Integrated Research
Annual Report 2015

ABN 76 003 588 449

The 2015 financial year has been one to celebrate...

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Not only does it represent 27 years of delivering customers' management software solutions for business-critical computing environments but it's also the year that has seen us refresh and bring our brand and business strategies to life in a way that has unified our business, optimised our strengths and raised us to new heights.

Achieving our vision means getting a lot closer to our customers. Everything we do is about understanding their world. We stand beside them, making sure the ever-changing array of systems that keeps our world running, operates as well as it possibly can. We craft customers' solutions, we share their challenges, and we celebrate their victories.

When we work together with our partners, customers and users we achieve success in unity.

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Achievements

We have successfully executed our 4 key strategies: solutions, partnering, strategic marketing and regional growth.

3
significant releases of Prognosis in 2015

1,000+
enterprise customers globally

Microsoft Partner
Gold Communications

Unified Communications
10 year
CAGR 24%

6 Global Offices
Australia, UK, Germany, Singapore, US Denver (CO), Herndon (VA)

Financial highlights

OUR CUSTOMERS

9/10 Top US banks

7/10 World's biggest Telcos

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4/10 Largest oil & gas companies

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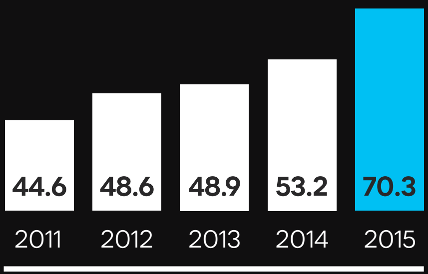
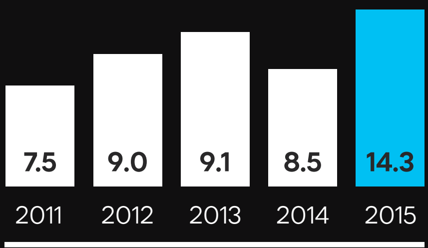
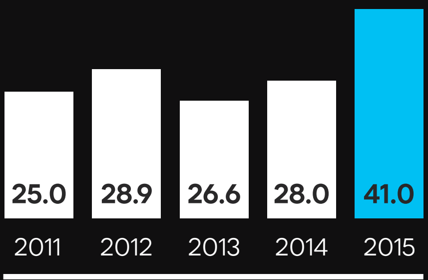
Total revenue (AUD millions)



Net profit after tax (AUD millions)



Revenue from licence sales (AUD millions)



IN MILLIONS OF AUD (EXCEPT EARNINGS PER SHARE)

Year ended 30 June	2015	2014	% Change
Revenue from licence fees	**41.0**	28.0	46%
Total revenue	**70.3**	53.2	32%
Net profit after tax	**14.3**	8.5	68%
Net assets	**36.1**	30.7	18%
Cash at balance date	**15.3**	13.3	15%
Americas revenue	**52.7**	38.1	38%
Europe revenue	**10.2**	7.9	29%
Asia Pacific revenue	**8.9**	8.1	9%
Earnings per share (cents per share)	**8.4**	5.0	67%

Year ended 30 June	2015	2014	% Change
Americas revenue (USD)	**43.6**	34.8	25%
Europe revenue (UK Sterling)	**5.3**	4.4	21%
Asia Pacific revenue (AUD)	**8.9**	8.1	9%

Letter from the Chairman

It is my pleasure to comment on the strong performance of Integrated Research for the financial year to June 2015. The Company's performance can only be described as excellent, with the Company recording high growth in both profit and revenue to further cement its leading global position.

Dear fellow shareholders,

The Company achieved an increase of 68% in net profit after tax over the prior year to $14.3 million; licence sales increased by 46% and total revenue increased by 32% to $70.3 million with revenue coming from a wide range of customers, products and regions. This underscores the strength of the Company's global business, with 95% of its revenue being derived outside of Australia.

The Company achieved growth across all product lines and in all geographic segments. Strong customer retention rates of 95% enabled recurring maintenance revenue to increase by 15% to $23.7 million.

IR's consulting services business achieved a sixth consecutive year of growth, with revenue increasing by 20% to $5.5 million.

The global increase in revenue outpaced the increase in expenses enabling an improvement in profit margin. Total expenses were $52.8 million, up 24% against the prior year driven through strategic investments into partnering, regional expansion, sales and strategic marketing.

The Americas region increased revenue by 25% through new customer acquisitions and key account growth. Europe revenues grew by 21% supported by sales from the new Contact Centre solution; Asia Pacific revenue increased by 9% driven by licence sales growth across all product lines.

While results were in part assisted by a depreciating Australian dollar, underlying organic growth remains strong. In constant currency, new licence sales would have increased by 37%, revenue by 24%, and profit after tax by 41%.

All product lines recorded strong growth: the Company's leading product line Unified Communications increased by 45% to $36.5 million, driven through an array of software sales agreements including BT, Citigroup, Dimension Data, General Motors, Presidio Managed Services, Standard Chartered Bank and Zurich Insurance.

Payments revenue rose 28% over the previous year to $5.1 million with strong licence sale growth coming from the Americas. The Company has expanded its suite of Payments products by adding new products for additional platforms, vendors and applications, including fraud management, payments analytics and wholesale money transfer applications.

Infrastructure revenues increased by 19% over the previous year to $23.2 million, as the Company benefited from an upswing in customers' purchasing cycle.

Research and development expenditure of $12.4 million was 18% of total revenue. There were three significant new versions of Prognosis released during the year containing new functionality opening new markets and benefiting customers across all product lines.

On July 1, 2015 IR completed the acquisition of the US-based IQ Services business. This provides the Company with a number of strategically significant growth opportunities in its existing markets and into new allied markets.

The significant growth of the Microsoft Skype for Business (previously Lync) market presents new opportunities and the Company is advantageously positioned by virtue of its existing strength in the UC market.

Innovation is a core competency of IR, coupled with deep domain expertise in our target markets. Its aggressive research agenda has included being the first to market with support for new Skype for Business interfaces. The Company has a patent pending on the technology.

The future outlook for the Company remains solid, and with a strong balance sheet it is well positioned to leverage its growth further. The core technologies that the Company's business units are based upon, and their underlying markets, including HP-NonStop, remain healthy. Expansion is expected to continue in the company's product lines with special emphasis on Unified Communications, Contact Centre and Payments while the company broadens its product offerings into new adjacent markets.

The Company has reduced the volume of perpetual licence arrangements with unified communication customers through changes in pricing structures to favour term and subscription licencing. This enables customers to manage their software investment through regular annual purchases. Whilst this change has resulted in an increase in accounts receivable through the offering of deferred payment terms, it is anticipated the Company will benefit over time as the recurring revenue base continues to grow.

The Company maintains strong partnerships and continues to build on its close relationship with Avaya, releasing support for Avaya IP Office which was developed in close collaboration with Avaya under its Select Product Program (SPP). This extends Prognosis performance management capabilities to enterprise branch offices and the mid-market.

IR's new global partner program will provide IR's ecosystem of channel partners with recognition and support that will enable them to grow revenue and profitability while scaling the Company's sales reach and revenue growth.

During the year we saw some changes on the Board with Kate Costello retiring after nine years of service in September 2014 and Clyde McConaghy retired after seven years of service in November 2014. Both Ms. Costello's and Mr. McConaghy's contributions to Integrated Research, including active participation in Board Committees have been greatly appreciated.

In September 2014 the Company welcomed Mr. Nick Abrahams to the Board and more recently Mr. Paul Brandling was also welcomed to the Board. Both Mr. Abrahams and Mr. Brandling carry many decades of experience in the technology industry. We look forward to both Nick and Paul's contributions toward the future prosperity of Integrated Research.

The Board is pleased to announce a final dividend of 4.0 cents per share franked to 35% bringing the total dividend for the year to 7.5 cents per share franked at 35%. This compares with total dividends of 5.0 cents per share franked at 33 per cent for the prior financial year.

I would especially like to thank you, our valued shareholders, for your continued support.

Steve Killelea
Chairman

Net profit after tax ↑ 68%

$14.3M

Chief Executive Officer's Report

"The Company's execution over the past 18 months across four strategic initiatives: solutions strategy, partnering, regional growth and strategic marketing delivered record results."

Dear fellow shareholders,

The past financial year represents a breakthrough for your Company across a number of significant dimensions. Record growth and profits are strong indicators that the new strategy the Company embarked on in 2014 is now beginning to have an impact.

We are very pleased by the endorsement of our customers and the market that we see reflected in these results, and will continue to execute accordingly.

In the following, Management will provide insight into the impact of each and how it positions the Company for growth in the future.

The underlying sustainability of the Company's future revenues has been significantly boosted by a shift in the nature of the licences it sells.

Historically a large portion of the Company's Unified Communications (UC) licences was sold as perpetual licences – a one-time fee that granted the customer access to the software in perpetuity.

Management has progressively shifted that model to the sale of term-limited licences that grant a one to five year limited licence. This creates a recurring licence revenue event on average every three years, thereby increasing the long term licence revenue. This will result in a build-up of debtors over the next two years.

Approximately 75% of the Company's UC licence revenue is now recurring in nature. All Payments and Infrastructure licence revenues are also recurring.

With a very high 95% licence renewal rate this creates a much more sustainable licence revenue stream going forward and a solid base for future growth.

Coupled with the growing recurring nature of the Company's licence revenue, annually recurring maintenance revenues grew 15% over the previous year backed by a customer retention rate of 95%.

The solution strategy initiative was established to drive agile innovation based on intimate collaboration with our customers and new market trends.

This is now delivering strong early results. There were three significant new versions of Prognosis released during the year highlighting the aggressive cadence of delivering new and impactful solutions for our customers.

Revenue ↑ 32%

$70.3M

Using Prognosis 10 as the platform, the Company delivered exciting new solutions for Contact Centre, an initial release of Call Recording Assurance, a new version of Prognosis for Microsoft Skype for Business and a new automation framework.

All these innovations made important contributions to the Company's results and are expected to support further growth in the coming years. The Company's leading product line, Unified Communications grew by 45% to $36.5 million over the prior year.

Call Recording Assurance was a good example of the Company's improved agility. Through direct customer engagement and rapid development capability, a solution was delivered that responded quickly to emerging market needs. This solution primarily assists customers in the highly regulated financial services and banking industries to meet stringent regulatory requirements, avoid very high penalties for non-compliance and improve customer service. Initial market response shows strong growth potential from this solution.

The Company will continue its investment in R&D and maintains a strong pipeline of innovation projects that it is testing with customers and early adopters in new potential markets.

Late in 2015, the Company launched a new global partner program to provide IR's channel partners with the platform, tools, solutions and support to help them address new market challenges. The results of the partnering initiative have shown good early outcomes through pipeline growth, acceleration to closure and more scalable access to market.

As a result of the Company's investment in regional growth it now has offices in six cities across the globe, significantly increasing IR's organisational capability and reach. This growth has seen increased sales coming from the UK, Continental Europe and Asia Pacific with new customers like BarclayCard, Zurich Insurance, BT and Standard Chartered Bank.

The Company's strategic marketing initiative has expanded its reach, using state-of-the-art technologies to connect with new audiences, improve upselling and retention, and enhance the Company's thought-leadership position.

After extensive research the Company launched a new award winning corporate brand in November 2014.

On 1 July 2015, the Company completed the acquisition of the US based IQ Services business. The resulting combination of IR Prognosis software and IR Testing Solutions 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.

This business combination provides the Company with a number of strategically significant growth opportunities in its existing markets and into new allied markets.

With broader, deeper and more proactive visibility, the Company's customers can achieve higher levels of operational efficiencies and an optimised customer experience.

Management would like to recognise and thank the highly talented and professional team of employees and welcome our newest colleagues to IR's global team.

As we start FY16 we look forward to working together to realise our vision and mission and take advantage of the great opportunities in the year ahead to offer our customers and partners more of what they're asking for.

Thank you for your support.

Darc Rasmussen
CEO & Managing Director

Every second, millions of critical systems and networks keep the phones and cash registers ringing and keep the world ticking.

And every second, thousands of teams work tirelessly to maintain order but the threat of a problem is never far away.

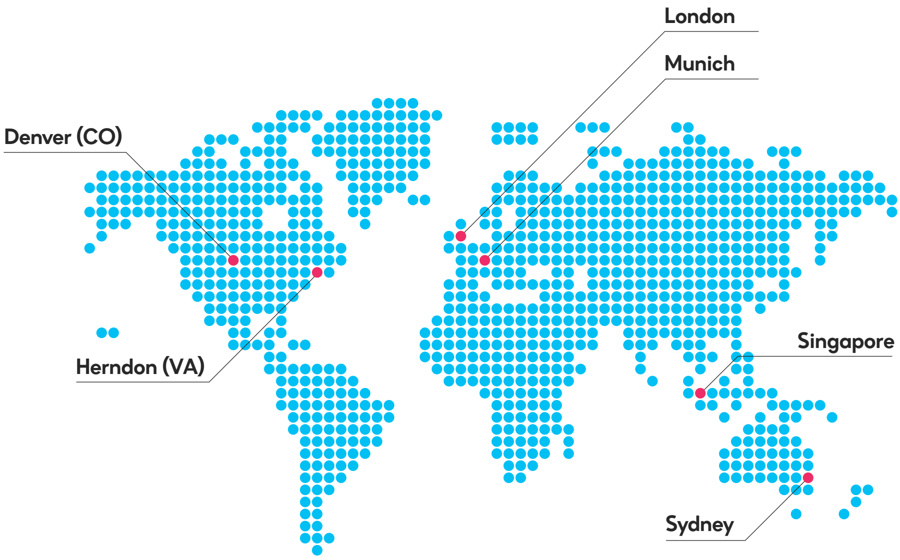
That's where we come in.

We optimise systems and networks to help them run at their best and predict vulnerabilities before they arise.

Stretching and shaping our products to strengthen businesses and make the lives of our customers easier.

A thousand points of reference, a single point of view.

About IR



IR is the corporate brand name of Integrated Research Limited, a leading global provider of proactive performance management software for critical IT infrastructure, payments and communications ecosystems.

More than 1,000 organisations in over 60 countries - including some of the world's largest banks, airlines and telecommunication companies, rely on IR Prognosis software to provide business-critical insights and ensure continuity-critical systems deliver high availability and performance for millions of their customers across the globe.

We have unique competencies that revolve around what we are passionate about, what we can be best at and what drives our economic engine. We believe in customer intimacy, innovation using our deep domain expertise and superior product architecture.

Since we started providing real-time, fault-tolerant management in 1988 for business-critical computer systems and applications running on HP NonStop server technology, our products have stood the test of time.

Today IR Prognosis solutions for payment hubs, unified communications ecosystems and contact centres are trusted by Fortune 500 companies to keep their businesses running.

IR continues to be an industry pioneer with innovations in predictive and prescriptive analytics as well as advances in automation, allowing IT to stop a problem even before it happens.

IR Prognosis is sold and supported through IR offices, resellers, and managed service providers. IR's corporate headquarters is located in Sydney, Australia with offices in the USA, UK, Germany and Singapore.

The IR brand is owned by Integrated Research Ltd, which is listed on the Australian Stock Exchange (ASX:IRI).

Our vision is to make the world a smarter, easier place to live and work, where people and technology interact in a frictionless way.

Our mission is to create innovative technology that optimises operations, predicts business disruption and automates the steps to improve the experience of every interaction.

Customer first

Everything we do is about understanding our customers' world and making things happen for them.

Our customers' success is our goal.

We achieve this by understanding how the systems that support their enterprises, workplaces and everyday lives can be made to work better.

We know that this is only possible when we truly understand how they're designed, run and used in the real world.

The real and sometimes messy world where things can fail without warning, where forces outside anyone's control can wreak havoc; and where real-life people interact with technology, with all the emotion and frustration that entails.

Every day we're working to stay on top of change; our eyes open to opportunity and maintaining our calm in the face of chaos and complexity.

Reducing complexity

A greater understanding of our customers' needs has inspired our vision – to make the world a smarter, easier place to live and work, where people and technology interact and transact in a frictionless way.

Through automation and prediction, we can reduce the friction between humans and machines. We join the dots so they get the most out of what Prognosis has to offer and ensure business continuity for them.

"Our mission is to create innovative technology that optimises operations, predicts business disruptions and automates the necessary steps to improve the experience of every interaction" says Chris Dorrington, Team lead, User Experience.

"We are always putting the customer first. What we create for them is driven through customer conversations and visits to their premises. We can quickly implement solutions to their problems and allow Prognosis to become the predictive, automatic self-healing product that our vision is aiming for."

Mick Dean, 3rd level team lead support, IR Sydney adds "One of our customers needed customised event detection so we built a solution to count and combine events for them.

"Not only does this simplify what was previously a labour-intensive manual task – it has made us even more integral to their business".

Reducing risk

Currently most performance management solutions are reactive, diagnosing and fixing problems after they happen.

This means that businesses can be losing time, money and potentially customers before they're even aware a problem exists.

IR's research and development teams have worked on innovative transformational projects to create state-of-the-art technology that optimises operations, predicts business disruptions, and automates the necessary steps to improve the experience of every interaction.

Machine learning can detect anomalies in previously gathered data as well as predict a problem before it arises. With these innovations IR is taking the industry into the next phase toward complete system automation and self-healing, pushing Prognosis right up the evolutionary chart.

IR's Consulting team plays a vital part in unleashing the creative potential of how Prognosis can deliver the most value for our customers.

Trish Taylor, Program Office Manager says "Our teams are helping organisations around the globe using many different technologies to ensure their Prognosis implementation goes as smoothly as possible and delivers rapid time to value."

Increasing business insight

The combination of IR as a company and Prognosis as a solution gives our customers insight into their entire technology environment from a single point of view – in a human and relatable way.

It's one of the reasons behind the year-on-year growth of IR's Consulting Services. In its sixth year of consecutive growth it has helped customers translate data into information, delivering even greater business value.

Consulting mobilises IR's customers to extend, integrate and reveal innovations early so they can reach their goals of turning information into business insight.

It helps speed deployment and implementation, specialised data collections, data and applications integration and develop business and executive dashboards to visualise the results.

Building a network of partners

Resellers and channel partners play an important role in scaling IR's business, providing sales, implementation, support, customisation and consulting services to our mutual customers.

Adding Prognosis performance management to partners' service portfolios ensures their customers are effectively managing risk and complex services.

The goal of IR's recently launched Global Partner Program is to be recognised as world-class, delivering a value-based, productive and profitable channel to support our mutual global customer base.

IR's Global Partner Program Manager Mona Lolas says "We created the structure across our existing partner landscape to drive global clarity and consistency.

"This enables our partners to uncover opportunities and find new avenues of growth while delivering exceptional customer experience."

IR has been working with partners for nearly 25 years to increase awareness and engagement and strengthen IR's relevancy to fuel sales through alliance partners like ACI Worldwide and Avaya.

Prognosis and ACI together provide a unified monitoring and management product suite to help optimise ACI payments applications and supporting infrastructure.

And thanks to Avaya's strategic relationship with IR, Prognosis real-time experience management means customers can manage the entire UC lifecycle with one perfectly integrated solution.

Prognosis also delivers a unified experience management solution that scales to deliver first class UC services across technology solutions from partners like Cisco and Microsoft.

In 2015 IR achieved Microsoft Gold Communications Partner status which acknowledges our skills and expertise in delivering the highest levels of service quality, expertise and customer satisfaction.

Gold competency partners are recognised for their deep expertise that puts them in the top one percent of the Microsoft partner ecosystem.

It demonstrates proficiencies that will help customers drive innovative solutions based on the latest Microsoft technologies.

We've created a Skype for Business task force to exploit the exponential growth within the Skype for Business market.

We will expand our reach, achieve out-sized growth and be recognised as the undisputed leader in user experience management in the Skype for Business market.

Living for innovation

We are building the stickiness of future business by ensuring that we leverage cutting-edge technologies and trends, innovating Prognosis to solve the problems our customers face with new technologies.

Using leading edge languages and processes our agile teams can turn around customer-focused solutions rapidly and implement solutions to customer problems.

Innovation days within IR open the doors for Prognosis to enter the world of the Internet of Things.

An innovation day recently enabled Prognosis to run on a Raspberry Pi.

This low cost, credit-card sized computer has the ability to interact with the outside world, hence the name of the innovation project: 'Prognosis In The Sky.'

Advanced software engineer Mina Gurgis says "This sows the seeds of innovation, allowing everyone in the company to be innovative, and quickly implement solutions to customer problems."

"We want a bigger universe to discover opportunities" says Ergun Coruh, Principle Software Engineer. "Ensuring the "stickiness" of our business, our focus is on products and software that will be sold in the coming financial years, as well as the current financial year."

Customers benefit from:

- Reduced complexity
- Reduced risk
- Increased business insight
- A network of partners
- A company that lives for innovation
- A company that listens

Listening to our customers

We spent hundreds of hours with our customers around the globe to learn how our customers use Prognosis, and listened to their stories.

Because we are helping our partners, customers and users optimise their systems for the real world we knew that we wanted to relate to them in a less technical and more human way.

We illustrated our customers' stories with dots and dashes, and punctuated them with colour to help tell stories of optimisation – blue represents 'optimal', while red represents 'sub-optimal' to illustrate the complex problems Prognosis solves in a fun, accessible way.

These simple illustration elements helped us create an optimised logo. White dashes paired with red and blue dots to form the i and the r of the company's name.

Recognition of the hard work that has gone into the design of our new brand came in the form of the prestigious D&DA Graphite Pencil award.

Ultimately the long-term success of a brand is driven by the way that every one of us represents our company.

Our brand is more than graphical design, it's the clever way that it shows how we simplify complex problems for our customers.

We have a great platform to build upon and the onus is now on us to carry this forward and make IR the most respected and recognised brand in our market.

Our products

Prognosis for United Communications

Prognosis simplifies the management of complex and diverse UC environments incorporating technologies and devices from multiple vendors.

With an intelligent combination of historical and real time information using leading edge technologies like software defined networks Prognosis provides simple solutions to complex problems.

Prognosis for Payments

Performance management for Payments is specifically designed to give our customers complete real-time visibility into payments processors like ACI, FIS, other vendors and in-house developed payments.

This system allows them to see their entire payments environment like never before, beat fraud, stay compliant and get the insights they need to improve performance and productivity.

Prognosis for Contact Center

The richer that UC and contact center ecosystems become, the greater the need enterprises have for help managing their complexity.

Prognosis user experience management for Contact Centres keeps systems humming, nips issues in the bud and validates 100% call recording and service guarantees are being met – all in real time.

Prognosis for Infrastructure

Prognosis IT Infrastructure performance management spots patterns in data so customers can stop problems in their tracks.

They can optimise their systems and get more out of every day with control over physical and virtual servers from a single point of view.

To broaden the scope of what Prognosis can do to address our customers' challenges IR announced the strategic acquisition of the US based IQ Services business in May 2015. This provides us with a number of strategically significant growth opportunities both in our existing markets and into new allied markets. The IQ Services brand and team have transitioned to the newly formed IR brand and Testing Solutions division providing the most complete performance management solution on the market today.

Our customers

Global commerce depends on IR

IR's customers include 9 of the top 10 US banks, 7 of the world's 10 biggest telcos, 4 out of 10 of the world's largest companies, 4 out of the 10 largest oil and gas companies and 6 of the 10 biggest stock exchanges.

Prognosis gives our customers insight into their entire technology environment from a single point of view. And with an increasing number of our customers using multiple solutions, decisions can be made faster resulting in fewer outages.

Finding the needle in the haystack

Prudential Global Data Services

Industry: International Financial Services Group.

Profile: Listed on 4 global stock exchanges, over 23 million customers and £443 billion assets under management.

Challenge: Predict, avoid and rapidly repair system outages for more than 6,000 UC endpoints across Europe and the US.

Solution: Prognosis end-to-end proactive performance management and reporting for Unified Communications

Benefits: Accurate troubleshooting and predictive analytics to avoid future outages.

Prudential Global Data Services (PGDS) is the IT management arm of the Prudential Group of Companies and manages over six thousand UC end points. Spread across the US and Europe, staff found that troubleshooting quality issues was time-consuming and labor intensive.

They needed deeper insight to resolve quality issues.

Telecommunications Team Manager, Gary Foulger says: "We looked at various tools but nothing gave us the deep information Prognosis does. It's key for us to be able to look beyond the call itself so I know without doubt whether the issue is inside or outside our network."

Gaining this insight was like turning the lights on. What could previously take hours could be done in minutes. Predictive analytics established the root cause of problems, and by leveraging the blended-vendor capabilities of Prognosis, a single viewpoint instantly provided end-to-end insight.

"We've found everything is quicker with Prognosis and the reporting is good."

Prognosis translates cryptic machine-to-machine communications from multiple UC endpoints, devices and technologies into a language that people understand. Staff can look at the screen and know which data requires attention. They can drill right down to the nuts and bolts of the calls' network path and identify the causes behind the issues. Foulger adds "I drill down if I think anything needs to be looked at further. It's a quick and easy way for me to assess what's going on.

Rabobank

Industry: Banking

Profile: The Netherlands-based Rabobank is among the world's 30 largest financial institutions (based on Tier 1 Capital) and is one of Europe's most recognised financial institutions. Operating in over 40 countries, it services the financial needs of approximately ten million clients worldwide through a network of more than 1,600 offices and branches.

Challenge: Migration and coexistence of payments processing systems.

Solution: Prognosis to monitor performance of old and new systems in a unified dashboard.

Benefits: Ensure no customers are negatively impacted by the migration.

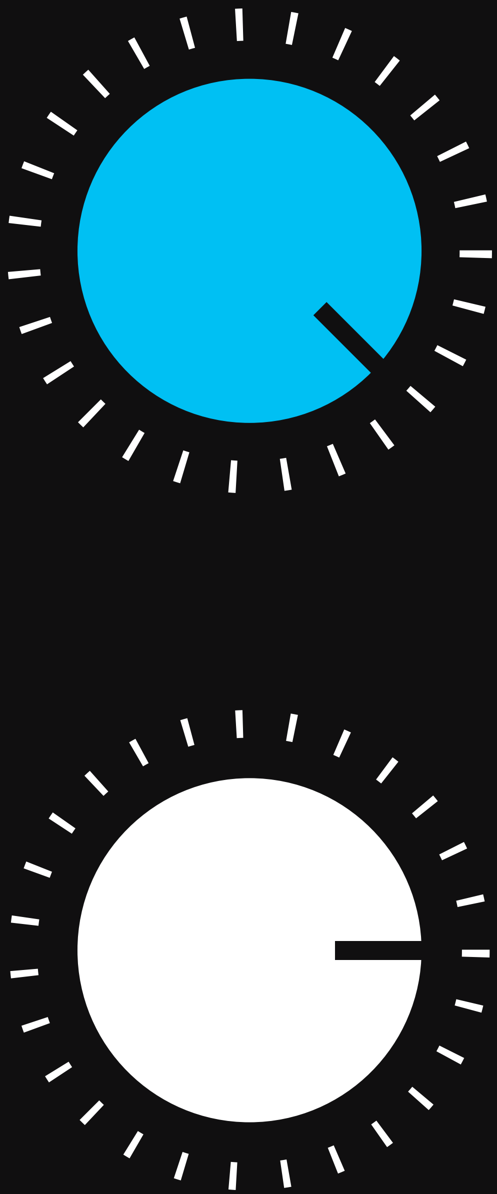
IR and Rabobank have a long relationship built on managing the performance of the hardware supporting its Payments platform. With a need to authorise 1.3 billion transactions a year Rabobank needed a solution that was robust and something it was familiar with. While our customer relationship played a significant part it was that Prognosis was 'fit for purpose' that made it successful a second time.

Fred Khoshsegal, Delivery Manager Card Payments said "Your first consideration must be your migration strategy and then you choose the tools that fit. Many organisations migrate for technical reasons like needing upgrades to POS or ATMs but we looked at it the other way and migrated from a functional perspective.

"Some transaction types will go through the new system, others will remain on the old system. We use Prognosis to make sure the new system is performing at least as well as, if not better than the old.

"The team from IR helped us to look at the entire picture, and had great product knowledge. Many of the alerts we rely on are out of the box and the consulting team customised them to fit our needs. They set it up the way that we like it. As soon as it was connected we saw the activity in the dashboard and from there we could fine tune it so that we only saw the alerts we wanted. They made it specific for us.

"Prognosis works out of the box which delivers great value to us."



Directors' Report

Contents

Directors' Report

Annual after tax profit ↑ 68%

$14.3M

Annual revenue ↑ 32%

$70.3M

Annual licence fees ↑ 46%

$41.0M

Annual consulting revenue ↑ 20%

$5.5M

Review of operations and activities

Principal activities

Integrated Research Limited's principal activities are the design, development, implementation and sale of systems and applications management computer software for business-critical computing, Unified Communication networks and Payment networks.

Group overview

Integrated Research has a 27 year heritage of providing performance monitoring, diagnostics and management software solutions for business-critical computing environments.

Since its establishment in 1988, the Company has provided its core Prognosis products to a cross section of large organisations requiring high levels of computing performance and reliability for mission critical business operations.

The Prognosis product range is an integrated suite of monitoring and management software, designed to give an organisation's management and technical personnel operational insight into their HP NonStop, distributed system servers, Unified Communications (UC), and Payment environments and the business applications that run on these platforms.

Integrated Research has developed its Prognosis products around a fault-tolerant, highly distributed software architecture, designed to achieve high levels of functionality, scalability and reliability with a low total cost of ownership.

Integrated Research services customers in more than 50 countries through direct sales offices in the USA, UK, Germany, Singapore and Australia, and via a global, channel-driven distribution network. Integrated Research's customer base consists of many of the world's largest organisations and includes major stock exchanges, banks, credit card companies, telecommunications companies, computer companies, service providers and manufacturing companies.

The Company generates its revenue from licence fees, recurring maintenance and consulting services. Revenue from the sale of licences where there is no post-delivery obligations is recognised in profit at the date of the delivery of the licence key. Revenue from maintenance contracts is recognised rateably over the service agreement, which is typically one year. Revenue from consulting services is recognised over the period the services are delivered.

Review and results of operations

Overview

The Company achieved 68% increase in annual after tax profit over the prior year to $14.3 million, which is within the guidance provided to the Australian Stock Exchange on July 9, 2015. The strong result was driven globally through licence sale growth across all product lines. The performance was enhanced by a stronger US dollar relative to the prior year. In constant currency, annual after tax profit increased by 41% compared to the prior year.

Revenue

Revenue for the year was $70.3 million, an increase of 32% over 2014. Licence fees increased by 46% to $41.0 million with strong growth across all product lines. Maintenance revenues grew 15% over the previous corresponding year backed by a customer retention rate of 95%. Revenue from consulting services grew by 20% to $5.5 million.

Over 95% of the Company's revenues are derived outside of Australia. Using prior year exchange rates, the Company's revenue would have increased by 24% over the prior year. The Company anticipates further benefits will be derived from a lower exchange rate in 2016, although this will be partially offset by forward exchange contracts in place at 30 June 2015 as disclosed in Note 20.

The following table presents Company revenues for each of the relevant product groups:

In thousands of AUD	2015	2014	% Change
Unified Communications	**36,485**	25,118	45%
Infrastructure	**23,177**	19,530	19%
Payments	**5,069**	3,962	28%
Consulting	**5,548**	4,633	20%
Total revenue	**70,279**	53,243	32%

Unified Communications (UC) revenue rose 45% over the previous year driven through an array of large software deals with customers including Citigroup, British Telecom, Dimension Data, General Motors, Presidio Managed Services, Standard Chartered Bank and Zurich Insurance Group.

The Company achieved global UC licence sales growth as a result of strong demand for Prognosis 10 and subsequent dot releases.

Infrastructure revenues increased by 19% over the previous year as the Company benefitted from an upswing in customers purchasing cycle. The increase in current year revenue was a break from trend where revenues in the preceding year were flat.

Payments revenue rose 28% over the previous year with strong licence sale growth coming from the Americas. The Company has expanded its suite of Payments products by adding new products for additional platforms, vendors and applications, including fraud management, payments analytics and wholesale money transfer applications.

Consulting services showed growth for a sixth year in a row, with revenue increasing 20% to $5.5 million as customers increasingly look to extend their Prognosis solution to provide greater insight into their Unified Communications, Payments and Infrastructure environments.

The following table presents Company revenues for each of the relevant geographic segments in underlying natural currencies:

	2015	2014	% Change
Americas (USD'000)	**43,621**	34,759	25%
Europe (£'000)	**5,338**	4,415	21%
Asia Pacific (A$'000)	**8,866**	8,100	9%

The Americas performance was strong across the year driven through an increase in all product lines resulting in an increase of 25% in revenue over the preceding year. The Americas region continues to grow through both new customer acquisitions as well as growing existing key accounts. A strong performance in Unified Communications was coupled through growing revenue from Contact Centres.

Europe revenues grew 21% over the prior year with strong licence sales coming through late in the second half with a key sale into a Unified Communication and Contact Centre business. The overall performance was underpinned by sales in both Continental Europe and the United Kingdom. Pipeline development and sales discipline bodes well for the region going forward.

Asia Pacific revenue grew by 9% to $8.9 million driven by licence sales growth across all product lines. The Asia Pacific region will continue to build with an increased investment in the Singapore office and the development of the sales team.

Expenses

The Company continued to focus on expanding its capabilities and improving productivity. Total expenses were $52.8 million, up 24% against the prior year. The increase in cost was driven through investments into regional expansion, sales and marketing. The higher cost base was also driven through a lower Australian dollar giving rise to higher offshore translated costs. In constant currency, expenses were up 19%. The number of staff at the end of the current year was 222 (2014: 198). The following table presents the Company's cost base compared to the preceding year:

In thousands of AUD	2015	2014
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 expenses	**52,812**	42,610

Research and development expenditure of $12.4 million was 18% of total revenue. There were three significant new versions of Prognosis released during the year. This aggressive cadence of significant new functionality was well received by customers. The new versions contained new functionality opening new markets and benefiting customers across all product lines. Highlights of new product capability released during the year include significant new capability in the rapidly growing Skype market, a new automation framework that will lead Prognosis to not only recognising problems but automatically rectifying them and the initial release of a call recording assurance product that will primarily assist customers in the financial services and banking industries to improve customer service and meet stringent regulatory requirements.

Net research and development expenses are represented as follows:

In thousands of AUD	2015	2014
Gross research and development spending	**13,215**	12,294
Capitalisation of development expenses	**(9,037)**	(7,967)
Amortisation of capitalised expenses	**8,253**	6,740
Net research and development expenses	**12,431**	11,067

Shareholder returns

Returns to shareholders remain strong through the payment of partly franked dividends:

In thousands of AUD	2015	2014	2013
Net profit ($'000)	**$14,251**	$8,489	$9,078
Basic EPS	**8.41¢**	5.03¢	5.40¢
Dividends per share	**7.5¢**	5.0¢	5.0¢
Dividend franking percentage	**35%**	33%	36%
Return on equity	**39%**	28%	30%

Financial position

The following table presents key items from the consolidated statement of financial position:

In thousands of AUD	2015	2014
Assets:		
Cash and cash equivalents (current)	**15,323**	13,300
Trade and other receivables (current and non-current)	**38,272**	22,857
Intangible assets (non-current)	**17,020**	16,257
Liabilities:		
Deferred revenue (current and non-current)	**22,523**	16,369
Equity	**36,132**	30,747

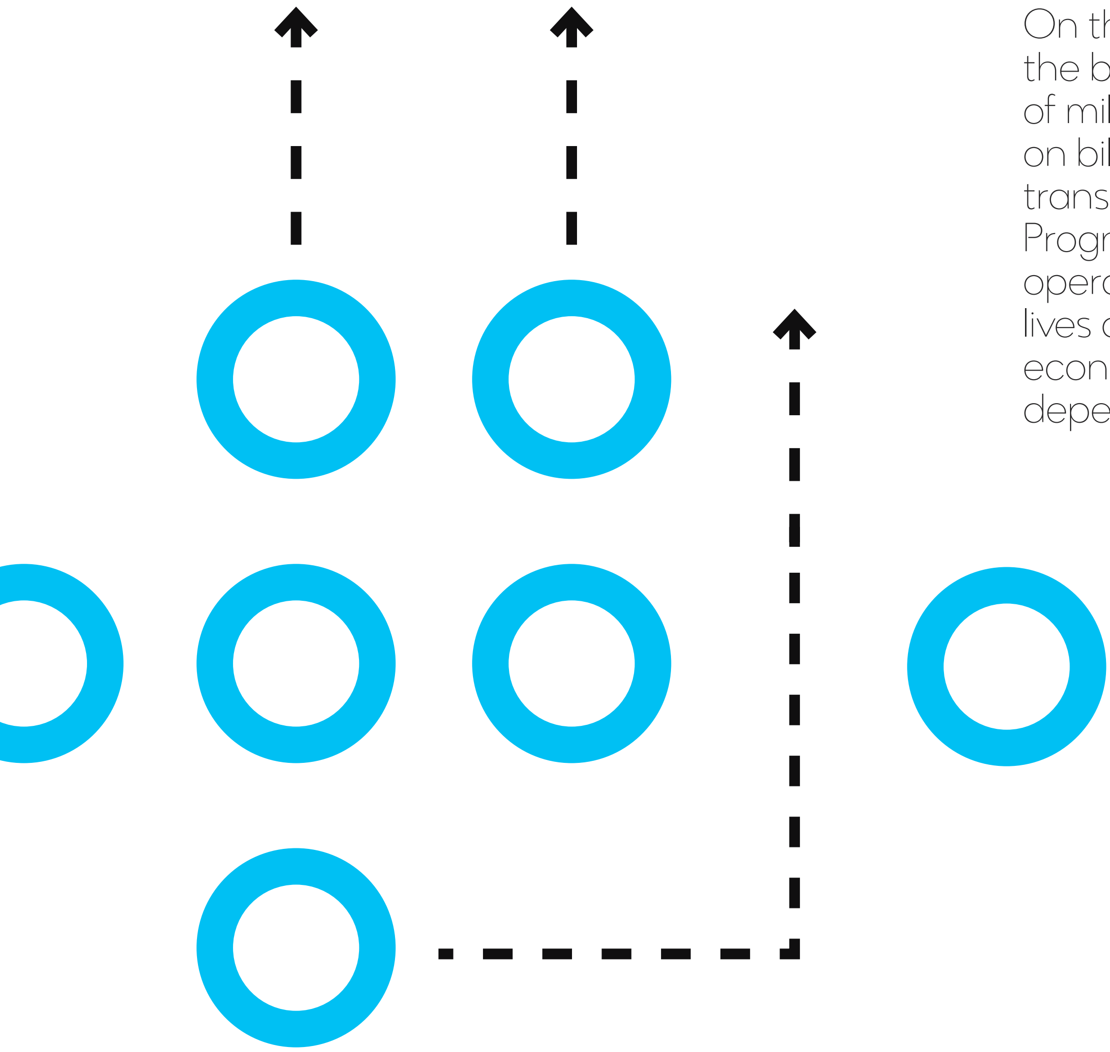
The Company's financial position remains strong with $15.3 million in cash and cash equivalents as a result of continuing strong cashflow from operations. Cashflow from operations was $21.4 million for the year facilitating the payment of dividends and reinvestment in research and development.

Trade and other receivables increased by 67% over the preceding year due to three factors. Firstly, a strong increase in sales toward the end of the year; secondly a weaker Australian dollar resulting in higher translated US dollar debtors; and thirdly an increase in deferred payment terms with customers who seek to make regular annual payments over the term of their committed contract.

The consolidated statement of financial position presented at page 51 together with the accompanying notes provides further details.

Thousands of businesses rely on millions of Unified Communications interactions everyday; IR Prognosis ensures the quality of experience and optimises these mission critical internal and external customer interactions.

On the Payments side of the business hundreds of millions of people rely on billions of payments transactions daily, IR Prognosis oils the smooth operation of their daily lives and of the business economy that we all depend on.



Outlook and strategy for 2016

Prognosis derives its competitive advantage from its unique intellectual property (IP) and design that enables real time insight, monitoring, fault root cause analysis, business and operational analytics, performance management and optimisation. The solution is highly scalable, extremely flexible and delivers very deep visibility into the diversity of systems and applications that it manages. As such, Prognosis is ideally suited to complex, high transaction volume, mission critical and high traffic environments.

Competition exists in each of the markets in various forms. Firstly, some of the large telephony and payment vendors provide their own performance management software, although this is generally inferior to the capability of Prognosis and does not solve the problem where heterogeneous environments exist. Secondly, some of the large solution software vendors also provide performance management capabilities, but this is typically not their core specialisation. Lastly, the Company from time to time competes with smaller, start-up niche vendors. The Company remains focused on sustaining its competitive advantage through continuing innovation that comes from its research and development program.

Through deep visibility and forensic analysis into the root cause of problems as well as extensive analytics at multiple levels, Prognosis enables proactive and rapid resolution of issues as well as capacity and operational optimisation and operational planning.

The solution provides insight into potential issues before they become business-critical. Prognosis helps users improve their operational maturity by proactively minimising expensive outages, lowering costs, improving user satisfaction, retaining and growing customers and optimising IT operations and resources. Prognosis is progressively using its real time access to big data volumes to deliver insights into a customer's business that goes beyond improving and optimising operational efficiency. Through real time access and analysis Prognosis Business Insights reveals business and customer trends that are leveraged for economic, fraud management and competitive advantage. The Company's growth strategy is to create, sell and support Prognosis-based products and services that deliver profitable growth from existing markets and customers, as well as creating new products that open new markets.

The Company currently focuses on three core markets: Infrastructure, Communications and Payments. The company is actively building a fourth core market in the Contact Centre space. While growth in the Contact Centre solutions has been strong, this has not yet become a material part of the business.

The Infrastructure market for Integrated Research includes users of high-end computing systems such as the HP NonStop platform for financial, telecommunication, trading, manufacturing and other high-volume, high-value mission critical transaction environments. NonStop is an important part of HP's server strategy and remains at the operational core of many of the world's largest companies. The Company continues to invest in Prognosis for Nonstop to be aligned with HP and its customers. Prognosis for Distributed Systems (Windows, Unix and Linux) is mostly sold alongside the Company's NonStop and Unified Communications products as customers seek a common monitoring interface for all platforms, or convert applications from one platform to another.

The Communications segment includes users of IP Telephony and Unified Communications (UC) applications such as video, messaging, mobility and presence. The Company anticipates growth in this segment through the ongoing shipment of IP based video, telephony and other endpoints as well as the increasing value per endpoint through the use of UC applications. UC networks are becoming more pervasive, more mission critical and more complex and as such they require effective performance management. Prognosis is strongly positioned to benefit from this need. The company will continue to invest in R&D to expand the suite of Prognosis for UC products to cover more platforms, vendors and applications, and by doing so increase the Company's addressable market and revenue potential.

The Company has expanded its suite of Payments products by adding new products for additional platforms, vendors and applications, including fraud management and wholesale money transfer applications. This expands the company's addressable market in the Payments segment and increases revenue potential. The Company will maintain this strategy in the Payments market. Our strategic alliance with ACI, the world's largest payments software vendor, has delivered revenue growth for our Payments solution in FY2015 and continues to be an important channel to market for the Company.

IR Consulting Services provide Prognosis customers with implementation, customisation and training services to ensure that they get the most out of their investment in Prognosis. Consulting Services also help IR develop unique and repeatable solutions that extend the use and value of Prognosis. Consulting Services achieved growth in FY2015 and the Company will continue to invest in people and processes to grow consulting revenue and margin.

On 1 July 2015 IR completed the acquisition of US based IQ Services. The acquisition expands IR's Prognosis product line to now include best in class Virtual Customer® testing capabilities. Automated Virtual Customers® behave like an army of secret shoppers that test Unified Communications and Contact Center systems to ensure they deliver the high quality customer experience real customers expect and demand. Embedded into Prognosis, the cloud based end-to-end automated testing as a service becomes the markets only fully integrated proactive systems management and testing product solution for UC and contact centers. The acquisition provides IR with an expanded offering to new and existing customers with unique competitive advantage as well as geographic expansion opportunities for the acquired products into Europe and Asia, as IQ Services previously only operated in North America.

The Company continues to invest in its R&D capability through the addition of resources and its use of the Agile development methodology which has improved the rate and quality of software production for the Company.

Directors

The Directors of the Company at any time during or since the end of the financial year are shown below:

Steve Killelea

AM
Non-Executive Director and Chairman

Listed company directorships held in the past three years: None.

Age: 66 years

Steve founded Integrated Research in August 1988 and held the position of Managing Director and Chief Executive Officer until retiring from his executive position in November 2004. He was appointed as a non-executive Director in November 2004 and elected Chairman in July 2005. Steve is also Chairman of the Institute for Economics and Peace and The Charitable Foundation and for activities involved with these he has received a number of international awards as well as the Order of Australia. He is also active in the financial community with investments in many high tech companies. Steve's current term will expire no later than the close of the 2015 Annual General Meeting.

Darc Dencker-Rasmussen

MAICD
Managing Director and Chief Executive Officer

Listed company directorships held in the past three years other than listed below: None.

Age: 55 years

Darc was appointed CEO and Managing Director of Integrated Research in October, 2013. Darc is a seasoned 25-year IT and enterprise software professional with extensive international experience in building and growing Software as a Service (SaaS) and Cloud based businesses. Darc was Chief Operating Officer and served as Executive Director at TrustedCloud (formerly IntraPower ASX:IPX). Prior to joining TrustedCloud, Mr Rasmussen served as Senior Vice President of CRM (Customer Relationship Management) at SAP in Germany and led SAP's strategic initiative to build and grow its CRM business worldwide. Darc also served as Director and Vice President for Asia Pacific for Softbrands (acquired by Infor) and built its significant regional footprint.

Alan Baxter

BSC, DIP ED
Independent Non-Executive Director

Listed company directorships held in the past three years other than listed below: None.

Age: 70 years

Alan was appointed as a Director in June 2009. Alan has over forty years' experience in information technology covering a broad range of the industry's activities. These include many years in a variety of roles with IBM Australia, CEO of DMR Consulting in Australia and COO of Fujitsu Consulting's global operations from London. He was non-executive Chairman of Fujitsu Australia & New Zealand, a director of Mincom Ltd, non-executive Chairman of Konekt Limited and also of Innogence Limited. He is a non-executive director of CPT Global, a publicly listed technology consulting company. Alan's current term will expire no later than the close of the 2015 Annual General Meeting.

Peter Lloyd

MAICD
Non-Executive Director

Listed company directorships held in the past three years other than listed below: None.

Age: 61 years

Peter was appointed Director in July 2010. He has over 40 years' experience in computing technology, and in the sales and marketing of computer software products and services. For the past 31 years, Peter has been specifically involved in the provision of payments solutions for banks and financial institutions. He is currently the proprietor of The Grayrock Group Pty Ltd, a management consultancy company focusing on the payments industry. Peter's current term will expire no later than the close of the 2016 Annual General Meeting.

Retired Directors during the year

Kate Costello, LLB, FAICD (retired September 2014)

Ms. Costello retired as Director of Integrated Research in September 2014. Ms. Costello served on the Board for nine years. Ms. Costello's contribution to Integrated Research has been immense and was greatly appreciated by Directors past and present. During her time as a Director, Ms. Costello served as Chair of the Nomination & Remuneration Committee and has been a member of both the Strategy and Audit & Risk Committees.

Clyde McConaghy, B.Bus., MBA, FAICD, FIOD – UK (retired November 2014)

Mr. McConaghy retired as Director of Integrated Research in November 2014. Mr. McConaghy served on the Board for seven years. Mr. McConaghy's contribution to Integrated Research has been substantial and was greatly appreciated by Directors past and present. During his time as a Director, Mr. McConaghy served as Interim Chair of the Audit & Risk Committee and has been a member of the Strategy Committee.

Garry Dinnie

BCom, FCA, FAICD, FAIM, MIIA(Aust) Independent Non-Executive Director

Listed company directorships held in the past three years other than listed below:
Inabox Group Limited

Age: 63 years

Garry was appointed a Director in February 2013. He is a Director & Chair of the Audit & Risk Committee of CareFlight Limited, Australian Settlements Limited and a Director of a number of private companies. He is also the Chair or member of a number of Audit & Risk Committees of NSW public sector and private sector entities. He was previously a partner with Ernst & Young for 25 years specialising in audit, advisory and IT services. Garry's current term will expire no later than the close of the 2016 Annual General Meeting.

Nick Abrahams

B COMM, LLB (Hons), MFA Non-Executive Director

Listed company directorships held in the past three years other than listed below:
None.

Age: 49 years

Nick was appointed as a Director in September 2014. He is highly experienced in corporate, intellectual property and international law pertaining to the technology industry, with over 20 years' experience as a private practice lawyer. He has worked extensively internationally representing Australian high-tech companies as well as working for three years with a law firm in Japan. Mr Abrahams also spent time working in the United States in the late nineties and was an executive with Warner Brothers in Los Angeles, followed by a period as a senior executive at listed technology company, Spike Networks, also in Los Angeles. Mr Abrahams returned to legal practice in 2002 and is a partner of and leads the Asian technology practice of a global law firm. Nick's current term will expire no later than the close of the 2017 Annual General Meeting.

Paul Brandling

BSC HONS, MAICD Independent Non-Executive Director

Listed company directorships held in the past three years other than listed below:
None.

Age: 57 years

Paul was appointed a Director in August 2015. He worked in the information technology industry for 28 years and has broad experience in hardware, services and software. He has previously held the positions of Vice President and Managing Director of Hewlett-Packard South Pacific plus Vice President and Managing Director of Compaq South Pacific. From 2001 to 2012, Paul was a member of the International CEO Forum (Australia) and served as a Director of the Australian Information Industry Association (AIIA) from 2002 to 2011. Mr Brandling was a Director of Amcom Telecommunications Limited until its recent acquisition and is currently a Director of Vocus Communications Limited.

Company Secretary

David Purdue

BEc, MBA, Grad Dip CSP, FCA, FGIA, FCIS, GAICD

David was appointed Company Secretary in July 2012. David is also the Company's Global Commercial Manager and is responsible for the Company's global commercial business. Prior to this, David spent three years at Integrated Research's Colorado office to manage the Americas finance operations. David is a Chartered Accountant and Chartered Secretary with over 25 years experience in both professional practice and industry.

Senior management

Peter Adams

B.COM, CA
Chief Financial Officer

Peter joined Integrated Research in March 2008 and is responsible for overseeing the Company's finance and administration, including regulatory compliance and investor relations. Peter is a Chartered Accountant with over 25 years experience. He has held a number of senior accounting and finance roles, including seven years as CFO with Infomedia (an ASX-listed technology company), six years with Renison Goldfields (ex ASX top 100 Resources Company) and two years with Transfield Pty Ltd. Peter's career began with Arthur Andersen, where he was responsible for managing large audit clients.

Alex Baburin

B.APP. SC
Chief Operations Officer

Alex Baburin joined Integrated Research in November 2006 and is responsible for the Company's software development and global support activities. Alex has over 25 years' experience in the development, creation and management of high-technology hardware and software products for Honeywell and Siemens. Before joining Integrated Research he was responsible for general management of the Siemens Access Control product line globally and for much of that time was based in Germany.

Jason Barker

BA (HONS)
Senior Vice President, Asia Pacific, Middle East & Africa

Jason joined Integrated Research in October 2014 and is responsible for all business operations across the Asia Pacific, Middle East & Africa regions. Jason joins with 20 years' experience in technology, media & telecommunications most recently as Vice President Sales, Asia Pacific at Acision where, based out of Singapore, he was responsible for leadership of the sales team across the region . Prior to this Jason spent 5 years in Australia leading Asia Pacific teams with Subex and Surfkitchen and before this held several European focussed roles, based out of the UK.

Andre Cuenin

BSC, MBA
President Americas & VP European Field Operations

Andre joined Integrated Research in October 2008 and is responsible for all business operations in both the Americas and Europe region. Andre has over 25 years experience in IT sales, including VP of Field Operations at Stratavia, where he was responsible for sales and professional services marketing worldwide. Prior to this he spent 15 years with CA (previously known as Computer Associates) in several senior management positions including VP of Worldwide Sales Operations.

Melanie Newman

GDIP HR
General Manager, Human Resources

Melanie is responsible for the Human Resources function at Integrated Research which includes responsibility for aligning strategic HR initiatives with the business strategy to support a high performance culture. Melanie has over 15 years HR management experience mostly within global organisations in the information technology industry.

Kevin Ryder

M.MGT, MBA
Chief Marketing Officer

Kevin joined Integrated Research in October 2013 and as Chief Marketing Officer is responsible for product marketing, strategic alliances, partner programs and marketing communications. Kevin has over 25 years sales and marketing experience in the ICT industry, including leadership roles in Europe, North America, Asia and Australia. Most recently he was the Enterprise Marketing Director at Microsoft and prior to that, GM of Marketing at KAZ Group (now owned by Fujitsu). Kevin was also GM for Eicon Technology and in that role was responsible for establishing the Asia Pacific regional office in Sydney and successfully growing the business.

The directors present their report together with the Financial Statements of Integrated Research Limited ("the consolidated entity"), being the Company and its controlled entities, for the year ended 30 June 2015 and the Auditor's Report thereon.

Results

The net profit of the consolidated entity for the 12 months ended 30 June 2015 after income tax expense was $14.3 million.

Dividends

Dividends paid or declared by the Company since the end of the previous financial year were:		Cents per share	Total amount $'000	Date of payment
Final 2014 – Ordinary shares	35% franked	2.5	4,224	12 Sep 2014
Interim 2015 – Ordinary shares	35% franked	3.5	5,938	20 Mar 2015
Final 2015 – Ordinary shares	35% franked	4.0	6,787	22 Sep 2015

Events subsequent to reporting date

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 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.

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.

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.

Future developments

Likely developments in the operations of the consolidated entity in future financial years and the expected results of those operations are referred to generally in the Review of Operations and Activities Report.

Further information on likely developments including expected results would in the Directors' opinion, result in unreasonable prejudice to the Company and has therefore not been included in this Report.

Directors and Company Secretary

Details of current directors' qualifications, experience, age and special responsibilities are set out on pages 24 to 25. Details of the company secretary and his qualifications are set out on page 25.

Officers who were previously partners of the audit firm

No officers of the Company were partners of the current audit firm during the financial year.

Directors' meetings

The numbers of meetings of the Company's board of directors and of each board committee held during the year ended 30 June 2015, and the numbers of meetings attended by each director were:

	Board Meetings		Audit and Risk Committee Meetings		Nomination and Remuneration Committee Meetings		Strategy Committee Meetings	
	A	**B**	**A**	**B**	**A**	**B**	**A**	**B**
Alan Baxter	10	12	–	–	3	3	5	4
Nick Abrahams	9	9	3	3	–	–	–	–
Kate Costello	3	3	–	–	1	1	–	–
Garry Dinnie	12	12	4	4	2	2	–	–
Clyde McConaghy	4	4	1	1	–	–	–	–
Peter Lloyd	12	12	4	4	–	–	5	5
Steve Killelea	11	12	–	–	3	3	5	5
Darc Rasmussen	12	12	–	–	–	–	5	5

A: Number of meetings attended.
B: Number of meetings held during the time the directors held office or was a member of the board or committee during the year.

State of affairs

In the opinion of the Directors there were no significant changes in the state of affairs of the consolidated entity that occurred during the financial year under review.

Environmental regulation

The consolidated entity's operations are not subject to significant environmental regulations under either Commonwealth or State legislation.

Directors' interests

The relevant interest of each director in the shares, options or performance rights over ordinary shares issued by the companies in the consolidated entity and other relevant bodies corporate, as notified by the Directors to the Australian Securities Exchange in accordance with S205G(1) of the Corporations Act 2001, at the date of this report is as follows:

	Ordinary shares in Integrated Research			Options	Performance rights
	Directly held	**Beneficially held**	**Total**	**Number of options**	**Number of rights**
Alan Baxter	–	197,000	197,000	–	–
Darc Rasmussen	–	38,700	38,700	–	600,000
Garry Dinnie	–	–	–	–	–
Steve Killelea	94,497,339	337,612	94,834,951	–	–
Nick Abrahams	–	–	–	–	–
Paul Brandling	–	–	–	–	–
Peter Lloyd	–	–	–	–	–

Share options and performance rights

Options and performance rights granted to Directors and Senior Executives

During or since the end of the financial year, the Company granted performance rights for no consideration over unissued ordinary shares in Integrated Research Limited to the following named Directors and Executive Officers of the consolidated entity as part of their remuneration:

	Number of performance rights granted	Performance hurdle	Exercise price	Expiry date
Directors				
Darc Rasmussen	250,000*	Yes	Nil	Oct 2016
Executive Officers				
Peter Adams	100,000	Yes	Nil	Sep 2017
Alex Baburin	100,000	Yes	Nil	Sep 2017
Jason Barker	40,000	Yes	Nil	Sep 2017
	60,000	Yes	Nil	Dec 2018
Andre Cuenin	100,000	Yes	Nil	Sep 2017
David Purdue	50,000	Yes	Nil	Sep 2017
Kevin Ryder	75,000	Yes	Nil	Sep 2017

*This is the second tranche of the original plan granted on 14 November 2013 of 850,000 rights. Tranche 1 of 350,000 rights is noted within the table below.

The performance rights were granted under the Integrated Research Performance Rights and Option Plan (established November 2011). The Company will either issue shares or make an on-market purchase for Mr Rasmussen upon his vesting conditions being satisfied.

Unissued shares under performance rights

Unissued ordinary shares of Integrated Research Limited under performance rights at the date of this report are as follows:

	Performance rights	
Expiry date	**Exercise price**	**Number of shares**
Sept 2015	Nil	160,000
Oct 2016	Nil	165,000
Oct 2016	Nil	600,000
Sep 2017	Nil	495,000
Sep 2017	Nil	85,000
Oct 2017	Nil	840,000
Dec 2018	Nil	60,000
Total performance rights		**2,405,000**

Performance rights do not entitle the holder to participate in any share issue of the Company or any other body corporate.

Indemnification and insurance of officers and auditors

Indemnification

The Company has agreed to indemnify the Directors of the Company on a full indemnity basis to the full extent permitted by law, for all losses or liabilities incurred by the director as an officer of the Company including, but not limited to, liability for negligence or for reasonable costs and expenses incurred, except where the liability arises out of conduct involving a lack of good faith.

Insurance

During the financial year Integrated Research Limited paid a premium to insure the Directors and Executive Officers of the consolidated entity and related bodies corporate.

The liabilities insured include costs and expenses that may be incurred in defending civil or criminal proceedings that may be brought against officers in their capacity as officers of the consolidated entity.

Remuneration report

The Company's Remuneration Report, which forms part of this Directors' Report, is on pages 31 to 39.

Corporate governance

A statement describing the Company's main corporate governance practices in place throughout the financial year is on pages 41 to 47.

Non-audit services

During the year Ernst and Young, the Company's auditor, has performed certain other services in addition to their statutory duties.

The board has considered the non-audit services provided during the year by the auditor and in accordance with written advice provided by resolution of the Audit & Risk Committee, is satisfied that the provision of those non-audit services during the year by the auditor is compatible with, and did not compromise, the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- All non-audit services were subject to the corporate governance procedures adopted by the Company and have been reviewed by the Audit & Risk Committee to ensure they do not impact the integrity and objectivity of the auditor, and
- The non-audit services provided do not undermine the general principles relating to auditor independence as set out in Professional Statement F1 Professional independence, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision making capacity for the Company, acting as an advocate for the Company or jointly sharing risks and rewards.

A copy of the auditors' independence declaration as required under Section 307C of the Corporations Act is on page 84 and forms part of the Directors' Report.

Rounding of amounts to nearest thousand dollars

The Company is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with that Class order, amounts in the Financial Statements and the Directors' Report have been rounded off to the nearest thousand dollars, unless otherwise stated.

This report is made in accordance with a resolution of the Directors.

Steve Killelea
Chairman
North Sydney, 25 August 2015

Darc Rasmussen
Chief Executive Officer
North Sydney, 25 August 2015

Remuneration report (audited)

Remuneration policies

Remuneration levels for key management personnel and secretaries of the Company, and relevant key management personnel of the consolidated entity are competitively set to attract and retain appropriately qualified and experienced directors and senior executives. The Nomination and Remuneration Committee obtains independent advice on the appropriateness of remuneration packages given trends in comparative companies both locally and internationally and the objectives of the Company's remuneration strategy.

Key management personnel (including directors) have authority and responsibility for planning, directing and controlling the activities of the Company and the consolidated entity.

The remuneration structures explained below are designed to attract suitably qualified candidates, reward the achievement of strategic objectives, and achieve the broader outcome of creation of value for shareholders. The remuneration structure takes into account:

- The capability and experience of the directors and senior executives
- The directors and senior executives ability to control the relevant segment's performance
- The consolidated entity's performance including:
  - The consolidated entity's earnings
  - The growth in share price and returns on shareholder wealth

Remuneration packages include a mix of fixed and variable remuneration and short and long-term performance based incentives.

Fixed remuneration

Fixed remuneration consists of base remuneration (which is calculated on a total cost basis and includes any FBT charges related to employee benefits including motor vehicles), as well as employer contributions to superannuation funds.

Remuneration levels are reviewed annually through a process that considers individual, segment and overall performance of the consolidated entity. In addition, external remuneration surveys provide periodic analysis to ensure the directors' and senior executives' remuneration is competitive in the market place. A senior executive's remuneration is also reviewed on promotion.

Performance-linked remuneration

Performance linked remuneration includes both short-term and long-term incentives and is designed to reward executive directors and senior executives for exceeding their financial and personal objectives. The short-term incentive (STI) is an "at risk" bonus provided in the form of cash, while the long-term incentive (LTI) is provided as either options or performance rights over ordinary shares of Integrated Research Limited under the rules of the share plans.

Short-term incentive bonus

The Nomination and Remuneration Committee is responsible for setting the key performance indicators (KPIs) for the Chief Executive Officer, and for approving the KPIs for the senior executives who report to him. The KPIs generally include measures relating to the consolidated entity, the relevant segment, and the individual, and include financial, people, customer, strategy and risk measures. The measures are chosen as they directly align the individual's reward to the KPIs of the consolidated entity and to its strategy and performance.

The financial performance objectives vary with position and responsibility and are aligned with each respective year's budget. The non-financial objectives vary with position and responsibility and include measures such as achieving strategic outcomes and staff development.

At the end of the financial year the Nomination and Remuneration Committee assesses the actual performance of the CEO against the KPIs set at the beginning of the financial year. A percentage of the predetermined maximum amounts for each KPI is awarded depending on results. The committee recommends the cash incentive to be paid to the CEO for approval by the board.

Long-term incentive

Prior to the 2012 financial year, options were issued to executive directors and other senior executives under the Employee Share Option Plan. In November 2011, the Company established a new plan titled Integrated Research Performance Rights and Options Plan ("IRPROP"). Performance rights are issued to executive directors and other senior executives under the IRPROP. The ability of executive directors to exercise either options or performance rights is conditional on the consolidated entity achieving certain profit after tax (PAT) performance hurdles over the vesting period. PAT was considered the most appropriate performance hurdle given its intrinsic link to creating shareholder wealth.

Consequences of performance on shareholder wealth

In considering the consolidated entity's performance and benefits for shareholder wealth, the Nomination and Remuneration Committee has regard to the following indices in respect of the current financial year and the previous four financial years:

	2015	2014	2013	2012	2011
New licences ($'000)	**41,031**	28,048	26,632	28,861	25,005
Net profit ($'000)	**14,251**	8,489	9,078	9,035	7,465
Dividends paid ($'000)	**10,162**	9,278	8,413	7,512	4,171
Closing share price	**$1.690**	$0.995	$1.035	$0.665	$0.275
Change in share price	**$0.695**	($0.04)	$0.37	$0.39	($0.125)

Net profit and new licence sales are considered in setting the STI, as two of the financial performance targets are profit after tax and new licences.

The Nomination and Remuneration Committee considers that the above performance linked structure is generating the desired outcomes.

Key management personnel

The following were key management personnel of the consolidated entity at any time during the reporting period and unless otherwise indicated were key management personnel for the entire period.

Directors:

Full Year	Steve Killelea	Chairman
	Alan Baxter	
	Peter Lloyd	
	Garry Dinnie	
	Darc Rasmussen	Chief Executive Officer
Part Year	Kate Costello	(retired September 2014)
	Clyde McConaghy	(retired November 2014)
	Nick Abrahams	(appointed September 2014)

Other key management personnel:

Full Year	Peter Adams	Chief Financial Officer
	Alex Baburin	Chief Operating Officer
	Andre Cuenin	President Americas & VP European Field Operations
	Kevin Ryder	Chief Marketing Officer
	David Purdue	Company Secretary & Global Commercial Manager
Part Year	Jonathan Stern	Vice President, Asia Pacific (resigned July 2014)
	Jason Barker	Senior Vice President, Asia Pacific (appointed October 2014)

Service agreements

Service contracts for current executive directors and current senior executives are unlimited in term but capable of termination by either party according to a period specified in the employment contract and the consolidated entity retains the right to terminate the contract immediately by payment in lieu of notice or a severance payment or an amount for redundancy equal to the scale of payments prescribed in the NSW Employment Protection Act.

Mr Darc Rasmussen, Chief Executive Officer, has a contract of employment with Integrated Research Limited dated 26 August 2013, which provides for specific notice and severance undertakings of up to three months compensation depending on the particular circumstances. Mr Rasmussen can terminate his employment by giving three months prior notice in writing.

Mr Peter Adams, Chief Financial Officer, has a contract of employment with Integrated Research Limited dated 23 January 2008, which provides for specific notice and severance undertakings of up to three months compensation depending on the particular circumstances. Mr Adams can terminate his employment by giving three months prior notice in writing.

Mr Alex Baburin, Chief Operations Officer, has a contract of employment with Integrated Research Limited dated 18 October 2006, which provides for specific notice and severance undertakings of up to one month's compensation depending on the particular circumstances. Mr Baburin can terminate his employment by giving one month's prior notice in writing.

Mr Jason Barker, Senior Vice President, APAC, has a contract of employment with Integrated Research Limited dated 21 August 2014 which provides for specific notice and severance undertakings of one month compensation depending on the particular circumstances. Mr Barker can terminate his employment by giving one month prior notice in writing.

Mr Andre Cuenin, President Americas & VP European Field Operations, has a contract of employment with Integrated Research Inc dated 22 September 2008, which provides for specific notice and severance undertakings of one month's compensation depending on the particular circumstances. Mr Cuenin can terminate his employment by giving one month's prior notice in writing.

Mr David Purdue, Company Secretary and Global Commercial Manager, has a contract of employment with Integrated Research Limited dated 27 May 2008, which provides for specific notice and severance undertakings of one month compensation depending on the particular circumstances. Mr Purdue can terminate his employment by giving one month prior notice in writing.

Mr Kevin Ryder, Chief Marketing Officer, has a contract of employment with Integrated Research Limited dated 14 October 2013, which provides for specific notice and severance undertakings of one month compensation depending on the particular circumstances. Mr Ryder can terminate his employment by giving one month prior notice in writing.

Non-Executive Directors

Total remuneration for all Non-Executive Directors last voted upon at the Annual General Meeting in November 2013 is not to exceed $750,000 per annum.

Directors' base fees in FY2015 were $70,000 per annum inclusive of compulsory superannuation. The chairman receives the base fee by a multiple of two. Directors' fees cover all main board activities and committee membership. Directors can elect to salary sacrifice their directors fees into superannuation.

Non-Executive Directors do not receive performance related compensation or retirement benefits.

Directors' and executive officers' remuneration

Details of the nature and amount of each major element of the remuneration of each of the key management personnel director of the Company and each of the executives and relevant group key management executives are reported on the next page.

The estimated value of options and performance rights disclosed is calculated at the date of grant using the Binomial option pricing model, adjusted to take into account the inability to exercise options during the vesting period. Further details of options and performance rights granted during the year are set out on the next page.

"Executive officers" are officers who are involved in, or who take part in, the management of the affairs of Integrated Research Limited and/or related bodies corporate. Remuneration for overseas-based employees has been translated to Australian dollars at the average exchange rates for the year.

No director or executive appointed during the year received a payment as part of his or her consideration for agreeing to hold the position.

2015 In AUD	Short term			Post-employment	Long term	Share-based payments	Other compensation		Proportion of remuneration	
	Salary & fees $	Bonus $	Non-cash benefits $	Super contribution $	Long service leave $	Value of options and rights $	Termination benefit $	Total $	Performance related	Value of options and rights
Non-Executive Directors										
Nick Abrahams (appointed Sep 2014)	50,158	–	–	4,765	–	–	–	54,923	–	–
Alan Baxter	63,927	–	–	6,073	–	–	–	70,000	–	–
Kate Costello (retired Sep 2014)	13,277	–	–	1,261	–	–	–	14,538	–	–
Garry Dinnie	63,927	–	–	6,073	–	–	–	70,000	–	–
Peter Lloyd	63,927	–	–	6,073	–	–	–	70,000	–	–
Steve Killelea (Chairman)	127,854	–	–	12,146	–	–	–	140,000	–	–
Clyde McConaghy (retired Nov 2014)	23,276	–	–	2,211	–	–	–	25,487	–	–
Executive Director										
Darc Rasmussen	500,000	162,000	4,532	18,783	15,201	280,619	–	981,135	17%	29%
Executive officers (excluding directors)										
Peter Adams	281,519	62,863	4,532	18,783	8,156	27,109	–	402,962	16%	7%
Alex Baburin	272,965	42,728	–	27,408	7,610	27,109	–	377,820	11%	7%
Jason Barker (appointed Oct 2014)	233,182	129,973	–	15,818	–	17,826	–	396,799	33%	4%
Andre Cuenin	292,143	370,449	13,886	8,764	–	54,828	–	740,070	50%	7%
David Purdue	201,685	–	4,532	18,783	4,991	15,081	–	245,072	–	6%
Kevin Ryder	225,473	34,478	–	24,343	6,306	13,463	–	304,063	11%	4%
Jonathan Stern (resigned Jul 2014)	5,408	–	–	–	–	–	–	5,408	–	–
Total compensation: key management (consolidated, incl. directors)	2,418,721	802,491	27,482	171,284	42,264	436,035	–	3,898,277		

2014 In AUD	Short term			Post-employment	Long term*	Share-based payments	Other compensation		Proportion of remuneration	
	Salary & fees $	Bonus $	Non-cash benefits $	Super contribution $	Long service leave $	Value of options and rights $	Termination benefit $	Total $	Performance related	Value of options and rights
Non-Executive Directors										
Alan Baxter	64,073	–	–	5,927	–	–	–	70,000	–	–
Kate Costello	64,073	–	–	5,927	–	–	–	70,000	–	–
Garry Dinnie	64,073	–	–	5,927	–	–	–	70,000	–	–
Peter Lloyd	64,073	–	–	5,927	–	–	–	70,000	–	–
Steve Killelea (Chairman)	128,146	–	–	11,854	–	–	–	140,000	–	–
Clyde McConaghy	64,073	–	–	5,927	–	–	–	70,000	–	–
Executive Directors										
Mark Brayan (resigned Aug 2013)	225,702	–	755	8,887	–	(24,718)	–	210,626	0%	(12)%
Darc Rasmussen (appointed Oct 2013)	355,770	92,370	4,532	13,331	10,336	330,545	–	806,884	11%	41%
Executive officers (excluding directors)										
Peter Adams	271,510	36,938	4,532	17,775	7,336	467	–	338,558	11%	0%
Alex Baburin	266,416	34,683	–	24,644	7,225	3,894	–	336,862	10%	1%
Andre Cuenin	259,615	244,293	1,615	7,788	–	14,310	–	527,621	46%	3%
Andrew Levido (resigned Jul 2013)	106,557	–	378	5,599	–	(4,257)	–	108,277	0%	(4)%
David Purdue	202,693	–	4,532	17,775	4,991	6,105	–	236,096	0%	3%
Kevin Ryder (appointed Oct 2013)	154,277	22,016	–	14,271	4,227	–	–	194,791	11%	0%
Jonathan Stern (resigned Jul 2014)	232,233	110,993	4,532	17,775	–	–	–	365,533	30%	0%
Total compensation: key management (consolidated, incl. directors)	2,523,284	541,293	20,876	169,334	34,115	326,346	–	3,615,248		

* The 2014 Remuneration Report has been amended to include long service leave.

Analysis of bonuses included in remuneration

Details of the vesting profile of the short-term incentive cash bonuses awarded as remuneration to each director of the Company and each of the named Company executives and relevant group executives are detailed in this table:

	Short term incentive bonuses		
Directors	Included in remuneration $ (A)	% vested in year	% forfeited in year (B)
Directors			
Darc Rasmussen	162,000	81%	19%
Executives			
Peter Adams	62,863	101%	–
Alex Baburin	42,728	91%	9%
Jason Barker	129,973	92%	8%
Andre Cuenin	370,449	99%	1%
Kevin Ryder	34,478	98%	2%

A) Amounts included in remuneration for the financial year represents the amount that vested in the financial year based on achievement of personal goals and satisfaction of specified performance criteria. No amounts vest in future financial years in respect of the short-term incentive bonus scheme for the 2015 financial year.

B) The amounts forfeited are due to the performance or service criteria not being met in relation to the current financial year.

Equity instruments

All options refer to options over ordinary shares of Integrated Research Limited, which are exercisable on a one-for-one basis under the Employee Share Option Plan (ESOP).

Options and rights over equity instruments granted as compensation

No options have been granted to named executives either during or since the end of the financial year. Performance rights granted as compensation are listed in the table below.

Analysis of rights over equity instruments granted as compensation

	Performance rights granted					Value yet to vest ($)	
	Number	Date	% vested in year	% forfeited in year (A)	Financial year in which grant expires	Min (B)	Max (C)
Directors							
Darc Rasmussen	350,000	Nov-13	–	–	2017	Nil	303,625
	250,000	Oct-14	–	–	2017	Nil	216,875
Executives							
Peter Adams	30,000	Oct-12	–	–	2016	Nil	26,520
	100,000	Nov-14	–	–	2018	Nil	84,470
Alex Baburin	30,000	Oct-12	–	–	2016	Nil	26,520
	100,000	Nov-14	–	–	2018	Nil	84,470
Jason Barker	40,000	Nov-14	–	–	2018	Nil	33,788
	60,000	Nov-14	–	–	2019	Nil	46,494
Andre Cuenin	50,000	Oct-12	–	–	2016	Nil	44,200
	85,000	Apr-14	–	–	2018	Nil	79,639
	100,000	Nov-14	–	–	2018	Nil	84,470
David Purdue	14,500	Dec-11	100%	–	2015	Nil	5,562
	20,000	Oct-12	–	–	2016	Nil	17,680
	50,000	Nov-14	–	–	2018	Nil	42,235
Kevin Ryder	75,000	Nov-14	–	–	2018	Nil	63,353

A) The percentage forfeited in the year represents the reduction from the maximum number of options available to vest due to the performance hurdles not being achieved or due to the resignation of the executive.

B) The minimum value of performance rights yet to vest is $nil as the executives may not achieve the required performance hurdles or may terminate their employment prior to vesting.

C) The maximum values presented above are based on the values calculated using the Binomial option pricing model as applied in estimating the value of performance rights for employee benefit expense purposes.

Other transactions with key management personnel

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.

Equity instruments

All options refer to options over ordinary shares of Integrated Research Limited, which are exercisable on a one-for-one basis under the Employee Share Option Plan (ESOP).

All performance rights refer to performance rights over ordinary shares of Integrated Research Limited, which are exercisable on a one-for-one basis under the Integrated Research Performance Rights and Option Plan (IRPROP).

Key management personnel compensation

The key management personnel compensation are as follows:

In AUD	Consolidated 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

Performance rights over equity instruments granted as compensation

The movement during the reporting year in the number of performance rights over ordinary shares in Integrated Research Limited held, directly, indirectly or beneficially, by each key management person, including their related parties, is as follows:

	Held at 1 July 2014	Granted as compensation	Exercised	Other changes*	Held at 30 June 2015	Vested during the year	Vested and exercisable at 30 June 2015
Directors							
Darc Rasmussen	350,000	250,000	–	–	600,000	–	–
Executives							
Peter Adams	30,000	100,000	–	–	130,000	–	–
Alex Baburin	30,000	100,000	–	–	130,000	–	–
Jason Barker	–	100,000	–	–	100,000	–	–
Andre Cuenin	135,000	100,000	–	–	235,000	–	–
David Purdue	34,500	50,000	(14,500)	–	70,000	14,500	14,500
Kevin Ryder	–	75,000	–	–	75,000	–	–

	Held at 1 July 2013	Granted as compensation	Exercised	Other changes*	Held at 30 June 2014	Vested during the year	Vested and exercisable at 30 June 2014
Directors							
Mark Brayan	340,000	–	–	(340,000)	–	–	–
Darc Rasmussen	–	350,000	–	–	350,000	–	–
Executives							
Peter Adams	130,000	–	–	(100,000)	30,000	–	–
Alex Baburin	105,000	–	–	(75,000)	30,000	–	–
Andre Cuenin	125,000	85,000	–	(75,000)	135,000	–	–
Andrew Levido	56,250	–	–	(56,250)	–	–	–
David Purdue	34,500	–	–	–	34,500	–	–
Pim Van Poel	25,000	–	–	(25,000)	–	–	–

*Other changes represent performance rights that expired or were forfeited during the year.

Performance rights expire on the earlier of their expiry date or termination of the individual's employment. No performance rights have been granted since the end of the financial year. The performance rights were provided at no cost to the recipients.

Movements in shares

The movement during the reporting period in the number of ordinary shares in Integrated Research Limited held, directly, indirectly or beneficially, by each key management person, including their related parties, is as follows:

	Held at 1 July 2014	Purchases	Received on exercise of performance rights	Other changes*	Sales	Held at 30 June 2015
Non-Executive Directors						
Alan Baxter	**197,000**	**–**	**–**	**–**	**–**	**197,000**
Kate Costello	**199,622**	**–**	**–**	**(199,622)**	**–**	**–**
Steve Killelea	**94,834,951**	**–**	**–**	**–**	**–**	**94,834,951**
Executive Directors						
Darc Rasmussen	**8,700**	**30,000**	**–**	**–**	**–**	**38,700**
Executives officers (excluding directors)						
Peter Adams	**5,000**	**–**	**–**	**–**	**–**	**5,000**
Alex Baburin	**10,000**	**–**	**–**	**–**	**–**	**10,000**
David Purdue	**18,750**	**–**	**14,500**	**–**	**–**	**33,250**

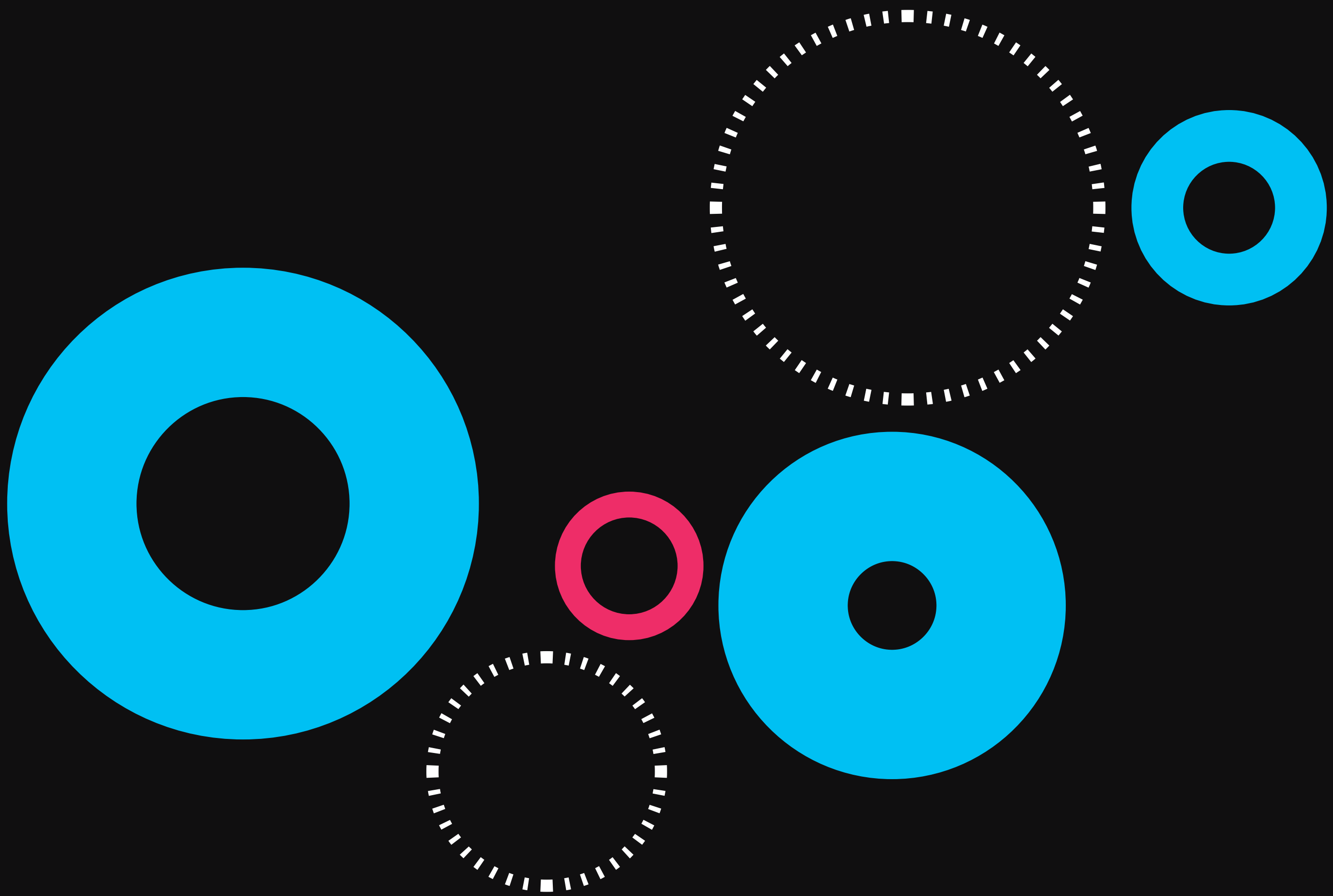
	Held at 1 July 2013	Purchases	Received on exercise of performance rights	Other changes*	Sales	Held at 30 June 2014
Non-Executive Directors						
Alan Baxter	100,000	97,000	–	–	–	197,000
Kate Costello	200,000	199,622	–	–	(200,000)	199,622
Steve Killelea	94,834,951	–	–	–	–	94,834,951
Executive Directors						
Mark Brayan	25,000	–	–	(25,000)	–	–
Darc Rasmussen	–	8,700	–	–	–	8,700
Executives officers (excluding directors)						
Peter Adams	5,000	–	–	–	–	5,000
Alex Baburin	–	–	10,000	–	–	10,000
David Purdue	18,750	–	–	–	–	18,750

*Other changes represent net movement from ceasing to hold office.

Shareholdings at the date of the Directors' Report for existing Key Management Personnel remain unchanged.

Other transactions with the consolidated entity

There were no other transactions between the key management personnel, or their personally-related entities, and the consolidated entity.



Corporate Governance

Contents

Corporate governance statement

This statement outlines the main corporate governance practices that were in place throughout the financial year, which comply with the ASX Corporate Governance Council recommendations, unless otherwise stated.

Board of Directors and its Committees

Role of the Board

The Board's primary role is the protection and enhancement of long-term shareholder value.

To fulfil this role, the Board is responsible for the overall corporate governance of the consolidated entity including evaluating and approving its strategic direction, approving and monitoring capital expenditure, setting remuneration, appointing, removing and creating succession policies for Directors and senior executives, establishing and monitoring the achievement of management goals and assessing the integrity of internal control and management information systems. It is also responsible for approving and monitoring financial and other reporting.

Board process

To assist in the execution of its responsibilities, the Board has established a number of board committees including a Nomination and Remuneration Committee, an Audit and Risk Committee and a Strategy Committee. These committees have written mandates and operating procedures, which are reviewed on a regular basis.
The Board has also established a framework for the management of the consolidated entity including board-endorsed policies, a system of internal control, a business risk management process and the establishment of appropriate ethical standards.

The full Board currently holds twelve scheduled meetings each year and any extraordinary meetings at such other times as may be necessary to address any specific matters that may arise.

The agenda for its meetings is prepared in conjunction with the chairman, chief executive officer and company secretary. Standing items include strategic matters for discussion, the CEO's report, financial reports, key performance indicator reports and presentations by key executives and external industry experts. Board papers are circulated in advance. Directors have other opportunities, including visits to operations, for contact with a wider group of employees.

Director education

The consolidated entity follows an induction process to educate new Directors about the nature of the business, current issues, the corporate strategy and expectations of the consolidated entity concerning performance of Directors. In addition executives make regular presentations to the Board to ensure its familiarity with operational matters. Directors are expected to access external continuing education opportunities to update and enhance their skills and knowledge.

Independent advice and access to company information

Each director has the right of access to all relevant company information and to the company's executives and, subject to prior consultation with the chairman, may seek independent professional advice from a suitably qualified adviser at the consolidated entity's expense. A copy of the advice received by the director is made available to all other members of the board.

Composition of the board

The names of the Directors of the company in office at the date of this report are set out on pages 24 to 25 of this report.

The company's constitution provides for the board to consist of between three and twelve members. At 30 June 2015 the board members were comprised as follows:

- Mr Steve Killelea – Non-Executive Director (Chairman)
- Mr Nick Abrahams – Non-Executive Director
- Mr Alan Baxter – Independent Non-Executive Director
- Mr Garry Dinnie – Independent Non-Executive Director
- Mr Peter Lloyd – Non-Executive Director
- Mr Darc Rasmussen – Executive Director (Chief Executive Officer)

The election of Mr Killelea, who holds a majority of the company's issued shares, as non-executive chairman, does not comply with the ASX Corporate Governance Council recommendation that the chairman be an independent director. However, the board is satisfied that the company benefits from Mr Killelea's experience and knowledge gained through his long involvement with Integrated Research and his associations throughout the information technology industry. Mr Killelea founded Integrated Research in 1988 and was the CEO and managing director of the company until his retirement in November 2004.

Mr Abrahams was appointed as a Non-Executive Director in September 2014. While there are good arguments that Mr Abrahams is in fact independent, he has been classified as not independent due to a pre-existing business relationship between Mr Abrahams and Mr Killelea. The board is satisfied that the company benefits from Mr Abrahams' experience and knowledge gained through his more than 20 year career as a lawyer assisting technology companies in Australia and overseas.

At each Annual General Meeting one-third of Directors, any director who has held office for three years and any director appointed by Directors in the preceding year must retire, then being eligible for re-election. The CEO is not required to retire by rotation.

The composition of the board is reviewed on a regular basis to ensure that the board has the appropriate mix of expertise and experience. When a vacancy exists, through whatever cause, or where it is considered that the board would benefit from the services of a new director with particular skills, the Nomination and Remuneration Committee, in conjunction with the board, determines the selection criteria for the position based on the skills deemed necessary for the board to best carry out its responsibilities.

The committee then selects a panel of candidates and the board appoints the most suitable candidate who must stand for election at the next general meeting of shareholders.

The composition of the board during the year ended 30 June 2015 did not comply with the ASX Corporate Governance Council recommendation that the majority of the board should be independent directors. However, the Company is working toward compliance through the recent appointment of Mr. Paul Brandling who is an Independent Non-Executive Director.

The company secretary is accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.

Nomination and Remuneration Committee

The Nomination and Remuneration Committee has a documented charter, approved by the board. The Nomination and Remuneration Committee is a committee of the Board of Directors and is empowered by the board to assist it in fulfilling its duties to shareholders and other stakeholders. In general, the committee has responsibility to:
1) ensure the company has appropriate remuneration policies designed to meet the needs of the company and to enhance corporate and individual performance and 2) review board performance, select and recommend new Directors to the board and implement actions for the retirement and re-election of Directors.

Responsibilities regarding remuneration

The Committee reviews and makes recommendations to the board on:

- The appointment, remuneration, performance objectives and evaluation of the chief executive officer.
- The remuneration packages for senior executives.
- The Company's recruitment, retention and termination policies and procedures for senior executives.
- Executive remuneration and incentive policies.
- Policies on employee incentive plans, including equity incentive plans.
- Superannuation arrangements.
- The remuneration framework and policy for Non-Executive Directors.
- Remuneration levels are competitively set to attract and retain the most qualified and experienced directors and senior executives. The Remuneration Committee obtains independent advice on the appropriateness of remuneration packages, given trends in comparative companies and industry surveys. Remuneration packages include a mix of fixed remuneration, performance-based remuneration and equity-based remuneration.

Responsibilities regarding nomination

The Committee develops and makes recommendations to the board on:

- The CEO and senior executive succession planning.
- The range of skills, experience and expertise needed on the board and the identification of the particular skills, experience and expertise that will best complement board effectiveness.
- A plan for identifying, reviewing, assessing and enhancing director competencies.
- Board succession plans to maintain a balance of skills, experience and expertise on the board.
- Evaluation of the board's performance.
- Appointment and removal of Directors.
- Appropriate composition of committees.

The terms and conditions of the appointment of Non-Executive Directors are set out in a letter of appointment, including expectations for attendance and preparation for all board meetings, expected time commitments, procedures when dealing with conflicts of interest, and the availability of independent professional advice.

The performance of the chief executive officer and the board was undertaken in the reporting period identifying both strengths and development actions. The performance of other senior management was conducted by the chief executive officer.

The members of the Nomination and Remuneration Committee during the year were:

- Ms Kate Costello (Chairperson to September 2014) – Independent Non-Executive
- Mr Alan Baxter (Chairman from October 2014) – Independent Non-Executive
- Mr Garry Dinnie – Independent Non-Executive Director
- Mr Steve Killelea – Non-Executive

At the date of this Corporate Governance Statement, a matrix of skills and diversity of the board as required by the ASX corporate governance recommendations remains in progress. The Company is working toward the completion of the matrix to comply with this corporate governance requirement.

The Nomination and Remuneration Committee meets at least twice a year and as required. The Committee met three times during the year under review.

Audit and Risk Committee

The Audit and Risk Committee has a documented charter, approved by the board. The charter states that all members must be non-executive directors with a majority being independent. The chairman may not be the chairman of the board. The committee advises on the establishment and maintenance of a framework of risk management and internal control of the consolidated entity.

The members of the Audit and Risk Committee during the year were:

- Mr Nick Abrahams – Non-Executive Director
- Mr Garry Dinnie – Independent Non-Executive (Chairman)
- Mr Peter Lloyd – Non-Executive
- Mr Clyde McConaghy – Non-Executive

While the Committee is chaired by an independent director who is not chair of the Board, the year the number of independent directors did not form a majority of the Audit and Risk Committee as recommended by the ASX Corporate Governance recommendations. The Company is moving toward compliance on this matter with the recent appointment of another independent director.

During the year, the Audit and Risk Committee provided the Board with updates to the Company's risk management register (with the Board approving this document).

The external auditor, Chief Executive Officer and Chief Financial Officer are invited to Audit and Risk Committee meetings at the discretion of the committee. The committee met four times during the year and committee members' attendance record is disclosed in the table of Directors' Meetings on page 28.

The external auditor met with the audit committee/board four times during the year, two of which included time without the presence of executive management. The Chief Executive Officer and the Chief Financial Officer declared in writing to the board that the company's financial reports for the year ended 30 June 2015 comply with accounting standards and present a true and fair view, in all material respects, of the company's financial condition and operational results. This statement is required annually.

The main responsibilities of the Audit and Risk Committee as set out in the charter include:

- Serve as an independent party to monitor the financial reporting process and internal control systems.
- Review the performance and independence of the external auditors and make recommendations to the board regarding the appointment or termination of the auditors.
- Review the scope and cost of the annual audit, negotiating and recommending the fee for the annual audit to the board.
- Review the external auditor's management letter and responses by management.
- Provide an avenue of communication between the auditors, management and the board.
- Monitor compliance with all financial statutory requirements and regulations.

- Review financial reports and other financial information distributed to shareholders so that they provide an accurate reflection of the financial health of the company.
- Monitor corporate risk management and assessment processes, and the identification and management of strategic and operational risks.
- Enquire of the auditors of any difficulties encountered during the audit, including any restrictions on the scope of their work, access to information or changes to the planned scope of the audit.

The Audit and Risk Committee reviews the performance of the external auditors on an annual basis and normally meets with them during the year as follows:

- To discuss the external audit plans, identifying any significant changes in structure, operations, internal controls or accounting policies likely to impact the financial statements and to review the fees proposed for the audit work to be performed.
- Prior to announcement of results:
  - To review the half-year and preliminary final report prior to lodgement with the ASX, and any significant adjustments required as a result of the auditor's findings.
  - To recommend the Board approval of these documents.
  - Review the results and findings of the auditor, the adequacy of accounting and financial controls, and to monitor the implementation of any recommendations made.
- To finalise half-year and annual reporting:
  - Review the draft financial report and recommend board approval of the financial report.
- As required, to organise, review and report on any special reviews or investigations deemed necessary by the board.

Strategy Committee

The Strategy Committee has a documented charter, approved by the board and is responsible for reviewing strategy and recommending strategies to the board to enhance the company's long-term performance. The committee is comprised of at least three members, including the chairman of the board and the Chief Executive Officer. The board appoints a member of the committee to be chairman.

The members of the Strategy Committee during the year were:

- Mr Steve Killelea (Chairman) – Non-Executive
- Mr Darc Rasmussen – Executive
- Mr Alan Baxter – Independent Non-Executive
- Mr Peter Lloyd – Non-Executive

The Strategy Committee is responsible for:

- Review and assist in defining current strategy.
- Assess new strategic opportunities, including M&A proposals and intellectual property developments or acquisitions.
- Stay close to the business challenges and monitor operational implementation of strategic plans.
- Endorse strategy and business cases for consideration by the full board.

The Committee met five times during the year under review.

Risk management

Under the Audit and Risk Charter, the Audit and Risk Committee reviews the status of business risks to the consolidated entity through integrated risk management programs ensuring risks are identified, assessed and appropriately managed and communicated to the board. Major business risks arise from such matters as actions by competitors, government policy changes and the impact of exchange rate movements.

Comprehensive policies and procedures are established such that:

- Capital expenditure above a certain size requires board approval.
- Financial exposures are controlled, including the use of forward exchange contracts.
- Risks are identified and managed, including internal audit, privacy, insurances, business continuity and compliance.
- Business transactions are properly authorised and executed.

The Chief Executive Officer and the Chief Financial Officer have declared, in writing to the board that the Company's financial reports are founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the board.

Internal control framework

The board is responsible for the overall internal control framework, but recognises that no cost effective internal control system will preclude all errors and irregularities. The board has instigated the following internal control framework:

- Financial reporting – Monthly actual results are reported against budgets approved by the Directors and revised forecasts for the year are prepared monthly.
- Continuous disclosure – Identify matters that may have a material effect on the price of the Company's securities, notify them to the ASX and post them to the Company's website.
- Quality and integrity of personnel – Formal appraisals are conducted at least annually for all employees.
- Investment appraisals – Guidelines for capital expenditure include annual budgets, detailed appraisal and review procedures and levels of authority.

Internal audit

The Company does not have an internal audit function but utilises its financial resources as needed to assist the board in ensuring compliance with internal controls.

Material exposure to economic, environmental and social sustainability risks

By the nature of the industry that the Company participates in, exposures to economic, environmental and social sustainability risks are not considered material.

Ethical standards

All directors, managers and employees are expected to act with the utmost integrity and objectivity, striving at all times to enhance the reputation and performance of the consolidated entity. Every employee has a nominated supervisor to whom they may refer any issues arising from their employment.

Conflict of interest

Each Director must keep the board advised, on an ongoing basis, of any interest that could potentially conflict with those of the Company. Where the board considers that a significant conflict exists the director concerned does not receive the relevant board papers and is not present at the meeting whilst the item is considered. The board has developed procedures to assist Directors to disclose potential conflicts of interest. Details of director related entity transactions with the consolidated entity are set out in Remuneration report page 31 to 39.

Code of conduct

The consolidated entity has advised each director, manager and employee that they must comply with the code of conduct. The code aligns behaviour of the board and management with the code of conduct by maintaining appropriate core values and objectives. It may be reviewed on the company's website and includes:

- Responsibility to the community and fellow employees to act with honesty and integrity, and without prejudice.
- Compliance with laws and regulations in all areas where the company operates, including employment opportunity, occupational health and safety, trade practices, fair dealing, privacy, drugs and alcohol, and the environment.
- Dealing honestly with customers, suppliers and consultants.
- Ensuring reports and other information are accurate and timely.
- Proper use of company resources, avoidance of conflicts of interest and use of confidential or proprietary information.

Equal Employment Opportunity

The Company has a policy on Equal Employment Opportunity with the provision that commits to a workplace that is free of discrimination of all types. It is Company policy to hire, develop and promote individuals solely on the basis of merit and their ability to perform without prejudice to race, colour, creed, national origin, religion, gender, age, disability, sexual orientation, marital status, membership or non membership of a trade union, status of employment (whether full or part-time) or any other factors prohibited by law. The board is satisfied that the Equal Employment Opportunity policy is sufficient without the need to further establish a separate policy on gender diversity as required by the ASX Corporate Governance Council recommendation.

Trading in company securities by directors and employees

Directors and employees may acquire shares in the company, but are prohibited from dealing in company shares whilst in possession of price sensitive information, and except in the periods:

- From 24 hours to 42 days after the release of the company's half-yearly results announcement.
- From 24 hours to 56 days after release of the company's annual results announcement.

Directors must obtain the approval of the Chairman of the board and notify the Company Secretary before they buy or sell shares in the company, subject to board veto. The company advises the ASX of any transactions conducted by directors in shares in the company.

Participants in the Company's Performance Rights program are specifically prohibited to hedge the exposure to the Integrated Research share price during the vesting period in respect of the unvested performance rights.

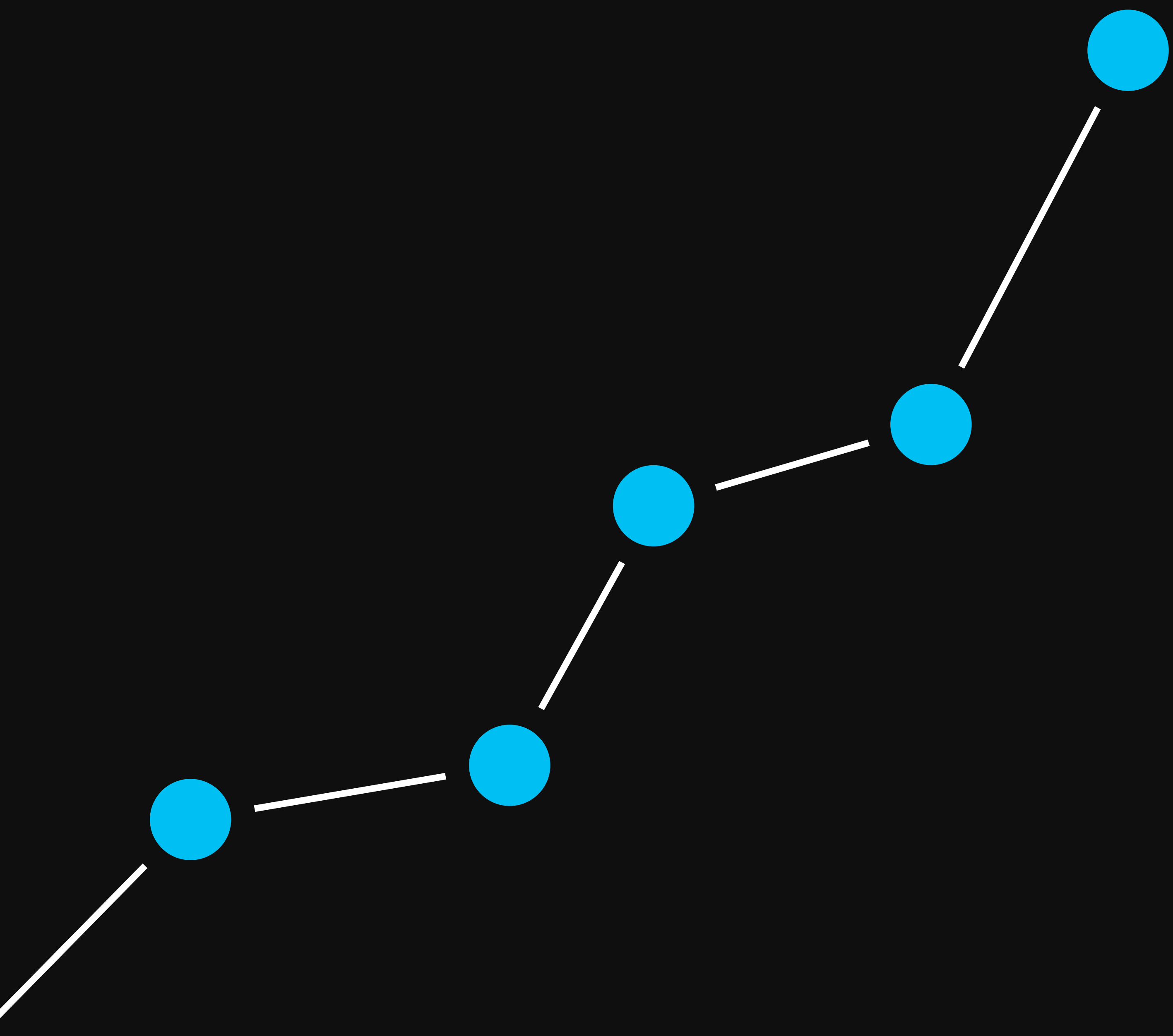
Communication with shareholders

The board provides shareholders with information using a comprehensive continuous disclosure policy which includes identifying matters that may have a material effect on the price of the company's securities, notifying them to the ASX, posting them on the Company's website (www.ir.com), and issuing media releases. Disclosures under this policy are in addition to the periodic and other disclosures required under the ASX Listing Rules and the Corporations Act. More details of the policy are available on the Company's website.

The Chief Executive Officer and the Chief Financial Officer are responsible for interpreting the Company's policy and where necessary informing the board. The Company Secretary is responsible for all communication with the ASX.

The board encourages full participation of shareholders at the Annual General Meeting to ensure a high level of accountability and identification with the consolidated entity's strategy and goals. Important issues are presented to the shareholders as single resolutions. The external auditor is requested to attend the Annual General Meetings to answer any questions concerning the audit and the content of the auditor's report.

The shareholders are requested to vote on the appointment and aggregate remuneration of Directors, the granting of options and shares to Directors, the Remuneration Report and changes to the Constitution. Copies of the Constitution are available to any shareholder who requests it.



Financials

Contents

Consolidated statement of comprehensive income

For the year ended 30 June 2015

In thousands of AUD	Notes	Consolidated 2015	Consolidated 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 IR:			
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 54 to 80.

Consolidated statement of financial position

As at 30 June 2015

In thousands of AUD	Notes	Consolidated 2015	Consolidated 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 equipments	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 receivables	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 54 to 80.

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	–	8,480	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 54 to 80.

Consolidated statement of cash flows

For the year ended 30 June 2015

In thousands of AUD	Notes	Consolidated 2015	Consolidated 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 54 to 80.

Notes to the financial statements

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").

The financial report was authorised for issue by the Directors on 25 August 2015.

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.

i. 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'

ii. 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 (cont.)

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.

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 – 10 years
- Plant and equipment: 4 – 8 years

h. Intangible assets

i. 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.

ii. Intellectual property

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

iii. 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.

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.

Note 1:
Significant accounting policies (cont.)

l. Employee benefits

i. 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.

ii. 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.

iii. 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.

iv. 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.

i. 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.

ii. 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.

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

i. 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.

ii. 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.

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:

i. 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.

ii. 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.

iii. 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.

In thousands of AUD	Americas		Europe		Asia Pacific		Corporate Australia[1]		Eliminations		Consolidated	
	2015	2014	**2015**	2014	**2015**	2014	**2015**	2014	**2015**	2014	**2015**	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[2]	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

1 Corporate Australia includes both the research and development, hedging and corporate head office functions of the Integrated Research Limited.
2 Excludes internal development costs capitalised but includes third party assets acquired.

In local currency '000[3]	Americas (USD)		Europe (GBP)	
	2015	**2014**	**2015**	**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

3 Segment results represented in local currencies as reviewed by the Chief Operating Decision Maker.

Note 3:
Finance income

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

Note 4:
Expenditure

Total expenditure includes:

In thousands of AUD	Consolidated 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

In AUD	Consolidated 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

In thousands of AUD	Note	Consolidated 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

In thousands of AUD	Consolidated 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

	Consolidated	
In thousands of AUD	**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

	Consolidated	
In thousands of AUD	**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

	Consolidated	
In thousands of AUD	**2015**	**2014**
Plant and Equipment		
At cost	**3,389**	3,148
Accumulated depreciation	**(2,073)**	(2,215)
	1,316	933
Leasehold Improvements		
At cost	**2,279**	2,174
Accumulated depreciation	**(1,626)**	(1,427)
	653	747
Total property, plant and equipment		
At cost	**5,668**	5,322
Accumulated depreciation	**(3,699)**	(3,642)
Total written down amount	**1,969**	1,680
Plant and Equipment		
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		
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 In thousands of AUD	Assets 2015	Assets 2014	Liabilities 2015	Liabilities 2014	Net 2015	Net 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)

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:

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

The balance of capitalised intangible assets comprises:

In thousands of AUD	Consolidated Software development	Consolidated Third party software	Consolidated Total
Cost			
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			
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)
Internally developed	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
Internally developed	8,253	150	8,403
Balance at 30 June 2015	**13,436**	**865**	**14,301**
Carrying amounts			
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

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

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

Note 16:
Employee benefits

	Consolidated	
In thousands of AUD	2015	2014
Current		
Liability for annual leave	1,684	1,498
Liability for long service leave	643	607
Total	2,327	2,105
Non-current		
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 (cont.)

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 (cont.)

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

In thousands of options	2015 Weighted average exercise price	2015 Number of options	2014 Weighted average exercise price	2014 Number of options
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

In thousands of AUD	Note	Consolidated 2015	Consolidated 2014
Current			
Employee benefits	16	**2,327**	2,105
		2,327	2,105
Non-current			
Employee benefits	16	**399**	361
Lease make good		**500**	417
		899	778

Note 18: Other liabilities

In thousands of AUD	Consolidated 2015	2014
Current		
Fair value of hedge liabilities – forward foreign exchange contracts	**604**	9
Non-current		
Other creditors	**405**	–

Note 19: Capital and reserves

Share capital:

In thousands of shares	Ordinary 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 (cont.)

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 2015

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:

In thousands of AUD	Company 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.

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:

Note 20: Financial instruments (cont.)

	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				
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 (cont.)

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:

	Average exchange rate		Foreign currency		Contract value		Fair value	
Outstanding contracts	**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 (cont.)

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

In thousands of AUD	Country of incorporation	Consolidated 2015	Consolidated 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

In thousands of AUD	Consolidated 2015	Consolidated 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

The key management personnel compensation are as follows:

In AUD	Consolidated 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

In thousands of AUD	Parent Entity 2015	2014
Financial position		
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		
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.

Directors' declaration

In accordance with a resolution of the Directors of Integrated Research Limited, we state that:

1. In the opinion of the Directors:

   (a) the financial statements and notes of Integrated Research Limited for the financial year ended 30 June 2015 are in accordance with the Corporations Act 2001, including:

      (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2015 and of its performance for the year ended on that date; and

      (ii) complying with Accounting Standards and the Corporations Regulations 2001;

   (b) the financial statements and notes also comply with International Financial Reporting Standards as disclosed in Note 1; and

   (c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

2. This declaration has been made after receiving the declarations required to be made to the Directors by the chief executive officer and chief financial officer in accordance with section 295A of the Corporations Act 2001 for the financial year ended 30 June 2015.

On behalf of the board.

Steve Killelea
Chairman
North Sydney, 25 August 2015

Darc Rasmussen
Chief Executive Officer
North Sydney, 25 August 2015

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Independent auditor's report to the members of Integrated Research Limited

Report on the financial report

We have audited the accompanying financial report of Integrated Research Limited, which comprises the consolidated balance sheet as at 30 June 2015, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal controls as the directors determine are necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with International Financial Reporting Standards.

Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial report 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 entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included by reference in the directors' report.

Opinion

In our opinion:

a. the financial report of Integrated Research Limited is in accordance with the *Corporations Act 2001*, including:

   i giving a true and fair view of the consolidated entity's financial position as at 30 June 2015 and of its performance for the year ended on that date; and

   ii complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

b. the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1.

Report on the remuneration report

We have audited the Remuneration Report included in pages 31 to 39 of the directors' report for the year ended 30 June 2015. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

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

Ernst + Young

Ernst & Young

John Robinson
Partner
Sydney
25 August 2015

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Auditor's Independence Declaration to the Directors of Integrated Research Limited

In relation to our audit of the financial report of Integrated Research Limited for the financial year ended 30 June 2015, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

Ernst + Young

Ernst & Young

John Robinson
Partner
25 August 2015

Shareholder information

Integrated Research Limited: Top 20 Holders

As at 11 September 2015

Rank	Name	Number held	Percentage of issued shares
1	Mr Stephen John Killelea	94,497,339	55.64
2	National Nominees Limited	5,230,939	3.08
3	Mr Andrew Rhys Rutherford	3,385,869	1.99
4	J P Morgan Nominees Australia Limited	2,053,705	1.21
5	Citicorp Nominees Pty Limited	1,580,241	0.93
6	HSBC Custody Nominees (Australia) Limited	1,213,630	0.71
7	Custodial Services Limited <Beneficiaries Holding a/c>	876,184	0.52
8	ABN AMRO Clearing Sydney Nominees Pty Ltd <Custodian a/c>	724,851	0.43
9	UBS Nominees Pty Ltd	701,995	0.41
10	Forsyth Barr Custodians Ltd <Forsyth Barr Ltd-Nominee a/c>	591,945	0.35
11	Bell Potter Nominees Ltd <BB Nominees a/c>	542,000	0.32
12	Mr Kevin John Cairns + Mrs Catherine Valerie Cairns <Cairns Family Super a/c>	516,113	0.30
13	Key Glory Investments Pty Ltd <KGI a/c>	500,000	0.29
14	Mr Gary Ronald Poole + Mrs Leigh Margaret Poole <Poole Super Fund a/c>	500,000	0.29
15	Key Glory Investments Pty Ltd <KGI a/c>	401,000	0.24
16	Fergfam Nominees Pty Ltd <Fergusson & Wright S/F a/c>	375,263	0.22
17	Bipeta Pty Ltd	337,612	0.20
18	Mr Colin Gregory Organ	330,000	0.19
19	Farvex Corporation Pty Limited	325,000	0.19
20	Beebee Holdings Pty Ltd	300,000	0.18

Analysis of numbers of equity security holders by size of holding

As at September 2015	Class of equity security – Ordinary Shares: Shares	Options	Performance Rights
1 -1,000	785	–	–
1,001 - 5,000	1,917	–	15
5,001 - 10,000	919	–	19
10,001 - 100,000	1,166	–	39
100,001 and over	70	–	2
	4,857	–	75

Unquoted equity securities	Number on issue	Number of holders
Option issued under the Integrated Research Limited Employee Option Plan to take up ordinary shares	–*	–
Performance Rights issued under the Integrated Research Limited Performance Rights and Option Plan to take up ordinary shares	2,309,900**	75

* Number of unissued ordinary shares under the Options.
** Number of unissued ordinary shares under the Performance Rights.

On-market buy-back

There is no current on-market buy-back.

Substantial holders

Substantial holders in the Company are set below:

	Number held	Percentage
Mr. Stephen John Killelea*	94,834,951	55.84

* Include direct and indirect holdings.

Voting rights

The voting rights attaching to each class of equity securities are set out below:

1. **Ordinary shares.**
   On a show of hands every member present at a meeting in person or proxy shall have one vote and upon a poll each share have one vote.
2. **Options.**
   No voting rights.
3. **Performance rights.**
4. No voting rights.

Other information

Integrated Research Limited, incorporated and domiciled in Australia, is a publicly listed Company limited by shares.

Corporate directory

Directors

Steve Killelea
Non-Executive Director & Chairman

Darc Dencker-Rasmussen
Managing Director & CEO

Nick Abrahams
Non-Executive Director

Alan Baxter
Non-Executive Director

Paul Brandling
Non-Executive Director

Garry Dinnie
Non-Executive Director

Peter Lloyd
Non-Executive Director

Company Secretary
David Purdue

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Share Registry
Computershare

Solicitors
Ashurst
Level 11, 5 Martin Place
Sydney NSW 2000

Bankers
Westpac Banking Corporation

Securities Exchange Listing
Australian Securities Exchange
Code: IRI

Country of Incorporation
Integrated Research Limited, incorporated and domiciled in Australia, is a publicly listed company limited by shares.

Notice of Annual General Meeting
The Annual General Meeting of Integrated Research Limited will be held on:

Friday, 13 November 2015
Museum of Sydney
Cnr Phillip & Bridge Streets, Sydney
at 3:00pm

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