8,100	(1,457)	(886)		-	70,279	53,243
Inter-segment revenue	-	-		-		-	38,109	28,714	(38,109)	(28,714)	-	-
Total segment revenue	52,688	38,133	10,182	7,896	8,866	8,100	36,652	27,828	(38,109)	(28,714)	70,279	53,243
Total revenue											**70,279**	**53,243**
Segment results	1,598	1,147	248	197	222	202	16,901	8,723	-	-	18,969	10,269
Results from operating activities											18,969	10,269
Financing income (interest received)											297	384
Dividend received from subsidiary								1,045		(1,045)	-	-
Income tax expense											(5,015)	(2,164)
Profit for the year											**14,251**	**8,489**
Capital additions[3]	704	91	112	215	17	2	297	474	-	-	1,130	782
Depreciation and amortisation expenditure	156	106	71	32	4	2	8,883	7,415	-	-	9,114	7,555

In local currency[2]	Americas (USD) 2015	Americas (USD) 2014	Europe (GBP) 2015	Europe (GBP) 2014
Sales to customers outside the consolidated entity	43,621	34,759	5,338	4,415
Inter-segment sales	-	-	-	-
Total segment revenue	43,621	34,759	5,338	4,415
Segment results	1,311	1,044	133	111

[1] Corporate Australia includes both the research and development and corporate head office functions of the Integrated Research Limited.

[2] Segment results represented in local currencies as reviewed by the Chief Operating Decision Maker.

[3] Excludes internal development costs capitalised but includes third party assets acquired.

Note 3. Finance income

	Consolidated	
In thousands of AUD	**2015**	**2014**
Interest income	297	384
	297	384

Note 4. Expenditure

Total expenditure includes:

	Consolidated	
In thousands of AUD	**2015**	**2014**
Employee benefits expense:		
Defined contribution plans	1,872	1,617
Equity settled share-based payments	728	453
Other employee benefits	36,504	29,798
	39,104	31,868
Depreciation and amortisation	9,114	7,555
Bad and doubtful debt expense	764	288
Operating lease rental expenses	1,600	1,514

Note 5. Auditors' remuneration

2015 and 2014 Ernst and Young.

	Consolidated	
In AUD	**2015**	**2014**
Remuneration for audit and review of the financial reports of the Company or any entity in the consolidated entity:		
Audit and review of financial reports:		
Auditors of the Company	142,509	135,000
Remuneration for other services by the auditors of the Company or any entity in the consolidated entity:	86,251	-
Taxation services:		
Auditors of the Company	157,460	121,361

Note 6. Income tax expense

Recognised in profit for the year

		Consolidated	
In thousands of AUD	**Note**	**2015**	**2014**
Current tax expense:			
Current year		5,978	2,203
Prior year adjustments		(98)	(233)
		5,880	1,970
Deferred tax expense:			
Origination and reversal of temporary differences	13	(865)	194
Total income tax expense in profit and loss		5,015	2,164

Numerical reconciliation between income tax expense and profit before tax

	Consolidated	
In thousands of AUD	**2015**	**2014**
Profit before tax	19,266	10,653
Income tax using the domestic corporate tax rate of 30%	5,780	3,196
Increase in income tax expense due to:		
Non-deductible expenses	303	203
Effect of tax rates in foreign jurisdictions	121	202
Decrease in income tax expense due to:		
R&D tax incentive	(1,335)	(1,199)
Other	244	(5)
Prior year adjustments	(98)	(233)
Income tax expense	5,015	2,164

Note 7. Earnings per share

The calculation of basic and diluted earnings per share at 30 June 2015 was based on the profit attributable to ordinary shareholders of $14,251,000 (2014: $8,489,000); a weighted number of ordinary shares outstanding during the year ended 30 June 2015 of 169,409,027 (2014: 168,719,799); and a weighted number of ordinary shares (diluted) outstanding during the year ended 30 June 2015 of 170,190,803 (2014: 169,895,017), calculated as follows:

	Consolidated	
In thousands of AUD	**2015**	**2014**
Profit for the year	14,251	8,489

Weighted average number of shares used as the denominator

	Consolidated	
(Number)	**2015**	**2014**
Number for basic earnings per share:		
Ordinary shares	169,409,027	168,719,799
Effect of employee share plans on issue	1,509,776	1,175,218
Number for diluted earnings per share	170,918,803	169,895,017
Basic earnings per share (AUD cents)	8.41	5.03
Diluted earnings per share (AUD cents)	8.34	5.00

Note 8. Cash and cash equivalents

	Consolidated	
In thousands of AUD	**2015**	**2014**
Cash at bank and on hand	15,323	13,300

Note 9. Trade and other receivables

Current

In thousands of AUD	Consolidated 2015	2014
Trade debtors	25,768	20,934
Less: Allowance for doubtful debts	(852)	(858)
	24,916	20,076
GST receivable	96	149
	25,012	20,225

Non-current

In thousands of AUD	Consolidated 2015	2014
Trade debtors	13,260	2,632

The credit period on sales ranges from 30 to 90 days. Customers of good credit worthiness can request for extended payment plans over the committed term of the licence contract which typically is up to three years.

Ageing of past due but not impaired:

In thousands of AUD	Consolidated 2015	2014
Past due 30 days	873	1,682
Past due 60 days	1,697	1,449
Past due 90 days	654	1,010
Total	3,224	4,141

The movement in the allowance for doubtful debts in respect of trade receivables is detailed below:

In thousands of AUD	Consolidated 2015	2014
Balance at beginning of year	858	1,139
Amounts written off during the year	(1,010)	(569)
Increase in provision	1,004	288
Balance end of year	852	858

The consolidated entity has used the following criteria to assess the allowance loss for trade receivables and as a result is unable to specifically allocate the allowance to the ageing categories shown above:

- historical bad debt experience;
- the general economic conditions;
- an individual account by account specific risk assessment based on past credit history; and
- any prior knowledge of debtor insolvency or other credit risk.

Included in the consolidated entity's trade receivable balance are debtors which are 90 days past due at the reporting date which the consolidated entity has not provided for as there has been no significant change in credit quality and the consolidated entity believes that the amounts are still considered recoverable. The consolidated entity does not hold any collateral over these balances.

Note 10. Other current assets

In thousands of AUD	Consolidated 2015	2014
Other prepayments	1,325	847
Fair value of hedge asset – forward foreign exchange contracts	19	177
	1,344	1,024

Note 11. Other financial assets

In thousands of AUD	Consolidated 2015	2014
Deposits	804	786

The carrying amount of other financial assets is a reasonable approximation of their fair value.

Note 12. Property, plant and equipment

Plant and Equipment In thousands of AUD	Consolidated 2015	2014
At cost	3,389	3,148
Accumulated depreciation	(2,073)	(2,215)
	1,316	933

Leasehold Improvements In thousands of AUD	Consolidated 2015	2014
At cost	2,279	2,174
Accumulated depreciation	(1,626)	(1,427)
	653	747

Total property, plant and equipment In thousands of AUD	Consolidated 2015	2014
At cost	5,668	5,322
Accumulated depreciation	(3,699)	(3,642)
Total written down amount	1,969	1,680

Note 12. Property, plant and equipment (continued)

Plant and Equipment	**Consolidated**	
In thousands of AUD	**2015**	**2014**
Carrying amount at start of year	933	927
Additions	831	427
Disposals	(10)	-
Effects of foreign currency exchange	43	-
Depreciation expense	(481)	(421)
Carrying amount at end of year	1,316	933

Leasehold Improvements	**Consolidated**	
In thousands of AUD	**2015**	**2014**
Carrying amount at start of year	747	779
Additions	173	182
Disposals	(67)	-
Effects of foreign currency exchange	31	(2)
Depreciation expense	(231)	(212)
Carrying amount at end of year	653	747

Note 13. Deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

Consolidated	**Assets**		**Liabilities**		**Net**	
In thousands of AUD	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**
Intangible assets	-	-	5,067	4,842	(5,067)	(4,842)
Trade and other payables	273	252	-	-	273	252
Employee benefits	1,117	965	-	-	1,117	965
Provisions	428	416	-	-	428	416
Other current liabilities	670	893	-	-	670	893
Unrealised foreign exchange gain	-	-	487	-	(487)	-
Unrealised foreign exchange loss	-	115	-	-	-	115
Deferred tax assets/(liabilities)	2,488	2,641	5,554	4,842	(3,066)	(2,201)
Set off of deferred tax asset	(1,146)	(1,178)	(1,146)	(1,178)	-	-
Net deferred tax assets/(liabilities)	1,342	1,463	4,408	3,664	(3,066)	(2,201)

Note 13. Deferred tax assets and liabilities (continued)

Movement in temporary differences during the year:

For year ended 30 June 2015 In thousands of AUD	Consolidated Balance 1 July 14	Recognised in income	Recognised in equity	Balance 30 June 15
Property, plant and equipment	-	-	-	-
Intangible assets	(4,842)	(225)	-	(5,067)
Trade and other payables	252	21	-	273
Employee benefits	965	152	-	1,117
Provisions	416	12	-	428
Other current liabilities	893	(223)	-	670
Unrealised foreign exchange gain	-	(487)	-	(487)
Unrealised foreign exchange loss	115	(115)	-	-
	(2,201)	(865)	-	(3,066)

For year ended 30 June 2014 In thousands of AUD	Consolidated Balance 1 July 13	Recognised in income	Recognised in equity	Balance 30 June 14
Property, plant and equipment	-	-	-	-
Intangible assets	(4,485)	(357)	-	(4,842)
Trade and other payables	416	(164)	-	252
Employee benefits	745	220	-	965
Provisions	533	(117)	-	416
Other current liabilities	587	306	-	893
Unrealised foreign exchange gain	(191)	191	-	-
Unrealised foreign exchange loss	-	115	-	115
	(2,395)	194	-	(2,201)

Note 14. Intangible assets

The amortisation is recognised in the following line item in the statement of comprehensive income :

	Consolidated	
In thousands of AUD	**2015**	**2014**
Research and development expenses	8,403	6,922
	8,403	6,922

The balance of capitalised intangible assets comprises :

Cost

	Consolidated		
In thousands of AUD	**Software development**	**Third party software**	**Total**
Balance at 1 July 2013	24,551	1,785	26,336
Fully amortised & offset	(5,619)	(789)	(6,408)
Effects of foreign currency exchange	-	(2)	(2)
Internally developed	7,967	-	7,967
Acquired	-	173	173
Balance at 30 June 2014	26,899	1,167	28,066
Balance at 1 July 2014	26,899	1,167	28,066
Fully amortised & offset	(5,672)	(250)	(5,922)
Effects of foreign currency exchange	-	14	14
Internally developed	9,037	-	9,037
Acquired	-	126	126
Balance at 30 June 2015	30,264	1,057	31,321

Amortisation

	Consolidated		
In thousands of AUD	**Software development**	**Third party software**	**Total**
Balance at 1 July 2013	9,734	1,562	11,296
Fully amortised & offset	(5,619)	(789)	(6,408)
Effects of foreign currency exchange	-	(1)	(1)
Amortisation for year	6,740	182	6,922
Balance at 30 June 2014	10,855	954	11,809
Balance at 1 July 2014	10,855	954	11,809
Fully amortised & offset	(5,672)	(250)	(5,922)
Effects of foreign currency exchange	-	11	11
Amortisation for year	8,253	150	8,403
Balance at 30 June 2015	13,436	865	14,301

Carrying amounts

	Consolidated		
In thousands of AUD	**Software development**	**Third party software**	**Total**
Balance at 30 June 2014	16,044	213	16,257
Balance at 30 June 2015	16,828	192	17,020

Note 15. Trade and other payables

In thousands of AUD	Consolidated 2015	2014
Trade and other creditors	7,241	4,074
	7,241	4,074

The average credit period on trade and other payables is 30 days.

Note 16. Employee benefits

Current

In thousands of AUD	Consolidated 2015	2014
Liability for annual leave	1,684	1,498
Liability for long service leave	643	607
	2,327	2,105

Non-current

In thousands of AUD	Consolidated 2015	2014
Liability for long service leave	399	361

Pension plans

Employees of the consolidated entity accumulate pension benefits through statutory contributions by the entities in the consolidated entity as required by the laws of the jurisdictions in which they operate, supplemented by individual contributions.

Share based payments

Performance Rights
On 21 November 2011, the consolidated entity established the Integrated Research Performance Rights and Options Plan (IRPROP). The plan enables the Company to offer performance rights to eligible employees to obtain shares in Integrated Research at no cost contingent upon performance conditions being met. The performance conditions include either a service period with performance components or a service period with a net after tax profit hurdle. The performance rights are automatically exercised into shares upon the performance conditions being met. The following performance rights were granted during the period:

Grant Date	Number of Rights	Earliest Vesting Date	Expiry date
Sep-14	790,000	Sep 2017	Oct 2017
Oct-14*	250,000	Oct 2015	Oct 2016
Nov-14	50,000	Sep 2017	Oct 2017
Nov-14	495,000	Aug 2017	Sep 2017
Nov-14	60,000	Nov 2018	Dec 2018

* This is the second tranche of the original plan granted on 14 November 2013 of 850,000 rights.

Note 16. Employee benefits (continued)

The fair value of the performance rights including assumptions used are as follows:

Grant date	Sep 2014	Nov 2014	Nov 2014	Nov 2014
Fair value at measurement date	$0.8581	$0.8411	$0.8447	$0.7749
Share price	$1.000	$0.975	$0.970	$0.960
Exercise price	nil	nil	nil	nil
Expected volatility	50%	50%	50%	50%
Contractual life (expressed in days)	1,096	1,037	1,007	1,448
Expected dividends	5.10%	5.20%	5.20%	5.40%
Risk-free interest rate (based on 3 year treasury bonds)	3.00%	3.00%	3.00%	3.00%

The fair values of services received in return for performance rights granted to employees is measured by reference to the fair value of share options granted. The estimate of the fair value of the services received is measured based on a Binomial option-pricing model.

During the year ended 30 June 2015, the consolidated entity recognised an expense through profit of $728,000 related to the fair value of performance rights (2014: $452,000).

The following table provides the movement in performance rights during the year:

In thousands of performance rights	**2015**	**2014**
Outstanding at the beginning of the year	1,937	1,853
Forfeited during the year	(465)	(516)
Exercised during the year	(712)	-
Granted during the year	1,645	600
Outstanding at the end of the year	2,405	1,937
Exercisable at the end of the year (vested)	-	-

Share Options

On 4 October 2000, the consolidated entity established a share option programme that entitles employees to purchase shares in the entity. In accordance with this programme, options are exercisable at the market price of the shares at the date of grant.

The terms and conditions of the grants made and number outstanding at 30 June 2015 are as follows:

All options vest at the rate of 25% per annum, starting on the first anniversary of the grant date

The contractual life of each option is five years from the grant date

Exercises are settled by physical delivery of shares

Note 16. Employee benefits (continued)

The number and weighted average exercise prices of share options is as follows:

In thousands of options	Weighted Average exercise price 2015	Number of options 2015	Weighted Average exercise price 2014	Number of options 2014
Outstanding at the beginning of the year	$-	-	$0.29	872
Forfeited during the year	$-	-	$0.28	(479)
Exercised during the year	$-	-	$0.30	(393)
Granted during the year	$-	-	$-	-
Outstanding at the end of the year	$-	-	$-	-
Exercisable at the end of the year (vested)	$-	-	$-	-

There are no options outstanding at 30 June 2015.

The fair values of services received in return for share options granted to employees is measured by reference to the fair value of share options granted. The estimate of the fair value of the services received is measured based on the Binomial option-pricing model. The contractual life of the option (five years) is used as an input into this formula. Expectations of early exercise are incorporated into the Binomial formula.

There were no options granted during the 2015 financial year (2014:nil).

Note 17. Provisions

Current

In thousands of AUD	Note	Consolidated 2015	Consolidated 2014
Employee benefits	16	2,327	2,105
		2,327	2,105

Non-current

In thousands of AUD	Note	Consolidated 2015	Consolidated 2014
Employee benefits	16	399	361
Lease make good		500	417
		899	778

Note 18. Other liabilities

Current

	Consolidated	
In thousands of AUD	**2015**	**2014**
Fair value of hedge liabilities - forward foreign exchange contracts	604	9

Non-Current

	Consolidated	
In thousands of AUD	**2015**	**2014**
Other creditors	405	-

Note 19. Capital and reserves

Share capital

	Ordinary shares	
In thousands of shares	**2015**	**2014**
On issue 1 July	168,959	168,367
Issued against employee options exercised	-	592
Issued against employee performance right exercised	712	
On issue 30 June	169,671	168,959

Effective 1 July 1998, the Company Law Reform Act abolished the concept of par value shares and the concept of authorised capital. Accordingly, the company does not have authorised capital or par value in respect of its issued shares.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company’s residual assets.

Hedging reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred.

Translation reserve

The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations where their functional currency is different to the presentation currency of the consolidated entity, as well as from the translation of liabilities that hedge the consolidated entity’s net investment in a foreign subsidiary.

Employee benefit reserve

The employee benefit reserve arises on the grant of either share options or performance rights to employees under the Integrated Research Performance Rights and Option Plan (established November 2011) or the Employee Share Option Plan (established October 2000). Refer to note 16 for further details.

Note 19. Capital and reserves (continued)

Dividends

Dividends recognised in the current year by the company are:

In thousands of AUD	Cents per share	Total amount	Franked/ unfranked	Date of payment
2015				
Final 2014	2.5	4,224	35% franked	12 Sep 2014
Interim 2015	3.5	5,938	35% franked	20 Mar 2015
Total amount		10,162		
2014				
Final 2013	3.0	5,055	40% franked	13 Sep 2013
Interim 2014	2.5	4,223	30% franked	21 Mar 2014
Total amount		9,278		

After the end of the financial year, the following dividend was proposed by the directors. The financial effect of this dividend has not been brought to account in the financial statements for the year ended 30 June 2015 and will be recognised in subsequent financial statements:

In thousands of AUD	Cents per share	Total amount	Franked/ unfranked	Date of payment
Final 2015	4.0	6,787	35% franked	22 Sep 15

The final dividend declared of 4.0 cents together with the interim dividend paid in March 2015 of 3.5 cents takes total dividends for the 2015 financial year to 7.5 cents.

Franking account disclosure:

	Company	
In thousands of AUD	**2015**	**2014**
Adjusted franking account balance	1,020	737
Impact on franking account balance of dividends not recognised	(1,019)	(634)

Note 20. Financial instruments

Capital risk management

The consolidated entity manages its capital to ensure that controlled entities will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of treasury management.

The capital structure of the consolidated entity consists of cash and cash equivalents and equity attributable to equity holders of the company, comprising issued capital, reserves, and retained earnings as disclosed in Notes 8 and 19 respectively.

Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 1 to the financial statements.

Financial risk management objectives

The Board of Directors has overall responsibility for the establishment and oversight of the consolidated entity’s financial management framework. The Board has an established Audit and Risk Committee, which is responsible for developing and monitoring the consolidated entity’s financial management policies. The Committee provides regular reports to the Board of Directors on its activities.

The Audit and Risk Committee oversees how Management monitors compliance with risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks.

The main risks arising from the consolidated entity’s financial instruments are currency risk, credit risk, liquidity risk and cash flow interest rate risk.

The consolidated entity seeks to minimise the effects of these risks, where deemed appropriate, by using derivative financial instruments to hedge these risk exposures. The use of financial derivatives is governed by the consolidated entity’s policies on foreign exchange risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity. The consolidated entity does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

Market risk

The consolidated entity’s activities expose it primarily to the financial risks of changes in foreign currency exchange rates and cash flow interest rate risks. The consolidated entity enters into foreign exchange forward contracts to hedge the exchange rate risk arising from transactions not recorded in an entity’s functional currency.

Note 20. Financial instruments (continued)

Foreign currency risk management

The consolidated entity undertakes certain transactions denominated in foreign currencies, hence exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters utilising forward foreign exchange contracts.

The carrying amount of the consolidated entity's foreign currency denominated monetary assets and monetary liabilities at the reporting date that are denominated in a currency that is different to the functional currency of the respective entities undertaking the transactions is as follows:

	Consolidated			
	Liabilities		Assets	
In thousands of AUD	**2015**	**2014**	**2015**	**2014**
US Dollar	56	188	1,949	2,153
Euro	-	-	2,450	1,889
UK Sterling	-	-	1	1

Foreign currency sensitivity

At 30 June 2015, if the US Dollar, Euro and UK sterling weakened or strengthened against the Australian dollar by the percentage shown, with all other variables held constant, net profit for the year would increase (decrease) by:

	Consolidated			
	Net profit		Retained earnings	
In thousands of AUD	**2015**	**2014**	**2015**	**2014**
US Dollar Impact	272	218	272	218
Euro Impact	210	210	210	210
UK Sterling Impact	-	-	-	-
Change in currency (i) – 10% decrease				

	Consolidated			
	Net profit		Retained earnings	
In thousands of AUD	**2015**	**2014**	**2015**	**2014**
US Dollar Impact	(223)	(179)	(223)	(179)
Euro Impact	(172)	(172)	(172)	(172)
UK Sterling Impact	-	-	-	-
Change in currency (i) – 10% increase				

(i) This has been based on the change in the exchange rate against the Australian dollar in the financial years ended 30 June 2015 and 30 June 2014.

The sensitivity analysis has been based on the sensitivity rates used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the possible change in foreign exchange rates based on historical volatility.

In management's opinion, the sensitivity analysis is not fully representative of the inherent foreign exchange risk as the year end exposure does not necessarily reflect the exposure during the course of the year. The consolidated entity includes certain subsidiaries whose functional currencies are different to the consolidated entity presentation currency. The main operating entities outside of Australia are based in the United States, the United Kingdom and Singapore. As stated in the consolidated entity's accounting policies per Note 1, on consolidation the assets and liabilities of these entities are translated into Australian dollars at exchange rates prevailing at the year end date. The income and expenses of these entities is translated at the average exchange rates for the year. Exchange differences arising are classified as equity and are transferred to a foreign exchange translation reserve. The consolidated entity's future reported profits could therefore be impacted by changes in rates of exchange between the Australian Dollar and the United States Dollar and the Australian Dollar and the UK Sterling.

Note 20. Financial instruments (continued)

Forward foreign exchange contracts

The consolidated entity is exposed to foreign currency risk on sales and purchases that are denominated in a currency other than the AUD. The currencies giving rise to this risk are primarily United States Dollar, UK Sterling and Europe Euro.

The consolidated entity uses forward exchange contracts to hedge its foreign currency risk. The forward exchange contracts have maturities of less than two years after the year end date.

The consolidated entity classifies its forward exchange contracts hedging forecasted transactions as cash flow hedges and measures them at fair value. The following table details the forward foreign currency contracts outstanding as at reporting date:

Outstanding contracts	Average Exchange Rate		Foreign Currency		Contract Value		Fair Value	
	2015	2014	2015 FC'000	2014 FC'000	2015 A$'000	2014 A$'000	2015 A$'000	2014 A$'000
Consolidated								
Sell US Dollar								
Less than 3 months	0.84	0.92	2,850	2,900	3,378	3,136	(334)	45
3 to 6 months	0.84	0.91	1,200	1,650	1,431	1,808	(141)	38
6 to 9 months	0.76	0.89	1,850	1,750	2,436	1,967	(1)	79
9 to 12 months	0.77	0.92	1,950	1,300	2,536	1,408	(39)	(1)
Sell Euros								
Less than 3 months	0.69	0.68	370	310	534	454	(3)	3
3 to 6 months	0.67	0.68	95	210	141	309	1	1
6 to 9 months	0.68	0.67	175	215	259	321	1	3
9 to 12 months	-	0.67	-	295	-	443	-	5
Sell Sterling								
Less than 3 months	0.54	0.55	250	270	461	490	(50)	(2)
3 to 6 months	0.50	0.55	100	70	198	128	(7)	(1)
6 to 9 months	0.50	0.55	100	160	199	293	(8)	(2)
9 to 12 months	0.49	0.54	75	150	152	275	(3)	(2)
							(584)	166

These hedge assets and liabilities are classified as a level 2 fair value measurement, being derived from inputs provided from financial institutes, rather than quoted prices that are observable for the asset either directly (i.e. as prices) or indirectly (i.e. derived from prices). The fair value measurement of the OTC forward contact would not qualify as Level 1 as there is not a quoted price for the actual contract, even though data used to value the contract may be derived entirely from active foreign-exchange and interest-rate market.

Interest rate risk management

The consolidated entity is exposed to interest rate risk on the cash held in bank deposits. Cash in bank and term deposits of $15,971,000 were held by the consolidated entity at the reporting date, attracting an average interest rate of 2.36% (2014: 3.01%). If interest rates had been 50 basis points higher or lower and all other variables were held constant, the consolidated entity's net profit would increase/(decrease) by +/- $79,855 (2014: +/- $69,745).

Note 20. Financial instruments (continued)

Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the consolidated entity. The consolidated entity has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults.

Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. The largest single counterparty exposure with any one customer is with Avaya with a receivable balance at 30 June 2015 of $5.57 million Ongoing credit evaluation is performed on the financial condition of accounts.

The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, who have built an appropriate liquidity risk management framework for the management of the consolidated entity's short, medium and long-term funding and liquidity management requirements.

The consolidated entity manages liquidity risk by maintaining adequate reserves, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

All creditor and other payables shown in Note 15 for both 2015 and 2014 carry no interest obligation.

Fair value of financial instruments

The carrying value of financial assets and financial liabilities of the consolidated entity is a reasonable approximation of their fair value.

For non-current trade debtors Integrated Research has considered a discount rate to recognise the net present value of the debtors. Level 3 inputs have been considered including corporate borrowing rates, size of the customer and jurisdiction of the customer.

Note 21. Operating leases

Non-cancellable operating lease rentals is for office space with payables as follows:

	Consolidated	
In thousands of AUD	**2015**	**2014**
Less than one year	1,475	1,078
Between one and five years	2,663	1,768
Greater than five years	132	-
	4,270	2,846

Note 22. Consolidated entities

	Country of incorporation	Ownership interest 2015	2014
Parent entity:			
Integrated Research Limited	Australia		
Subsidiaries:			
Integrated Research, Inc	USA	100%	100%
Integrated Research UK Limited	UK	100%	100%
Integrated Research Singapore Pte Limited	Singapore	100%	100%

Note 23. Reconciliation of cash flows from operating activities

	Consolidated	
In thousands of AUD	**2015**	**2014**
Profit for the year	14,251	8,489
Depreciation and amortisation	9,114	7,555
Provision for doubtful debts	(6)	(281)
Interest received	(297)	(384)
Share-based payments expense	728	453
Net exchange differences	(66)	(805)
Change in operating assets and liabilities:		
(Increase)/decrease in trade debtors	(15,409)	988
(Increase)/decrease in future income tax benefit	121	(276)
(Increase)/decrease in other operating assets	94	892
Increase/(decrease) in trade and other payables	3,167	(116)
Increase/(decrease) in other operating liabilities	7,154	411
Increase/(decrease) in provision for income taxes payable	1,481	(1,112)
Increase/(decrease) in provision for deferred income taxes	744	82
Increase/(decrease) in other provisions	343	123
Net cash from operating activities	21,419	16,019

Note 24. Key management personnel disclosures

Key management personnel compensation

The key management personnel compensation are as follows:

	Consolidated	
In AUD	**2015**	**2014**
Short-term benefits	3,248,694	3,085,453
Post-employment benefits	171,284	169,334
Long term benefit	42,264	34,115
Equity compensation benefits	436,035	326,346
	3,898,277	3,615,248

Apart from the details disclosed in this note, no director has entered into a material contract with the consolidated entity since the end of the previous financial year and there were no material contracts involving directors' interests existing at year-end.

Note 25. Related parties

At 30 June 2015 Mr Steve Killelea, the Chairman of the Company, owned either directly or indirectly 55.89% of the Company (2014: 56.13%).

Note 26. Parent entity disclosures

Financial Position

	Parent Entity	
In thousands of AUD	**2015**	**2014**
Assets		
Current assets	24,050	18,044
Non-current assets	18,928	18,244
Total Assets	42,978	36,288
Liabilities		
Current Liabilities	7,295	4,814
Non-current liabilities	5,167	4,603
Total Liabilities	12,462	9,417
Net Assets	30,516	26,871
Equity		
Issued Capital	1,667	1,667
Employee benefits Reserve	1,571	873
Hedging reserve	(197)	120
Retained Earnings	27,475	24,211
Total Equity	30,516	26,871

Financial Performance

	Parent Entity	
In thousands of AUD	**2015**	**2014**
Profit for the year	13,412	8,732
Other comprehensive income	(317)	897
Total comprehensive income	13,095	9,629

Investments in subsidiaries are included at cost.

Note 27. Subsequent events

Dividends

For dividends declared after 30 June 2015 see Note 19 in the financial statements. The financial effect of dividends declared and paid after 30 June 2015 have not been brought to account in the financial statements for the year ended 30 June 2015 and will be recognised in subsequent financial reports.

Acquisition

On 1 July 2015, the Company completed the acquisition of the US based IQ Services business. The acquisition provides the Company with a number of strategically significant growth opportunities in its existing markets and into new allied markets. The business combination is anticipated to provide the world's most complete view of cloud, hybrid and traditional on premises operations for unified communications and contact centre solutions.

The initial purchase price for the business was US$1.5 million subject to working capital adjustments. There will also be additional performance based earn-out payments over the next three financial years contingent upon meeting certain earnings before interest tax and depreciation (EBITDA) milestones. The maximum consideration for the acquisition is US$5.0 million based on attaining the successful milestones.

Disclosures in relation to the fair value of the net assets acquired have not been included as valuations are outstanding and management are in the process of determining provisional fair values as at the date of completing the accounts.

No other transaction or event of a material or unusual nature has arisen in the interval between the end of the financial year and the date of this report, which is likely, in the opinion of the directors of the company, to affect significantly the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity, in future financial years.