ASX Announcement

19 August 2021

Appendix 4E and 2021 Annual Report

Attached is a copy of the IPH Limited Appendix 4E and 2021 Annual Report. A printed version of the report will be sent to shareholders who have requested a copy. The report is also available on the Company's website at www.iphltd.com.au.

For more information, please contact:

Martin Cole
Capital Markets Communications
T. +61 403 332 977

Authorised for release to ASX by:

The Board of Directors

IPH Limited

About IPH Limited
IPH is the Asia Pacific's leading intellectual property services group, comprising a network of member firms working in eight IP jurisdictions and servicing more than 25 countries. The group includes leading IP firms AJ Park, Griffith Hack, Pizzeys, Shelston IP and Spruson & Ferguson, online IP services provider Applied Marks, and the autonomous timekeeping business, WiseTime. IPH employs more than 900 people working in Australia, China, Hong Kong SAR, Indonesia, Malaysia, New Zealand, Singapore and Thailand.

IPH Limited
ABN 49 169 015 838
Appendix 4E – Preliminary Final Report
Full year ended 30 June 2021 (FY21)

Reporting periods

Current reporting period:	Financial year ended 30 June 2021
Previous corresponding period:	Financial year ended 30 June 2020

Results for announcement to the market	Change			FY21 $'000	FY20 $'000
Revenue from ordinary activities	Down	1.6%	to	359,684	365,674
Profit from ordinary activities after tax attributable to members	Down	2.1%	to	53,600	54,752
Profit for the period attributable to members	Down	2.1%	to	53,600	54,752

Dividends	Amount per share	Franked amount per share
Current period		
Final dividend	15.5c	6.2c
Interim dividend	14.0c	7.0c
Previous period		
Final dividend	15.0c	15.0c
Interim dividend	13.5c	13.5c

Final Dividend unfranked amount sourced from Conduit Foreign Income is 9.3c

Record date:	25 August 2021
Payment date:	17 September 2021
Ex-dividend date:	24 August 2021

The Dividend Reinvestment Plan will be in operation for the FY21 final dividend.

Net tangible assets	FY21	FY20
Net tangible asset backing per share	($0.02)	($0.11)

A large proportion of the Company's assets are intangible in nature, relating to goodwill and identifiable intangible assets acquired through business combinations. These assets are excluded from the calculation of net tangible assets per share. Including intangible assets, net assets per share are $1.97 (FY20: $1.97)

Audit review status

Details of audit/review dispute or qualification (if any):

The accounts have been audited with no qualification.

Attachments

Details of attachments (if any):

The remainder of the information requiring disclosure to comply with listing rule 4.3A is contained in the accompanying FY21 Financial Report.

Signed:

John Wadley
Chief Financial Officer
Sydney

Date: 19 August 2021

iphltd.com.au

2021 Annual Report

Year ended
30 June 2021

iph

Contents

About IPH

Nº 1
Patent group in Australia, New Zealand and Singapore[2]

Nº 1
Trade mark group in Australia and New Zealand[3]

8
IP jurisdictions

900+
Employees[1]

25+
Countries serviced

1) Approximate employee numbers as at 30 June 2021
2) IPH Management estimate based on patent filing data: Australia (IP Australia) – FY21 as at 13/07/21; Singapore (IPOS) – CY21 YTD Jun (preliminary) as at 5/08/21; New Zealand (IPONZ) – FY21 as at 14/07/21.
3) IPH Management estimate based on trade mark filing data: Australia (IP Australia) – FY21 as at 15/07/21 based on market share of top 50 agents; New Zealand (IPONZ) – FY21 as at 10/08/21.

7 brands

AJPark

applied marks

GRIFFITH HACK

PIZZEYS
Patent and Trade Mark Attorneys

SHELSTON
INTELLECTUAL PROPERTY

SPRUSON & FERGUSON
INTELLECTUAL PROPERTY

WiseTime
TIME FOR MORE

About our business

IPH is Asia Pacific's leading intellectual property services group, comprising a network of member firms operating in eight intellectual property jurisdictions and servicing more than 25 countries.

The group includes leading IP firms AJ Park, Griffith Hack, Pizzeys, Shelston IP and Spruson & Ferguson, online IP services provider Applied Marks and the automated timekeeping business, WiseTime. Member firms provide services for the protection, commercialisation, enforcement and management of all forms of intellectual property including patents, trade marks and designs. Clients include some of the world's leading companies, multi-nationals, universities, public sector research organisations, foreign associates and other corporate and individual clients.

The group employs more than 900 people working in Australia, China, Hong Kong SAR, Indonesia, Malaysia, New Zealand, Singapore and Thailand.

IPH's vision is to be the leading IP services group in secondary markets.

IPH listed in 2014.

Our story

IPH was formed in 2014 with the vision to grow to be the leading IP services group in secondary markets.

Key to this strategy has been growth by acquiring and integrating firms and businesses that share our values, employ highly skilled professionals and have leading positions in the market they serve. Together with our member firms we bring to life 'the network effect'. The network effect gives clients a seamless way to enter more international markets, helps us make group-scale investments in technology and processes so we can work smarter and creates a multi-national pool of talent.

Since 2014 we have acquired a number of firms across Australia, New Zealand and Asia. We have consolidated a number of businesses so that our network consists of strong brands that lead the markets they serve. The IPH Group is currently made up of five IP attorney firms plus two firms delivering services to the IP market and adjacent markets.

Our strategy is focused on organic growth, consolidating acquisitions and investing in new international and domestic businesses.

New visual identity for IPH

In February, IPH launched a new visual brand identity to reflect the growing network. The decision to rebrand was part of a focus on evolving into a more active network in the Asia Pacific region.

IPH's new mark is designed to visually represent the power generated by individual firms working as a network, enabling them to deliver more opportunities for more clients in more markets and to access scale that helps us work smarter.

With the 'network effect' at the core of our visual brand identity, the new IPH brand supports the broader IPH strategic direction which is to grow the network, amplifying the network effect.

Network acquisition history

Nov 2014	IPH lists on the ASX with Spruson & Ferguson as the founding business
Apr 2015	IPH acquires IP data analysis & software applications businesses Practice Insight and WiseTime
May 2015	IPH acquires Australian IP firm Fisher Adams Kelly
Sep 2015	IPH acquires Australian IP firm Pizzeys
Nov 2015	IPH firm Fisher Adams Kelly acquires the business of Australian IP firm Callinans
Mar 2016	Opening of Spruson & Ferguson Indonesia
May 2016	Opening of Spruson & Ferguson Thailand
Jun 2016	IPH acquires Australian IP firm Cullens
Nov 2016	IPH acquires Ella Cheong Hong Kong and Beijing
Jun 2017	Opening of Spruson & Ferguson Melbourne
Oct 2017	IPH acquires AJ Park in New Zealand
Jul 2018	Merger of Fisher Adams Kelly Callinans and Cullens with Spruson & Ferguson
Aug 2019	IPH acquires Xenith IP Group Limited including Australian firms Shelston IP, Griffith Hack and Watermark
May 2020	Divestment of Glasshouse Advisory R&D tax and EMDG practices to Grant Thornton
Jul 2020	Integration of IPH Group businesses Watermark and Griffith Hack completed
Oct 2020	IPH firm AJ Park acquires New Zealand IP firm Baldwins IP
Jul 2021	IPH acquires Australian online IP services business Applied Marks

FY21 Year in Review

Chairman's Letter

Dear Shareholder,

IPH delivered a strong underlying result in FY21 which once again demonstrates the resilience of our business in the current environment.

FY21 results

IPH reported a Statutory Net Profit After Tax (NPAT) of $53.6 million for FY21 compared to $54.8 million for the prior year. Diluted Earnings Per Share were 24.7 cents, down 4 per cent on the prior year.

Statutory earnings included the negative impact of the higher Australian dollar compared to the prior year. On a like for like basis, (which removes the impact of currency impacts and new business acquisitions) Group Underlying EBITDA increased by 10 per cent.

The Directors declared a final dividend of 15.5 cents per share, 40 per cent franked, bringing the full year dividend to 29.5 cents per share, compared to 28.5 cents per share for the prior year. The full year dividend is in line with the Board's dividend policy to pay 80-90 per cent of cash NPAT as dividends.

More detail on our financial results is contained within the CEO Report and Operating and Financial Review.

Strong financial position maintained

IPH retains a strong balance sheet to manage through the current environment while maintaining investments which support our strategy for medium term growth.

Net debt at 30 June 2021 was $45 million, down 34 per cent on the prior year, with a conservative leverage ratio (Net Debt / EBITDA) of 0.4 times.

Strategic progress

IPH continues to make significant progress in our strategy to be the leading IP services group in secondary IP markets and adjacent areas of IP.

We further strengthened our presence and client service offering in New Zealand through AJ Park's acquisition of intellectual property firm, Baldwins Intellectual Property (Baldwins) in October 2020.

The successful integration of Baldwins into AJ Park provides our merged businesses greater depth of expertise, enhanced career opportunities for our people and provides clients with access to a complementary team of experienced IP professionals in other global jurisdictions.

On 1 July 2021, IPH announced the acquisition of Applied Marks Pty Ltd. Applied Marks is a leading Australian online automated trade mark application platform, also providing automated registration and intelligence services relating to companies and domain names, both directly to customers and through channel partners.

This acquisition strengthens our position in automated IP services and accelerates our digital strategy with the resources and technology contributing to a new digital services function within the group

Sustainability

IPH remains committed to sustainable practices throughout our business.

We recognise that a sustainable business is one that provides a safe, rewarding and diverse environment for our people, while operating in an environmentally and socially responsible manner.

This year, we are pleased to confirm that IPH's approach to sustainability contributes to progressing a number of the United Nations Sustainable Development Goals (UNSDGs). The UNSDGs are a set of 17 goals that are based on human rights and define global sustainable development priorities and aspirations for 2030. By contributing to the UNSDGs, IPH is contributing to sustainability in a global context.

More information about our continued progress on sustainability can be found in our Sustainability Report which is available on the IPH website.

Conclusion

I would like to acknowledge IPH's Managing Director and CEO, Dr Andrew Blattman, his leadership team, and all our people across the IPH Group for their dedication and efforts in FY21.

The Company has once again delivered a strong result, while continuing to make significant progress in our strategy. IPH continues to develop its network and strong platform for further growth to generate enhanced shareholder value.

I would like to thank our shareholders for your ongoing support of IPH Limited.

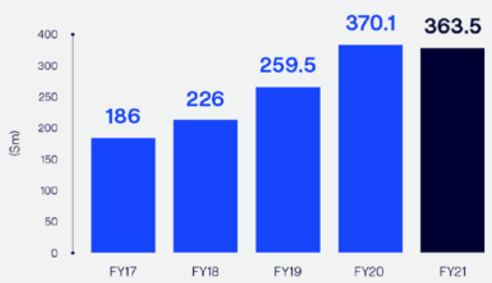
Kind regards,

Richard

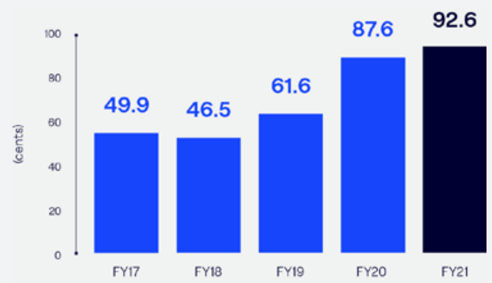
Richard Grellman AM
Non-executive Chairman
IPH Limited

Financial Highlights

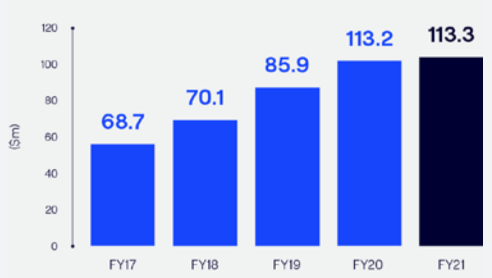
Revenue
A$363.5m



Operating Cashflow
A$92.6m

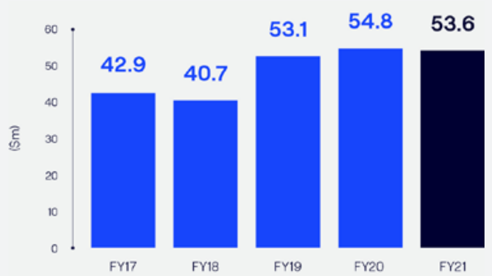


EBITDA[1]
A$113.3m

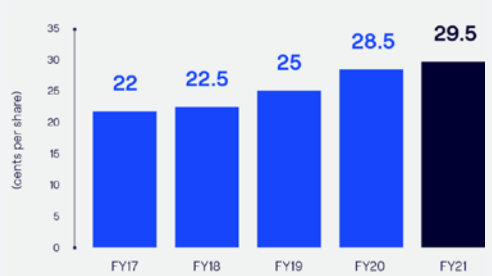


Earnings Per Share[2]
24.7c

NPAT
A$53.6m



Full Year Dividend
29.5c



1) Earnings before Interest, Tax, Depreciation and Amortisation
2) Diluted Earnings Per Share

CEO's Report

In a market which continued to be disrupted by the ongoing impact of COVID-19 and a higher Australian dollar compared to the prior year, IPH delivered a strong underlying result in FY21 and provided increased returns to shareholders.

FY21 Results

Underlying Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) was $124.3 million, down slightly from $126.0 million in the prior year. Underlying revenue for the year decreased by 2 per cent to $363.5 million while Underlying Net Profit After Tax (NPAT) was $76.2 million compared to $77.7 million for the prior year.

However, on a like-for-like basis (which removes the impact of acquisitions and the effect of the higher Australian dollar in FY21) IPH reported a strong result.

The continued market disruption of COVID-19 impacted the top line with like-for-like revenue declining by 2 per cent. However, underlying like-for-like EBITDA increased by 10 per cent as a result of IPH's ongoing successful strategy to integrate acquisitions and capture synergies to deliver margin accretion, together with the continued leverage of our leading network of IP operations across the region.

Group Underlying like-for-like EBITDA margin increased by 12 per cent.

In our Asian IP business, like-for-like revenue increased by 3 per cent and like-for-like EBITDA improved by 8 per cent. EBITDA margin increased by 5 per cent.

Like-for-like revenue in IPH's Australian and New Zealand IP businesses declined by 3 per cent. However, the delivery of cost synergies from the successful Xenith IP integration and other measures resulted in a 7 per cent lift in like-for-like EBITDA and an 11 per cent improvement in Underlying EBITDA margin.

The main contribution to this increase was the 39 per cent improvement in Underlying EBITDA margin of the former Xenith IP business to 28 per cent compared to 20 per cent when we acquired the business in 2019.

Market conditions

IPH maintains its leading patent market share positions in Australia, New Zealand and Singapore.

In Australia, total patent filings (excluding innovation patents which cease to be available from August 2021) increased by 2.6 per cent for the period. IPH Group's filings (including Baldwins IP on a pro-forma basis and excluding innovation patents) declined by 4.8 per cent.

This was an improvement from our update at the AGM where filings had declined by ~8 per cent and the half year result (5.7 per cent decline). While we experienced some expected disruption from the integration of Griffith Hack and Watermark, IPH Group filings continued to improve in the second half of the year.

IPH remains the market leader in Australia with combined group patent market share (including Baldwins IP on a proforma basis and excluding innovation patents) of 36.2 per cent for the year to 30 June 2021.

Removing the effect of a significant increase of one client filing in the prior year, IPH experienced patent filing growth of 8.4 per cent across its key Asian jurisdictions (excluding Singapore) in FY21, with growth across all key jurisdictions (except Vietnam). Filings declined by 5 per cent when this client's filings are included in the prior year comparison.

China and Hong Kong SAR continued to perform well with patent filing growth of 12 per cent and 10 per cent respectively. In Singapore, IPH Group strengthened its number one patent market share of 25.9 per cent for the period ending 30 June 2021 with a 1 per cent increase in patent filings, despite a strong comparative prior period which included the closure of the foreign route system.

The overall trade mark market in Australia increased by 18 per cent. Excluding self-filers, the market increased by 24 per cent. IPH trade mark filings increased by 8 per cent and the Group maintains its number one trade mark market position in Australia with 20 per cent share of filings from the top 50 agents.

Strategic progress

IPH's strategy is focused on organic growth, consolidating acquisitions and pursuing growth step-out opportunities. During FY21 the Company made continued progress in each of these areas.

We continued to leverage our leading network in IP jurisdictions across the Asia Pacific region with an increase in client referrals leading to organic growth.

The consolidation of the Xenith IP and Baldwins IP acquisitions is generating synergies which is driving earnings growth and margin accretion whilst enhancing our full service offering to clients.

More recently, the acquisition of Applied Marks Pty Ltd accelerates our digital capability while allowing us to address the retail online trade mark market. It also bolsters IPH's ability to participate in the online automated IP services space and will support IPH in evolving its traditional trade mark offering in line with the changing market. Over time we expect to harness this digital expertise in related areas of IP across the regions where we operate.

Our autonomous time-keeping software application, WiseTime, was enhanced through the development and addition of a billing module called Legebill. Both the original application and this new functionality have seen an increase in interest from existing and prospective customers.

Focus on our people

We continue to focus on attracting, motivating, developing, and retaining our people across the group.

At the senior level, we were pleased to appoint a new Chief Commercial Officer for IPH in July 2021, while new Managing Directors were appointed in Spruson & Ferguson, Griffith Hack and AJ Park and a General Manager in Pizzeys during the year.

FY21 was a record year for promotions for the IPH group with 35 promotions across member firms, including 11 Principal appointments. The breadth and depth of promotions across the member firms highlights the collective strength of talent across the group.

IPH continues to invest in the future of the IP profession with 32 trainee attorneys across the group as at 30 June 2021.

Summary

During FY21 IPH demonstrated our ability to continue to create enhanced value from acquisitions and the right-sizing of our acquired businesses to achieve a more efficient operating model.

I want to acknowledge and thank all our people across IPH for their hard work and dedication during the year.

We are building a stronger platform with increased operational leverage for further growth.

At the same time IPH maintains a solid financial position with low gearing and consistent cash generation which enables us to assess further growth options, including potential international acquisition opportunities in core secondary IP markets.

Kind regards,

Andrew

Dr Andrew Blattman
CEO and Managing Director
IPH Limited

IPH Board of Directors

The Board of Directors bring relevant experience and skills to the governance of IPH, including professional services, financial management, legal services and corporate governance.

Richard Grellman AM

Independent Non-executive Chairman

FCA

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

Richard worked for KPMG for 32 years, mostly within the Corporate Recovery Division and was a Partner from 1982 to 2000. Richard is currently the Tribunal of the Statutory and Other Officers Remuneration Tribunal (SOORT), appointed by the Governor of NSW. Richard is also Chairman of FBR Ltd, Lead Independent Director of F45 Training Holdings Inc (NYSE) and Lead Independent Director of the Salvation Army in Australia.

Richard was also formerly Chairman of Genworth Mortgage Insurance Limited, Chairman of Bisalloy Steel Group Ltd (2014-2020), Chairman of the AMP Foundation, Chairman of SuperConcepts Pty Ltd (AMP) and Director of the National Health and Medical Research Council Institute for Dementia Research.

Dr Andrew Blattman

CEO and Managing Director

BScAgr (Hons 1), PhD, GraDipIP

Andrew has more than 20 years' experience in the intellectual property profession. Previously he was CEO of Spruson & Ferguson, the largest entity in the IPH Limited group. Andrew joined Spruson & Ferguson in 1995 and in 1999 he was appointed as a Principal of the firm.

In 2015 Andrew was appointed CEO of Spruson & Ferguson. Under his leadership Spruson & Ferguson significantly expanded its footprint in the Australian and Asian IP markets – opening new offices in Melbourne, Beijing, Hong Kong SAR, Jakarta and Bangkok.

Since Spruson & Ferguson's incorporation and the listing of IPH on the Australian Securities Exchange in 2014, Andrew has played a key role in the development and growth of the IPH group. He has a deep knowledge and understanding of the IPH business and the environment in which the company operates.

John Atkin

Independent Non-executive Director

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

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

John is Chairman of the Australian Institute of Company Directors, and Qantas Superannuation Limited. He is a Director of Integral Diagnostics Limited, Commonwealth Bank Officers Superannuation Corporation Pty Limited and is Vice Chairman of Outward Bound International Inc.

John is a former Chief Executive Officer and Managing Director of The Trust Company Limited (2009-2013) prior to its successful merger with Perpetual Limited, a former non-executive director of Aurizon Holdings Limited (2010-2016), and former Chairman of GPT Metro Office Fund (2014-2016). John was also Managing Partner and Chief Executive of Blake Dawson (2002-2008). He also worked at Mallesons Stephen Jaques as a Mergers & Acquisitions Partner for 15 years (1987-2002).

Robin Low

Independent Non-executive Director

BCom, FCA, GAICD

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

Robin is a Director of AUB Group Limited, Appen Limited, Marley Spoon AG, Australian Reinsurance Pool Corporation, Gordian Runoff Limited/Enstar Australia Holdings Pty Ltd (part of the NASDAQ listed Enstar Group), Guide Dogs NSW/ACT and the Sax Institute. Robin is also on the University of New South Wales audit committee and was formerly Deputy Chairman of the Auditing and Assurance Standards Board.

Robin was with Pricewaterhouse Coopers for 28 years and was a partner from 1996 to 2013, specialising in audit and risk.

Jingmin Qian

Independent Non-executive Director

BEc, MBA, CFA, FAICD

Jingmin was appointed as a Non-executive Director in April 2019.

Jingmin is a Director of Abacus Property Group, Trustee of Club Plus Super, a member of Macquarie University Council, a Director of the Australia China Business Council, Director of the Foundation for Australian Studies in China and a Director of the CFA Society of Beijing. She is also a senior advisor to leading global and Australian organisations and Director of Jing Meridian Advisory Pty Ltd.

Jingmin previously held senior roles with L.E.K. Consulting, Boral Limited and Leighton Holdings, and brings a broad range of commercial experience covering strategy, mergers and acquisitions, capital planning, investment review and Asian expansion.

Note: Directors' profiles as at August 2021

Corporate **Directory**

Corporate Directory

Directors	Mr Richard Grellman AM - Chairman Dr Andrew Blattman Mr John Atkin Ms Robin Low Ms Jingmin Qian
Company Secretary	Mr Philip Heuzenroeder
Notice of Annual General Meeting	IPH will hold its 2021 Annual General Meeting on Thursday 18 November 2021, commencing at 10.30am (AEDT).
Registered office	Level 24, Tower 2, Darling Park 201 Sussex Street, Sydney NSW 2000 Tel: 02 9393 0301 Fax: 02 9261 5486
Principal place of business	Level 24, Tower 2, Darling Park 201 Sussex Street, Sydney NSW 2000
Share register	Link Market Services Limited Level 12, 680 George Street, Sydney NSW 2000 Tel: 1300 554 474
Auditor	Deloitte Touche Tohmatsu Level 9, Grosvenor Place 225 George Street, Sydney NSW 2000
Solicitors	Watson Mangioni Lawyers Pty Limited Level 23, 85 Castlereagh Street, Sydney NSW 2000
Stock exchange listing	IPH Limited shares are listed on the Australian Securities Exchange (ASX code: IPH)
Website	www.iphltd.com.au
Corporate Governance Statement	The Corporate Governance Statement has been approved by the Board of Directors and can be found at www.iphltd.com.au

Directors’ **Report**

The Directors present their report, together with the financial statements, of the consolidated entity (referred to hereafter as the 'Group') consisting of IPH Limited (referred to hereafter as the 'Company' or 'Parent Entity') and the entities it controlled at the end of, or during, the year ended 30 June 2021.

IPH is the leading intellectual property ("IP") services group in the Asia-Pacific region offering a wide range of IP services and products to a diverse client base including some of the world's leading companies, multi-nationals, universities, public sector research organisations, foreign associates and other corporate and individual clients.

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

1. Directors

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

Name	Office
Mr Richard Grellman, AM	Non-executive Chairman
Dr Andrew Blattman	Managing Director and Chief Executive Officer
Mr John Atkin	Non-executive Director
Ms Robin Low	Non-executive Director
Ms Jingmin Qian	Non-executive Director

1.1 Information on Directors

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

Name:	Richard Grellman AM
Title:	Non-executive Chairman (appointed 23 September 2014)
Qualifications:	FCA
Experience and expertise:	Richard worked for KPMG for 32 years and was a Partner from 1982 to 2000. Richard is currently the Tribunal of The Statutory and other Officers Remuneration Tribunal (SOORT), appointed by the Governor of NSW in 2014.
Other current directorships:	Richard is Chairman of FBR Ltd and Lead Independent Director of F45 Training Holdings Inc (NYSE). Richard is also Lead Independent Director of Salvation Army in Australia.
Former directorships (last 3 years)	Chairman of the AMP Foundation (2012 – 2018), Bisalloy Steel Group Ltd (2014 - 2020) and SuperConcepts Pty Ltd (AMP) (2012 – 2019).
Interests in shares:	54,108
Special responsibilities:	Chairman. Member – Nominations and Remuneration Committee

Name:	Dr Andrew Blattman
Title:	Managing Director and Chief Executive Officer (appointed 20 November 2017)
Qualifications:	BScAgr (Hons 1), PhD, GraDipIP
Experience and expertise:	Andrew has more than 20 years' experience in the intellectual property profession. Previously he was CEO of Spruson & Ferguson, the largest entity in the IPH Limited group. Andrew joined Spruson & Ferguson in 1995 and in 1999 he was appointed as a Principal of the firm. In 2015 Andrew was appointed CEO of Spruson & Ferguson. Under his leadership Spruson & Ferguson significantly expanded its footprint in the Australian and Asian IP markets – opening new offices in Melbourne, Beijing, Hong Kong SAR, Jakarta and Bangkok. Since Spruson & Ferguson's incorporation and the listing of IPH on the Australian Securities Exchange in 2014, Andrew has played a key role in the development and growth of the IPH group. He has a deep knowledge and understanding of the IPH business and the environment in which the company operates.
Memberships of Professional Associations:	FIPTA, APAA, AIPPI, FICPI and IPSANZ
Other current directorships:	St Paul's College Foundation
Interests in shares:	2,323,751
Special responsibilities:	CEO

Name:	John Atkin
Title:	Non-executive Director (appointed 23 September 2014)
Qualifications:	LLB (1st Class Hons), BA (Pure Mathematics) (1st Class Hons), FAICD
Experience and expertise:	John is a former Chief Executive Officer and Managing Director of The Trust Company Limited (2009 - 2013) prior to its successful merger with Perpetual Limited, a former non-executive director of Aurizon Holdings Limited (2010-2016), and former Chairman of GPT Metro Office Fund (2014-2016). John was also Managing Partner and Chief Executive of Blake Dawson (2002 - 2008). He also worked at Mallesons Stephen Jaques as a Mergers & Acquisitions Partner for 15 years (1987 - 2002).
Other current directorships:	John is Chairman of the Australian Institute of Company Directors, and Qantas Superannuation Limited, and Vice Chairman of Outward Bound International Inc. He is a director of Integral Diagnostics Limited.
Former directorships (last 3 years)	Commonwealth Bank Officers Superannuation Corporation Pty Limited
Interests in shares:	121,053
Special responsibilities:	Chairman - Nominations and Remuneration Committee. Member - Audit Committee, Risk Committee

Name:	Robin Low
Title:	Non-executive Director (appointed 23 September 2014)
Qualifications:	BCom, FCA, GAICD
Experience and expertise:	Robin was with PricewaterhouseCoopers for 28 years and was a Partner from 1996 to 2013, specialising in audit and risk.
Other current directorships:	Robin is a Director of AUB Group Limited, Appen Limited, Marley Spoon AG, Australian Reinsurance Pool Corporation, Gordian Runoff Limited/Enstar Australia Holdings Pty Ltd (part of the NASDAQ listed Enstar Group), Guide Dogs NSW/ACT and the SAX Institute. Robin is also a member of the University of New South Wales audit committee and is a former Deputy Chairman of the Auditing and Assurance Standards Board.
Former directorships:	CSG Limited
Interests in shares:	74,214
Special responsibilities:	Chairman - Audit Committee. Member - Nominations and Remuneration Committee, Risk Committee

Name:	Jingmin Qian
Title:	Non-executive Director (appointed 1 April 2019)
Qualifications:	BEc, MBA, CFA, FAICD
Experience and expertise:	Jingmin previously held senior roles with L.E.K. Consulting, Boral Limited and Leighton Holdings, and brings a broad range of commercial experience covering strategy, mergers and acquisitions, capital planning, investment review and Asian expansion.
Other current directorships:	Jingmin is a Director of Abacus Property Group, Trustee of Club Plus Super, a member of Macquarie University Council, a Director of the Australia China Business Council and a Director of the Foundation for Australian Studies in China. She is also a senior advisor to leading global and Australian organisations and Director of Jing Meridian Advisory Pty Ltd.
Interests in shares:	Nil
Special responsibilities:	Chairman - Risk Committee. Member – Audit Committee, Nominations and Remuneration Committee

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

1.2 Meetings of Directors

The number of meetings of the Company's Board of Directors ('the Board') held during the year ended 30 June 2021, and the number of meetings attended by each Director were:

Name	Board of Directors		Nominations and Remuneration Committee		Audit Committee		Risk Committee	
	Attended	Held	Attended	Held	Attended	Held	Attended	Held
Richard Grellman AM	9	9	3	3	-	-	-	-
Andrew Blattman	9	9	-	-	-	-	-	-
John Atkin	9	9	3	3	4	4	3	3
Robin Low	9	9	3	3	4	4	3	3
Jingmin Qian	9	9	3	3	4	4	3	3

Held: represents the number of meetings held during the time the Director held office. Whilst not a member of the committees Andrew Blattman was in attendance except in circumstances of a conflict of interest.

2. Company secretary

Philip Heuzenroeder, BEc, LLB, LLM, GAICD (Order of Merit). Mr Heuzenroeder was appointed Group General Counsel and Company Secretary on 29 April 2016. He is a solicitor with over 25 years professional experience working in private practice and in-house, with experience in a broad range of areas of law including commercial law, competition law, ICT, intellectual property and litigation. Philip was formerly a Principal of Spruson & Ferguson Lawyers and was a director of the Cure Brain Cancer Foundation from 2013 to 2017.

3. Principal activities

During the year the principal activities of the Group consisted of:

- IP services related to provision of filing, prosecution, enforcement and management of patents, designs, trademarks and other IP in Australia, New Zealand, Asia and other countries;
- the development of autonomous timekeeping software under a subscription licence model whereby the software is licensed and paid for on a recurring basis.

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

4. Operational and Financial Review

4.1 Operations and financial performance

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

The Directors believe it is important to include the financial information on an underlying basis as this reflects the ongoing or underlying activities of the Group and excludes items that are not expected to occur frequently and do not form part of the core activities of the Group.

The FY21 underlying earnings of the Group have been determined by adjusting statutory earnings amounts to eliminate the effect of amortisation of intangible assets, business acquisition costs, restructuring expenses, non-cash share based payments expenses, impairments and IT SaaS implementations costs. A summary of adjustments is outlined in section 4.1.1.

Revenue declined by 2% to $363.5m, driven by organic growth in Asia, offset by the negative impact of a higher Australian dollar in FY21 compared to the prior year.

Statutory EBITDA was flat at $113.3m, compared to $113.2m in FY20. Underlying EBITDA declined by 1% to $124.3m from $126.0m for the prior year.

The Group reported a statutory net profit after tax of $53.6m; a decline of 2% on the prior year's result of $54.8m. Underlying net profit after tax decreased by 2% to $76.2m compared to the prior year.

	Revenue FY21	Revenue FY20	Chg%	EBITDA FY21	EBITDA FY20	Chg%
Australian & New Zealand IP	275,666	277,649	(1%)	93,255	95,583	(2%)
Asian IP	96,113	102,709	(6%)	43,410	46,087	(6%)
	371,779	380,358	(2%)	136,665	141,670	(4%)
Adjacent Businesses	409	2,743		(369)	(1,869)	
Corporate Office	5,601	2,040		(11,835)	(13,178)	
Eliminations	(14,335)	(15,509)		(183)	(587)	
Underlying Revenue / EBITDA	**363,454**	**369,632**	(2%)	**124,278**	**126,036**	(1%)
Business acquisition costs				(3,616)	(1,202)	
Restructuring expenses		452		(2,190)	(4,127)	
Share based payments				(3,578)	(2,180)	
Onerous lease provisions and asset writeoffs					(3,704)	
Impairment of Watermark brand					(1,600)	
Impairment of Software				(464)		
IT SaaS Implementation Costs				(1,164)		
Statutory Revenue / EBITDA	**363,454**	**370,084**	(2%)	**113,266**	**113,222**	0%
Interest Income				60	75	
Interest Expense				(5,977)	(7,125)	
Depreciation and amortisation				(37,470)	(34,481)	
Net Profit Before Tax				69,879	71,691	(3%)
Tax				(16,279)	(16,940)	
Net Profit After Tax				**53,600**	**54,751**	(2%)

Australia and New Zealand IP

Underlying revenue in the Australia and New Zealand IP segment declined by 1% to $275.7m.

In Australia, total patent filings (excluding innovation patents which cease to be available from August 2021) increased by 2.6% for the period. IPH Group's filings (including Baldwins IP on a pro-forma basis and excluding innovation patents) declined by 4.8%, however, excluding the impact of the reset of the merged Griffith Hack into a higher margin and more profitable business, IPH's filings increased by 0.7%.

IPH remains the market leader in Australia with combined group patent market share (including Baldwins IP on a proforma basis and excluding innovation patents) of 36.2% for the year to 30 June 2021.

Underlying EBITDA decreased by 2% to $93.3m which includes the impact of unfavourable foreign exchange movements.

On a like for like basis revenue declined by 3%. However, the delivery of cost synergies from the successful Xenith integration resulted in a 7% uplift in like-for-like EBITDA. The main contribution to this increase was the improvement in Underlying EBITDA margin of the former Xenith IP business to 28%.

Asian IP

Revenue in the Asian IP segment declined by 6% to $96.1m. On a like for like basis revenue increased by 3%. Like for like Underlying EBITDA improved by 8%.

Total filings across IPH's key Asian jurisdictions (excl Singapore) declined by 5% in FY21. However, the prior year included a significant increase in filings from one client filing across multiple jurisdictions. Removing the effect of this one client, IPH experienced patent filing growth of 8% with growth across all key jurisdictions (except Vietnam).

China and Hong Kong, SAR continued their improved performance from the first half with year on year patent filing growth of 12% and 10% respectively

For the first half of CY21, the Group has strengthened its number one patent market share position in Singapore (all patent applications filed in Singapore).

Adjacent Businesses

The Group continues to invest in WiseTime, an autonomous time-keeping software application. In FY21 the product offering was enhanced through the development and addition of a billing module called Legebill. Both the original application and this new functionality have seen an increase in interest from existing and prospective customers.

Movements in FX Rates

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

	AUD/USD		AUD/EUR		AUD/SGD	
	Year End	Average	Year End	Average	Year End	Average
FY19	0.7022	0.7153	0.6176	0.6270	0.9500	0.9765
FY20	0.6877	0.6712	0.6124	0.6069	0.9591	0.9283
Movement		6.2%		3.2%		4.9%
FY21	0.7507	0.7472	0.6320	0.6262	1.0095	1.0055
Movement		(11.3%)		(3.2%)		(8.3%)

The average exchange rates incurred in FY21 had an adverse effect on the reported results compared to those incurred during FY20. A one cent movement in the AUD/USD equates to a c$1.9m movement in service charges (revenue), the majority of which falls to the EBITDA line.

4.1.1 Adjustments to Statutory Results

The internal reporting that is regularly provided to the chief operating decision makers includes financial information prepared on both a statutory and underlying basis. It is considered important to include the financial information on an underlying basis as this reflects the ongoing or underlying activities of the Group and excludes items that are not expected to occur frequently and do not form part of the core activities of the Group.

Adjustments to the statutory EBITDA for FY21 have been made for:

- **Business acquisition costs** – costs incurred in the pursuit of acquisitions which have been completed, not ultimately pursued or are currently in progress.
- **New business establishment costs** – costs of establishing new offices.
- **Restructuring expenses** – costs of restructuring across the Group. In the current year these predominately related to the integration of Xenith IP and Baldwins businesses.
- **Share based payments** – accounting charges for the share-based incentive plans.
- **IT systems implementation costs** - one off costs associated with the implementation of new SaaS based general ledger and HRIS. This is new for FY21 following clarification of the treatment of upfront configuration and customisation costs incurred in implementing SaaS arrangements by the IFRS Interpretations Committee (IFRIC) . Previous treatment would be to capitalise these costs which would subsequently flow through the statement of profit & loss as amortisation.

4.2 Business model, strategy and outlook

4.2.1 Business model

IPH Limited is an intellectual property group operating a number of professional services businesses providing intellectual property services (“IP Services”). In FY21 it also operated the WiseTime business, an autonomous time-keeping software application.

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

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

4.2.2 Strategy

IPH vision, mission and values

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

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

- Excellence in service delivery to our clients
- Innovation in value creation
- Integrity in business practices

- Efficiency and effectiveness in operations
- Empowerment and engagement of our people

Value creating growth strategies

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

- Australian and New Zealand IP businesses
- Asia IP businesses
- Other secondary IP markets
- Adjacent to IP markets
- Business improvements and operations

Australian and New Zealand IP businesses

A key objective of all IPH's Australia and New Zealand businesses is to continue to organically grow the volume of filings, market share and revenue across all disciplines, and to invest in providing superior service to global customers consistent with the longstanding strength and reputation of its brands, AJ Park, Griffith Hack, Pizzeys, Shelston IP and Spruson & Ferguson.

IPH's Australia and New Zealand businesses are also an important part of the Asian growth strategy in that they are a valuable source of filings and revenue into IPH's Asian business. The successful acquisition of the Xenith IP businesses in August 2019 and subsequent integration provides an additional opportunity for professionals in these businesses to offer a pan-Asian filing solution to their clients.

Asian IP businesses

Asia has been a key part of the Group's strategy since the opening of the Singapore office in 1997. In recent years IPH has supported its Asian growth strategy with the opening of offices in Thailand and Indonesia and expanding into China and Hong Kong through the acquisition of Ella Cheong Hong Kong and Beijing (re-branded Spruson & Ferguson). The expansion provides a strong platform to extend the provision of IP services to new geographical areas for existing clients and an improved multi-country service offering for potential new clients. The key focus for IPH's Asian business is to leverage existing infrastructure for further organic growth. IPH will continue to assess potential organic and M&A opportunities in Asia as they arise.

Other secondary IP markets

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

Business improvements and operations

The Group will continue to focus on the optimisation of all IPH's businesses with a view to extract operational efficiencies and improve the quality of service for our clients.

4.2.3 FY22 priorities

IPH's strategic priorities include maintaining its leading positions in Australia, New Zealand and Singapore, and seeking to expand in other secondary market jurisdictions.

The completion of integration of Baldwins IP into AJ Park provides IPH with a strong opportunity to leverage its position in that market.

The Company will continue to build on its positive momentum in leveraging its Asian network to expand organic revenue opportunities and grow market share in high growth markets across the region.

As announced on 1 July 2021 the Company acquired Applied Marks Pty Ltd, a leading online automated trade mark application platform. This acquisition strengthens IPH's position in automated IP services and enhances its digital strategy.

IPH maintains a solid financial position with low gearing and consistent cash generation which enables the Company to continue to assess further growth options, including potential international acquisition opportunities in core secondary IP markets.

4.3 Risks

During FY21 the Company took steps to identify, assess and manage risks in accordance with its risk management framework. This section provides a summary of the material risks identified by the Company which may have an impact on the Company's ability to achieve its operational, financial and strategic targets and the Company's approach to the management of such risks.

Risk	Description	Management of risk
Strategic planning and implementation	The Company conducts its operations in a market that has undergone significant changes with the development of corporatised service providers, which the market continues to adjust to. This provides the Group with both opportunities and risks requiring development and communication of a clear strategic vision and objectives.	The Board is closely involved in identifying, reviewing and confirming strategic objectives and reviewing implementation, including assessing opportunities and risks, and in providing direction to management.
Competition and changing market conditions	The sectors in which the Company operates are subject to vigorous competition, based on factors including price, service, innovation and the ability to provide the customer with an appropriate range of IP services in a timely manner. Scope exists for market conditions to change over time reflecting economic, political or other circumstances.	Effective client service, comprising a high level of expertise at competitive prices delivered in a timely manner. The IPH Group continues to implement leading IT systems to support client services. Regular marketing visits or, where travel is not possible, virtual meetings or other forms of communication, to maintain and develop client relationships and understand potential changes in client needs, and internal and external pressures. IPH also provides a broad range of IP services and its operations are geographically widespread, reducing exposure to any one form of IP country or jurisdiction in which it operates.
Regulatory environment	The Company is subject to significant regulatory and legal oversight.	Senior executives ensure that all regulatory and legal issues affecting IPH's business are monitored and that any changes to the business operations necessary to comply with regulatory and legal changes are undertaken in a timely manner. Careful management and oversight of the Group's internal case management system. Compliance with a professional work approval process for outgoing work. The approval process is correlated to the complexity and level of potential risk associated with the work.

Risk	Description	Management of risk
Regulatory reforms	The Group's service offerings are subject to changes to government legislation, regulation and practices including particularly, if implemented, proposals to streamline multi-jurisdictional patent filing and examination processes.	The Company is proactive in any review or evaluation of regulations likely to affect its operations materially, and works with regulators or review authorities to ensure a clear understanding of facts and circumstances, and consideration of all stakeholder perspectives. The Company seeks to offer its services in a range of secondary markets. Many of these markets have less developed IP regulations and systems, and require translations into languages other than English, and are therefore less likely to be affected by such proposals if they were to be implemented than developed or primary markets. Other factors which help safeguard the Company's role are effective technology, excellent client service and efficient operations and the likely need for IP applicants to continue to be required to record a local address for service of documents with the local IP office for examination and prosecution purposes. The Company also continues to consider the development of revenue streams from adjacent markets.
Personnel	The Company depends on the talent and experience of its personnel. The loss of any key personnel, or a significant number of personnel generally may have an adverse effect on the Company including loss of knowledge and relationships. Employee costs represent a significant component of the Group's total cost base.	Retention practices including conducting regular employee surveys and implementing initiatives to improve the employee experience, appropriate remuneration, incentive programmes (both short and long term having regard to appropriate key performance indicators), retention awards, working environment and rewarding work. Learning and development programs are in place to attract, develop and build the capability of our workforce to meet our current and future needs of clients. Remove single point of failure by where practicable maintaining relationships with clients through multiple contact points. Dilute the dependency on personnel by providing value-add services through technology. Careful management of staff numbers and salary levels and consideration of resourcing requirements as the Company grows.
Disintermediation, adjacent service providers and third party aggregation	The Group acts as an intermediary agent between its clients and IP offices. The removal of intermediaries in the IP application and registration process would have an adverse impact on the Group. It is possible that third party service providers that currently only provide services with respect to limited aspects of IP protection may seek to extend their relationships with clients into other aspects of the provision of IP services that the Group currently services causing a diminution of relationships with clients. Third party aggregators, such as third parties offering IP provider "brokerage"-like services may have an adverse impact on the Group's relationships with clients	IPH's intermediary role is safeguarded by clients' reliance on the Group's expertise (both general IP expertise and local expertise) and regulatory barriers such as exclusive rights of patent attorneys to provide various IP related services and requirements for IP applicants to record a local address for service of documents with the local IP office. Other factors which help safeguard the Company's intermediary role are effective technology, excellent client service and efficient operations. The Company also seeks to offer its services in a range of secondary markets. Many of these markets have less developed IP regulations and systems and require translations into languages other than English and are therefore less likely to be affected by disintermediation or expansion by other providers. The "network effect" provided by the Group in bringing together a portfolio of member firms supported by leading infrastructure and providing services across multiple jurisdictions may reduce the risk of disintermediation and third party aggregation and may provide an opportunity for the Group to secure its own additional clients.
Case management and technology systems	The Group's internally customised systems represent an important part of its operations upon which the Group is reliant.	The Company has established business continuity plans and procedures and maintains system back up and maintenance processes. The Company conducts appropriate reviews of its information technology systems, operations and human resourcing, and its management of cyber risk. The Company continually invests in system enhancements and engages quality third party suppliers to assist with its systems development and maintenance. The Company's transition of its IT systems to offsite 'cloud-based' systems enables centralised oversight and standardisation of processes.

Risk	Description	Management of risk
		Standardisation, removal of technical debts and the introduction of IT change control stabilises the systems and improves reliability.
Technology disruption	The increasing use of electronic systems and processes and technology by regulatory authorities in some markets may provide opportunities for technology disruption in the industry.	The need for the Company's services is safeguarded by the reliance of target clients on the Group's expertise (both general IP expertise and local expertise) and regulatory barriers such as exclusive rights of patent attorneys to provide various IP related services, and requirements for IP applicants to record a local address for service of documents with the local IP office. Targeted acquisitions of new technologies also increase the services offered by the Group. Other factors which help safeguard the Company against technology disruption include its own investment in and awareness of effective technology development, and in efficiency in operations. The Company also seeks to offer its services in a range of secondary markets. Many of these markets have less developed IP regulations and electronic systems, are less advanced technologically and require technical translations into languages other than English.
Foreign exchange risk	The Group's financial reports are prepared in Australian dollars. However, a substantial proportion of the Group's sales revenue, expenditure and cash flows are generated in, and assets and liabilities are denominated in US dollars, Euros and Singapore dollars.	The Company monitors the foreign currency exposures that arise from its foreign currency revenue, expenditure and cash flows and from the foreign currency assets and liabilities held on its balance sheet. The Company undertakes regular sensitivity analyses of these exposures. The Company has foreign currency hedging facilities available as part of its bank facilities and has engaged in appropriate use of foreign currency denominated finance facilities to reduce exposure. The Chief Financial Officer regularly reports to the Board in respect of the Company's foreign currency exposures. The Board reviews its hedging policy in respect of the foreign currency exposures from time to time. Currently the Group does not directly hedge against its foreign currency exchange risk.
Conflict of duties	Australian and New Zealand patent and trademark attorneys are required to abide by the Code of Conduct for Trans-Tasman Patent and Trade Marks Attorneys 2018 (Code of Conduct) that requires them to act in accordance with the law, in the best interests of their client, in the public interest, and in the interests of the registered attorney's profession as a whole. There may be circumstances in with the Company is required to act in accordance with these duties contrary to other corporate responsibilities and against the interests of shareholders and the short term profitability of IPH. An amendment to the Code of Conduct may affect the manner in which the Group conducts its activities, particularly with the expansion of the Group to include additional member firms.	The Company has been proactive in any review or evaluation of regulations likely to affect its operations materially and works with regulators or review authorities to ensure a clear understanding of facts and circumstances, and consideration of all stakeholder perspectives. The Company has sought detailed advice on issues of conflict of interest and compliance with related professional obligations. The Company actively assists its member firms to implement appropriate processes and procedures for compliance, including relevant professional standards bodies' Codes of Conduct and Professional Rules.
Professional liability and uninsured risks	The provision of patent and trademark services and legal services by the Company gives rise to the risk of potential liability for negligence or other similar client or third party claims.	The Company maintains file management processes which are highly automated, safeguarded, controlled and regularly reviewed. The Company has comprehensive quality assurance processes to ensure appropriate standards of professional work are maintained. The Group has in place a comprehensive insurance programme which includes professional indemnity insurance. To support its professional indemnity insurance arrangements, the Group has internal processes to ensure timely notification to the underwriters of any potential claim arising from its business activities.

Risk	Description	Management of risk
Acquisitions	The Company's growth strategy may include the acquisition of other IP businesses. Risks arise in ensuring that potential acquisitions are appropriately selected and issues affecting the value of individual acquisitions are identified and reflected in the purchase considerations.	The Company assesses potential acquisition opportunities against the Company's strategic objectives, values and culture. Where an appropriate potential acquisition is identified the Company undertakes an extensive due diligence process and, where appropriate, engages competent professional experts to assist with the due diligence process and appropriate documentation of the transaction. The Company's Board is involved in the review of, and approves, all corporate acquisitions.
Integration of acquired businesses	Following the acquisition of new businesses, risks arise in ensuring the acquired business is properly integrated into the IPH Group, that people and culture issues that may arise are addressed, key staff retained and value maintained.	The Company seeks to identify potential post-acquisition risks when assessing potential acquisitions including for cultural fit and matching of expectations, and to mitigate such risks by appropriate transaction and post-acquisition management structures. Steps are taken following acquisition to review and ensure appropriate on-boarding of new acquisitions with IPH governance, policies, processes and practices and levels of financial control and reporting, and to integrate Company and Group approaches to retention of key staff and utilisation of appropriate information technology platforms. The integration of new acquisitions is regularly reviewed by the Company's Board and relevant Board Committees.
Management of an expanded group	With the expansion of the Group to include new businesses with multiple offices and across multiple jurisdictions risk may arise with respect to ensuring the appropriate structuring and resourcing of key management and shared services functions and appropriate reporting and oversight of Group operations.	As the Group expands, with the oversight of the Board, the Company reviews and adapts existing management structures to ensure appropriate oversight, reporting requirements, support and resourcing is in place, and that the Company is attracting, retaining and motivating appropriate skilled personnel.
Global or regional economic, health or physical events	Risk may arise as a result of global or regional events in the nature of natural disasters or other physical events, global or regional health events, including the global Covid-19 Pandemic, or global or regional economic shocks which may impact on the level of demand for IP services by clients and their ability to provide or confirm instructions, the capability and timing for IP regulatory authorities to accept, review and progress the prosecution of IP rights, and the ability of the Group to provide its services.	The nature of the Group's customer base means that it receives revenue from a large number of customers located in a range of jurisdictions such that no one customer accounts for more than a small percentage of the overall revenue of the Group. Further much of the demand for patent related services arises from research and development programmes conducted over longer periods that are likely to be less susceptible to economic impacts in the short term. The IP prosecution process also generally extends over longer timeframes and is usually subject to certain fixed milestone steps which are known in advance and required to be met to preserve rights, providing a degree of protection against short term decisions to cease or delay prosecution. The Company has established business continuity plans and procedures. The Company's transition of its IT systems to offsite 'cloud-based' systems enables remote conduct of its business by employees, where required. Similarly, the ability of many customers and IP offices to continue their core operations in a remote environment facilitates ongoing provision of instructions and responses. As part of its COVID-19 pandemic, response the Company has implemented comprehensive COVID-19 response and safety plans across all offices to ensure the ongoing safety and wellbeing of our people, our clients and our communities. Member firms have implemented a range of initiatives to ensure continued connectivity and interaction with their clients, and the Company and member firms monitor the impact of the pandemic on business activity so that appropriate responses can be implemented.

5. Remuneration report (audited)

Introduction from the Nominations and Remuneration Committee Chair

Dear Shareholders,

On behalf of the Board, I am pleased to present the Remuneration Report for the 2021 financial year.

Last year's Remuneration Report supplied significant detail as to the evolution of the group's remuneration strategy since listing which resulted in the alignment of the CEO's remuneration in line with market as well as that of the Chairman and Non-executive directors. This historical context has not been repeated this year.

As foreshadowed in our last Annual Report, in light of the uncertain global outlook, annual pay reviews were delayed for key management personnel (KMP) including the IPH Executive in FY21 (with the exception of promotions and addressing anomalies). In January 2021 it was decided that FY21 KMP remuneration would remain at FY20 levels. For FY22, executive KMP fixed remuneration has increased by 2.0%, in addition to the increase in the Superannuation Guarantee cap. Pay review decisions for the KMP were informed by external benchmarking conducted by third party remuneration consultants which will be detailed later in the report.

Despite the impact of FX headwinds on reported results, and the lingering impact of Covid-19 the Group exceeded its budgeted EBITDA target for STIP purposes on a constant currency basis. Pleasingly, the Group's three year EPS CAGR exceeded 9% resulting in an LTIP payout of the FY19 grant of approximately 63%.

Additions to the FY21 Remuneration Report

During the year I have had the opportunity to meet with shareholders and proxy advisors to receive their feedback on remuneration matters and seek to address any issues arising from the FY20 report, where appropriate. The following matters raised have been addressed in the body of the report:

- Inclusion of EBITDA targets on a retrospective basis for KMP STI metrics and outcomes; and
- further information on the award of STIP based upon non-financial KPIs for the KMP.

As the Company continues to grow and mature, we will continue to review the remuneration framework and settings for all executives and professional staff, including KMP, to ensure its ability to attract, motivate and retain the talent necessary to run the business, and simultaneously drive behaviour that aligns with the creation of sustainable shareholder value.

We look forward to your support and welcome your feedback on our Remuneration Report.

Yours sincerely,

John Atkin
Nominations and Remuneration Committee Chair

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

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

The Remuneration Report is set out under the following main topics:

- Overview of Executive Remuneration Framework and Guiding Principles
- Overview of Executive Remuneration
- 2021 Remuneration Outcomes
- Overview of Non-Executive Director Remuneration
- Details of Remuneration of Key Management Personnel
- Service Agreements
- Additional Disclosures Relating to Key Management Personnel

5.1 Overview of Executive Remuneration Framework and Guiding Principles

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

- competitiveness, fairness and reasonableness;
- acceptability to shareholders and other stakeholders;
- performance linkage and alignment of executive compensation with remuneration provided across the Group; and
- transparency.

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

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

a) Alignment to shareholders' interests:

- focuses on sustained growth in earnings per share as well as focusing the executive on key non-financial drivers of value; and
- attracts and retains high calibre executives.

b) Alignment to participants' interests:

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

Aon Hewitt was engaged by the NRC to provide remuneration advice and other valuation services in relation to the KMP, but did not provide the NRC with remuneration recommendations as defined under Division 1, Part 1.2, 9B(1) of the Corporations Act 2001 (Cth). The Board was satisfied that advice received was free from any undue influence by KMP to whom the advice may relate because strict protocols were observed and complied with regarding any interaction between Aon Hewitt and management, and because all remuneration advice was provided to the NRC Chair.

5.2 Overview of Executive Remuneration

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

The executive remuneration and reward framework for executive KMP for FY21 had the following components:

- base salary, short and long-term incentives and non-monetary benefits; and
- other remuneration such as superannuation and long service leave.

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

In broad terms, fixed remuneration is set at or above median market levels compared to peers with similar revenues and market capitalisation, while the short-term at-risk component is set at below median levels. The Board believes that the "at-risk" component should be weighted towards long-term incentives, to align with long-term value creation for shareholders.

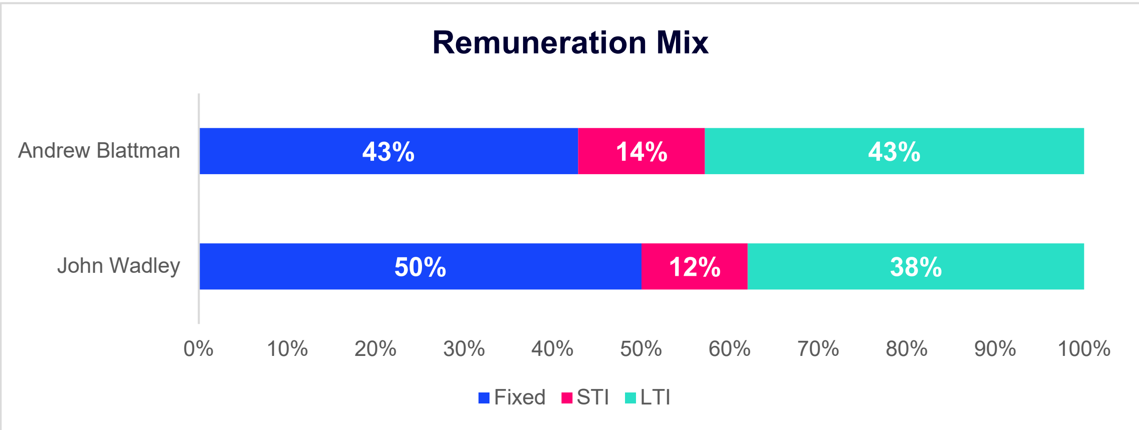
Fixed Remuneration

Fixed remuneration, consisting of base salary, superannuation and non-monetary benefits, are reviewed annually by the NRC, based on individual performance, the overall performance of the Group and comparable market remuneration. Executives may receive their fixed remuneration in the form of cash or other fringe benefits (for example, motor vehicle benefits) where it does not create any additional costs to the Group and provides additional value to the executive.

In light of the uncertain global outlook and with reference to external benchmarking, KMP remuneration remained at FY20 levels in FY21. For FY22, the Board reviewed the CEO's remuneration against available remuneration benchmarks for like businesses and roles provided by Aon Hewitt. The Board has also considered the composition of remuneration in terms of the mix of fixed, and short and long-term at-risk incentives. Following such review, the Directors increased the KMP's fixed remuneration by 2.0%, in addition to the Superannuation Guarantee cap.

Variable Remuneration

Short and long-term incentives remained at 33% for the CEO and 25% for the CFO, with a stronger focus on alignment through the long-term incentives at 100% for the CEO and 75% for the CFO. Incentives continue to be reviewed annually by the NRC. The mix of remuneration is illustrated below:



Long term incentive

Under the long-term incentive plan, the CEO and CFO are issued Performance Rights which entitle the holder at the Vesting Date to an equivalent number of Shares subject to satisfying defined vesting conditions.

Performance Rights will vest on the Vesting Date subject to the Company's achievement of a minimum compound annual growth rate (CAGR) in Earnings Per Share over the Performance Period. EPS performance will be assessed on the basis of the Company's EPS performance during the relevant Performance Period compared to the EPS targets for that period as determined by the Board.

The Board will determine a target for EPS for the Performance Period (EPS Target) and a minimum target for EPS for the Performance Period (Minimum EPS Target) prior to any issue from year to year. For vesting to occur, EPS for the Performance Period must be at least equal to the Minimum EPS Target.

In the prior year, the Board had reviewed the Long-Term Incentive (LTI) Earnings Per Share (EPS) targets, taking into account shareholder feedback and appropriate levels of growth for IPH to pursue in the markets in which the Group operates. As a result, the LTI targets for the KMP as outlined below were re-calibrated to align with internal objectives and external expectations whilst maintaining an appropriate level of stretch.

The Board also considered in the past the possible inclusion of an additional performance conditions based on alternative measures including those based upon capital returns however assessed they were not appropriate for inclusion. The Board will ensure that management continues to apply a disciplined approach to investing the Group's capital when evaluating acquisitions and other investment opportunities.

The table below outlines how Performance Rights issued in calendar 2021 (the FY22 Plan) will vest based on the Company's EPS performance over the Performance Period (measured by calculating the CAGR between EPS for FY21 and EPS for FY24.

EPS in FY24	Percentage of Performance Rights that Vest
Less than 5% CAGR in EPS over the Performance Period	Nil vesting
Equal to 5% CAGR in EPS over the Performance Period	25% vesting
CAGR in EPS greater than 5%, up to and including 12.5% CAGR in EPS over the Performance Period	Pro-rated vesting on a straight-line basis
At or above 12.5% CAGR in EPS over the Performance Period	100% vesting

Dividends will not be paid on Performance Rights.

5.3 2021 Remuneration Outcomes

The Group aims to align its Executive remuneration to its strategic objectives and the consequences on shareholder's financial wealth. The evolution of the Group's remuneration policy aligns with the growth in the business in the last five financial years as summarised below:

	2017	2018	2019	**2020**	**2021**
NPAT ('000)	42,893	40,673	53,112	54,752	53,600
EPS (cents per share)	22.5	20.8	26.9	25.9	24.8
Underlying EPS (cents per share)	26.7	26.4	31.7	36.6	35.0
Dividends Paid ('000)	40,924	42,823	51,360	61,015	62,432
Total Dividends (cents per share)	22.0	22.5	25.0	28.5	29.5
Share Price (30 June closing price)	$4.80	$4.45	$7.46	$7.46	$7.80
Return of Capital ('000)	-	2,727	-	-	-

2021 STIP Outcomes – Summary of plan design

Financial KPI – The KMP (maximum 50% of STIP Opportunity) have the attainment of the Group Underlying EBITDA budget (on an FX adjusted or constant currency basis) as their financial target. Group Underlying EBITDA was selected as it is the most common measure used to assess the group's financial performance.

Strategic KPI's – The KMP (maximum 50% of STIP Opportunity) have the attainment of a number individual objectives in line with the Board approved strategy of:

- Consolidation of acquisitions; organic growth; and growth step-outs. (30%)
- People and culture (20%)

2021 STIP Outcomes – Performance commentary

The Group achieved an Underlying EBITDA of $124.3M despite FX headwinds. The average AUD/USD rate in FY21 was 0.747c versus a rate of 0.671c in the prior year. A 1c movement in this rate impacts service charges by approximately $1.9M on an annualised basis.

This outcome included the acquisitive impact of the Baldwins IP business in NZ and continued strong organic EBITDA growth from the Asian and ANZ businesses. Dividends to shareholders increased by 3.5%.

Financial KPI

The financial KPI is calculated on a constant currency basis and has a base, target and a stretch, as outlined in the table below.

Achievement	Payout Ratio
97.5%	50%
100%	75%
102.5%	100%

The purpose of a constant currency calculation is to remove the impact of the difference between actual exchange rates incurred and the budgeted rate. The key exposure of the Group is to the USD. The budgeted AUD:USD for FY21 was 0.70c. The actual average rate incurred was 74.7c.

The table below outlines the calculation of the constant currency EBITDA for comparison to budget EBITDA:

- the base is the "underlying" EBITDA;
- the first adjustment removes FX gains and losses recorded in the financial accounts while the second reflects the difference in exchange rates at which revenue and expense items were recorded versus the budgeted rate; and
- this is then compared to the Group budget which was adjusted to allow for the acquisitive impact of Baldwins in the current financial year.

Reported Group Underlying EBITDA	124.3
Accounting FX adjustment	0.2
Budgetary FX adjustment	10.7
Constant Currency Underlying EBITDA	135.2
IPH Group EBITDA Budget	**130.9**
Financial KPI Budget Achievement	**103.3%**

Strategic KPI

An award was made to each executive KMP member on the basis of their achievement of individual objectives inline with the Board approved strategic objectives of: consolidating acquisitions; organic growth; and growth step outs (acquisitive growth), as well as People and Culture. The CEO and CFO were awarded 90% and 80% respectively of their STIP potential amount related to the Strategic KPI. Notable progress included:

Consolidating acquisitions – The acquisition of Baldwins IP and integration into a single AJ Park brand has given the Group greater scale in the New Zealand market and a stronger platform for referrals into Asia. Cost synergies were achieved as a result of the consolidation of this business.

Organic growth – The Group maintained organic growth in Asia, even with long periods of lockdown and closure of patent agents. This was due to the growth in filings in China, as well as further case inflow through the network effect of files directed by IPH entities.

Growth step-outs – On 1 July 2021 the group announced the acquisition of Applied Marks Pty Limited. This acquisition will accelerate its digital enablement strategy and strengthen its position in the local Australian trademarks services market. The Company continues to evaluate potential acquisition opportunities in international secondary markets.

People and Culture - In 2021, the KMP were assessed as having met the majority of the people and culture key performance indicators. This included the emphasis on building capability with the roll out of the leadership excellence programs, more robust approach to driving employee engagement and movement towards driving greater organisational performance through the improvements in key performance indicator setting and monitoring. The restructuring of the shared services teams has also enabled an enterprise wide approach to drive efficiency and accountability across the IPH network.

2021 STIP Outcomes – Individual KMP outcome

	2021			**2020**		
Executive	STI Forgone %	STI Paid (%)	STI Payment ($)	STI Forgone %	STI Paid (%)	STI Payment ($)
Andrew Blattman	5	95	391,875	30	70	288,750
John Wadley	10	90	135,000	22	78	117,000

2019 LTIP Grant Outcomes – tested at the conclusion of the 2021 financial year

The performance period for the 2019 LTIP commenced on 1 July 2018 and concluded on 30 June 2021. Performance was assessed at the end of the 2021 financial year and as a result of performance over the period, there was a partial vesting.

In 2019, the NRC reviewed the definition of earnings which is used in the calculation of earnings per share. The LTIP issues made in 2018 and 2019 used a “cash-adjusted” earnings measure. The Committee felt the use of this third measure (in addition to the established statutory and underlying measures) had the potential to create confusion. Therefore, it was decided to re-calculate the targets based upon an underlying earnings measure consistent with that adopted for market reporting.

This had the effect of increasing the maximum EPS target for the 2019 issue from 37.9 cents per share to 40.2 cents per share. This new methodology was approved before the 2020 issue and thus no change was required to that issue.

In determining the calculation of the Underlying EPS, adjustments are made to statutory profit after tax. The outcome for FY21 is as follows:

Statutory Net Profit after tax ($M)	**53.6**
Net amount of non-cash amortisation expenses of acquired intangibles	15.3
Net amount of non-cash share based payments as part of the share incentive plan	2.1
Net amount of adjustment to statutory results as disclosed in the Operational and Financial Review	5.2
Underlying Net Profit after tax	**76.2**
Underlying EPS (cents per share)	**35.0**

Grant	Performance Period	Measure	Minimum	Maximum	Performance Achieved
2019	1 July 18 – 30 June 21	Underlying EPS CAGR	7%	15%	9.9% per annum

On the basis of the underlying EPS achieved, the CAGR equated to 9.9%, which led to a pay-out of 63% of the maximum award. The basis for calculation of the proportion of the award is detailed in note 33 of the financial statements

Executive	Maximum Award[1] ($)	Rights	% Vested	% Forfeited	Vested ($)[2]	Expensed ($)[3]
Andrew Blattman	$900,000	198,676	63	37	$979,391	$555,694
John Wadley	$270,000	59,603	63	37	$293,818	$166,709

1. Maximum remuneration attributable to rights
2. Value of shares vesting at 30 June 2021 share price
3. Expensed in the IPH Group P&L account over the life of the award

5.4 Overview of Non-Executive Director Remuneration

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

The Chairman's fees are determined independently from the fees of other non-executive Directors based on comparative roles in the external market. Non-executive Directors do not receive share options or other incentives and their remuneration must not include a commission on, or a percentage of, operating revenue.

Non-executive Director fees paid (Directors' fees and committee fees) (inclusive of superannuation) for the year ended 30 June 2021 are summarised as follows:

Name - Position	FY2021 Fees
Richard Grellman AM - Chairman	330,000
John Atkin - Director	165,000
Robin Low - Director	165,000
Jingmin Qian - Director	165,000
	825,000

The non-executive Directors are not entitled to participate in any employee incentive scheme (including the LTIP).

Directors may also be reimbursed for expenses reasonably incurred in attending to the Company's affairs.

5.5 Details of Remuneration of Key Management Personnel

Amounts of remuneration

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

- Richard Grellman, AM – Non-executive Chairman
- Andrew Blattman – Managing Director and Chief Executive Officer
- John Atkin – Non-executive Director
- Robin Low – Non-executive Director
- Jingmin Qian – Non-executive Director

and the following persons:

- John Wadley – Chief Financial Officer

		Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	
Non-executive Directors		**Cash salary and fees** $	**Cash bonus** $	**Non-Monetary[1]** $	**Super annuation** $	**Employee Leave[2]** $	**Equity-Settled[3]** $	**Total** $
Richard Grellman	2021	301,644	-	-	28,356	-	-	330,000
	2020	304,660	-	-	25,340	-	-	330,000
John Atkin	2021	150,685	-	-	14,315	-	-	165,000
	2020	150,685	-	-	14,315	-	-	165,000
Robin Low	2021	150,685	-	-	14,315	-	-	165,000
	2020	150,685	-	-	14,315	-	-	165,000
Jingmin Qian	2021	150,685	-	-	14,315	-	-	165,000
	2020	150,685	-	-	14,315	-	-	165,000
Executive Directors:								
Andrew Blattman	2021	1,228,945	391,875	66,171	28,755	23,861	709,307	2,448,914
	2020	1,228,997	288,750	9,272	27,889	129,347	763,344	2,447,599
Other Key Management Personnel:								
John Wadley	2021	578,945	135,000	35,711	22,446	35,684	255,315	1,063,101
	2020	589,325	117,000	(10,204)	21,725	-	253,522	971,368

1. Non-monetary benefits represent the movement in the accrued annual leave balance during the year
2. Employee Leave balances represent the movement in accrued long service leave balances during the year.
3. Accounting charge based on the fair value of the award at date of grant. Total number of rights are included in the performance rights holding table at the end of this report.

5.6 Service Agreements

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

Dr Andrew Blattman, Managing Director and Chief Executive Officer.

- Remuneration package (inclusive of superannuation) for the year ended 30 June 2021 of $1,250,000. Annual superior performance bonus of up to 33% of remuneration and a long-term incentive opportunity of 100% of remuneration.
- Remuneration package (inclusive of superannuation) for the year ended 30 June 2022 of $1,277,000. Annual superior performance bonus of up to 33% of remuneration and a long-term incentive opportunity of 100% of remuneration.

John Wadley, Chief Financial Officer.

- Remuneration package (inclusive of superannuation) for the year ended 30 June 2021 of $600,000. Annual superior performance bonus of up to 25% of remuneration and a long-term incentive opportunity of 75% of remuneration.
- Remuneration package (inclusive of superannuation) for the year ended 30 June 2022 of $614,000. Annual superior performance bonus of up to 25% of remuneration and a long-term incentive opportunity of 75% of remuneration.

Executive KMP may terminate their employment contract by giving six months' notice in writing. Contracts may be terminated by the Company with six months' notice. In the event of serious misconduct or other specific circumstances warranting summary dismissal, the Company may terminate the employment contract immediately and without notice or payment in lieu of notice. Upon termination of the employment contract, the KMP will be subject to a restraint of trade period of 12 months throughout Australia, New Zealand and Singapore. The enforceability of the restraint is subject to all usual legal requirements. KMP have no entitlement to termination payments in the event of removal for misconduct. Andrew Blattman receives five weeks annual leave.

5.7 Additional Disclosures Relating to Key Management Personnel

The following disclosures relate only to equity instruments in the Company or its subsidiaries.

Shareholding

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

30 June 2021	Balance at the start of the year	Additions	Disposals	Balance at the end of the year
Ordinary shares				
Richard Grellman	51,773	2,335	-	54,108
Andrew Blattman	2,206,166	117,585	-	2,323,751
John Atkin	115,829	5,224	-	121,053
Robin Low	74,214	-	-	74,214
Jingmin Qian	-	-	-	-
John Wadley	413	35,752	-	36,165
	2,448,395	160,896	-	2,609,291

30 June 2020	Balance at the start of the year	Additions	Disposals	Balance at the end of the year
Ordinary shares				
Richard Grellman	71,449	1,773	(21,449)	51,773
Andrew Blattman	2,506,166	-	(300,000)	2,206,166
John Atkin	115,829	-	-	115,829
Robin Low	74,214	-	-	74,214
Jingmin Qian	-	-	-	-
John Wadley	401	12	-	413
	2,768,059	1,785	(321,449)	2,448,395

Option holding

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

Performance rights holding

The number of performance rights issued to KMPs is set out below:

Executive	Plan[1]	Balance at Start of Year	Granted During Year	Vested		Forfeited		FY21 Expense[3]	Unvested at end of year	Future P&L Expense
				No	%[2]	No	%			
Andrew Blattman	2018	117,585	-	(117,585)	75	-	-	31,383	-	-
	2019	198,676	-	-	-	(73,113)	37	(30,749)	125,563	31,942
	2020	175,809	-	-	-	-	-	407,501	175,809	477,836
	2021	-	163,613	-	-	-	-	301,172	163,613	654,328
John Wadley	2018	35,276	-	(35,276)	75	-	-	9,415	-	-
	2019	59,603	-	-	-	(21,934)	37	(9,225)	37,669	9,583
	2020	63,292	-	-	-	-	-	146,702	63,292	172,023
	2021	-	58,901	-	-	-	-	108,423	58,901	235,559
		650,241	222,514	(152,861)	-	(95,047)	-	964,622	624,847	1,581,271

1. Financial year in which the award is granted.

2. % of maximum award

3. Expense for the 2019 award includes an adjustment for the forfeited award expensed in prior years.

This concludes the remuneration report, which has been audited.

6. Shares under performance rights

Details of unissued shares or interests under performance rights across all incentive plans of the Group at the date of this report are:

Issuing Entity	Type	Number of Shares	Class	Exercise Price	Expiry Date
IPH Limited	Performance	1,487,461	Ordinary	0.00	Up to Sept 2023

7. Shares under option

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

8. Dividends

Dividends paid during the financial year were as follows:

Final dividend of 15.0 cents per share for the year ended 30 June 2020, paid on 18 September 2020 (100% Franked) (A$'000s)	32,159
Interim dividend of 14.0 cents per share for the year ended 30 June 2021, paid on 19 March 2021 (50% Franked) (A$'000s)	30,273

9. Significant changes in the state of affairs

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

10. Matters subsequent to the end of the financial year

On 1 July 2021 IPH Ltd completed the acquisition of Applied Marks Pty Ltd for upfront consideration of $5m with a potential further $2.1m in the form of ordinary shares escrowed for 2 years, subject to performance requirements.

11. Environmental regulation

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

12. Indemnity and insurance of officers

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

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

13. Indemnity and insurance of auditor

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

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

14. Proceedings on behalf of the Company

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

15. Non-audit services

Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in note 24 to the financial statements.

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

The Directors are of the opinion that the services as disclosed in note 24 to the financial statements do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:

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

16. Officers of the Company who are former partners of Deloitte Touche Tohmatsu

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

17. Rounding of amounts

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

18. Auditor's independence declaration

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

19. Auditor

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

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

Dr Andrew Blattman
CEO and Managing Director

19 August 2021
Sydney

Auditor's Independence Declaration

Deloitte Touche Tohmatsu
ABN 74 490 121 060

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Sydney NSW 2000

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www.deloitte.com.au

19 August 2021

The Board of Directors
IPH Limited
Level 24, Tower 2, Darling Park
201 Sussex, Sydney

Dear Board Members

Auditor's Independence Declaration to IPH Limited

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

As lead audit partner for the audit of the financial report of IPH Limited for the year ended 30 June 2021, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- The auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- Any applicable code of professional conduct in relation to the audit.

Yours faithfully

DELOITTE TOUCHE TOHMATSU

H Fortescue
Partner
Chartered Accountants

Financial **Statements**

Statement of Profit or Loss and Other Comprehensive Income

		Consolidated	
	Note	30 June 2021	30 June 2020
		$'000	$'000
Revenue	5	359,684	365,674
Other income	6	3,830	4,485
Expenses			
Employee benefits expense		(115,124)	(115,462)
Agent fee expenses		(104,493)	(105,590)
Amortisation of acquired intangibles	7	(21,607)	(19,616)
Depreciation of right-of-use assets	7	(8,588)	(9,624)
Depreciation and amortisation of fixed assets and intangibles	7	(7,275)	(5,241)
Insurance expenses		(2,265)	(2,500)
Travel expenses		(358)	(1,910)
Occupancy expenses		(1,981)	(1,713)
Other expenses	7	(25,967)	(29,686)
Finance costs	7	(5,977)	(7,125)
Profit before income tax expense		**69,879**	**71,692**
Income tax expense	8	(16,279)	(16,940)
Profit after income tax expense for the year		**53,600**	**54,752**
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation		(5,301)	(516)
Fair value loss on hedging instruments		282	(542)
Items that will not be reclassified subsequently to profit or loss			
Fair value gain on investment in equity instruments		-	855
Other comprehensive income for the year, net of tax		(5,019)	(203)
Total comprehensive income for the year		**48,581**	**54,549**
Profit for the year is attributable to:			
Owners of IPH Limited		53,600	54,752
		53,600	**54,752**
Total comprehensive income for the year is attributable to:			
Owners of IPH Limited		48,581	54,549
		48,581	**54,549**
Earnings per share			
From continuing operations			
Basic earnings (cents per share)	32	24.80	25.85
Diluted earnings (cents per share)	32	24.74	25.76

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

Statement of Financial Position

		Consolidated	
	Note	30 June 2021	30 June 2020
		$'000	$'000
Current assets			
Cash and cash equivalents	9	71,152	82,910
Trade and other receivables	10	83,366	89,132
Contract assets		6,329	4,763
Other assets	11	4,045	4,254
Total current assets		**164,892**	**181,059**
Non-current assets			
Property, plant and equipment	12(a)	10,178	13,273
Right-of-use assets	12(b)	30,639	38,808
Intangibles	12(c)	468,088	483,259
Deferred tax	13	34	103
Other assets		856	-
Total non-current assets		**509,795**	**535,443**
Total assets		**674,687**	**716,502**
Current liabilities			
Trade and other payables	14	24,021	24,733
Income tax payable		2,631	3,270
Provisions	15	21,821	19,160
Interest bearing lease liabilities	12(b)	10,012	11,076
Other financial liabilities		200	200
Contract liabilities		1,972	1,803
Total current liabilities		**60,657**	**60,242**
Non-current liabilities			
Borrowings	16	116,159	151,238
Deferred tax	13	36,300	37,791
Interest bearing lease liabilities	12(b)	33,223	42,587
Other financial liabilities	22	503	774
Provisions	17	1,053	1,208
Total non-current liabilities		**187,238**	**233,598**
Total liabilities		**247,895**	**293,840**
Net assets		**426,792**	**422,662**
Equity			
Issued capital	18	417,079	402,149
Reserves	19	(1,500)	468
Retained profits	20	11,213	20,045
Total equity attributable to owners of IPH Limited		**426,792**	**422,662**

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

Statement of Changes in Equity

	Issued Capital	Foreign Currency Translation Reserve	Minority Interest Acquisition Reserve	Equity Settled Employee Benefits Reserve	Other Reserve	Retained Profits	Total equity
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Balance at 1 July 2019	**262,763**	**3,858**	**(14,814)**	**4,453**	**4,478**	**24,012**	**284,750**
AASB 16 transitional impact on retained earnings	-	-	-	-	-	(2,183)	(2,183)
Adjusted opening balance at 1 July 2019	**262,763**	**3,858**	**(14,814)**	**4,453**	**4,478**	**21,829**	**282,567**
Profit after income tax expense for the year	-	-	-	-	-	54,752	54,752
Effect of foreign exchange differences	-	(516)	-	-	-	-	(516)
Fair value gain on investment in equity instruments designated at FVTOCI	-	-	-	-	855	-	855
Hedge revaluation (note 22)	-	-	-	-	(542)	-	(542)
Total comprehensive income for the year	**-**	**(516)**	**-**	**-**	**313**	**54,752**	**54,549**
Transactions with owners in their capacity as owners:							
Issue of ordinary shares as consideration for a business combination, net of transaction costs	130,730	-	-	-	-	-	130,730
Dividend Reinvestment Plan (note 21)	8,656	-	-	-	-	-	8,656
Share-based payments charge	-	-	-	2,696	-	-	2,696
Dividends paid (note 21)	-	-	-	-	-	(56,536)	(56,536)
Balance at 30 June 2020	**402,149**	**3,342**	**(14,814)**	**7,149**	**4,791**	**20,045**	**422,662**
Balance at 1 July 2020	**402,149**	**3,342**	**(14,814)**	**7,149**	**4,791**	**20,045**	**422,662**
Profit after income tax expense for the year	-	-	-	-	-	53,600	53,600
Effect of foreign exchange differences	-	(5,301)	-	-	-	-	(5,301)
Hedge revaluation (note 22)	-	-	-	-	282	-	282
Total comprehensive income for the year	**-**	**(5,301)**	**-**	**-**	**282**	**53,600**	**48,581**
Transactions with owners in their capacity as owners:							
Issue of ordinary shares as consideration for a business combination, net of transaction costs (note 28)	2,447	-	-	-	-	-	2,447
Dividend Reinvestment Plan (note 21)	12,483	-	-	-	-	-	12,483
Share-based payments charge	-	-	-	3,051	-	-	3,051
Dividends paid (note 21)	-	-	-	-	-	(62,432)	(62,432)
Balance at 30 June 2021	**417,079**	**(1,959)**	**(14,814)**	**10,200**	**5,073**	**11,213**	**426,792**

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

Statement of Cashflows

	Note	Consolidated 30 June 2021 $'000	30 June 2020 $'000
Cash flows from operating activities			
Receipts from customers		404,664	413,835
Payments to suppliers and employees		(285,672)	(288,793)
Interest received	6	60	75
Interest and other finance costs paid	7	(5,977)	(7,125)
Income taxes paid		(20,426)	(30,442)
Net cash from operating activities	**31**	**92,649**	**87,550**
Cash flows from investing activities			
Payments for purchase of subsidiaries, net of cash acquired	28	(4,659)	(40,324)
Payments for property, plant and equipment	12(a)	(1,814)	(2,117)
Payments for internally developed software	12(c)	(4,364)	(3,046)
Net cash used in investing activities		**(10,837)**	**(45,487)**
Cash flows from financing activities			
Dividends paid	21	(49,949)	(47,880)
Proceeds of borrowings		116,159	90,183
Repayment of borrowings		(148,601)	(26,107)
Payment of lease liabilities		(11,162)	(9,630)
Net cash (used in)/from financing activities		**(93,553)**	**6,566**
Net (decrease)/increase in cash and cash equivalents		(11,741)	48,629
Cash and cash equivalents at the beginning of the financial year		82,910	35,263
Effects of exchange rate changes on cash and cash equivalents		(17)	(982)
Cash and cash equivalents at the end of the financial year	**9**	**71,152**	**82,910**

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

Note 1. General information

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

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

Level 24, Darling Park Tower 2, 201 Sussex Street, Sydney NSW 2000

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

The financial statements were authorised for issue, in accordance with a resolution of Directors, on 19 August 2021.

Note 2. Significant accounting policies

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

New, revised or amending Accounting Standards and Interpretations adopted

The Group has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Group.

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

Statement of compliance

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Basis of preparation

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

Critical accounting estimates

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

Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the Group only. Supplementary information about the parent entity is disclosed in note 27.

Principles of consolidation

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

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

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

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

Foreign currency translation

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

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

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

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

- exchange differences on transactions entered into in order to hedge certain foreign currency risks which are recognised in reserves; and
- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on repayment.

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

- Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used;
- Assets and liabilities for each Statement of Financial Position presented are translated at the closing rate at the balance date; and
- All resulting exchange differences are recognised in other comprehensive income, in the foreign currency translation reserve.

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

Revenue recognition

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

The Group provides professional services in relation to the protection, commercialisation, enforcement and management of all forms of intellectual property. Delivery of these services represent performance obligations. Upon completion of each performance obligation, which is satisfied at a point in time, the Group is entitled to payment for the services performed. Fees for completion of each performance obligation are determined by reference to a scale of charges and revenue is recognised.

Other revenue, including commission revenue, is recognised when it is received or when the right to receive payment is established.

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

Other Income

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

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably. Interest income is recognised on an accruals basis.

Government Grants

Grants from governments are recognised at their fair value where there is reasonable assurance that the grant will be received and the Group will comply with any specified requirements. All government grants are recognised in the Statement of Profit or Loss and Other Comprehensive Income on a systematic basis over the periods in which the Group recognises the related costs.

Contract assets

Contract assets represent costs incurred and profit recognised on client assignments and services that are in progress at balance date. Contract assets are valued at net realisable value after providing for any foreseeable losses. Contract assets are subsequently assessed for impairment using the expected credit loss under AASB9.

Disbursements recoverable

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

Disbursements recoverable are subsequently assessed for impairment using the expected credit loss under AASB9..

Income Tax

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

Current tax

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date.

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base of those items.

Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available to utilise those temporary differences and losses.

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

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

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

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

Current and deferred tax for the period

Current and deferred tax is recognised as an expense or income in the Statement of Profit or Loss and Other Comprehensive Income, except when it relates to items credited or debited directly to equity, in which case the deferred tax is also recognised directly in equity.

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

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

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

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

Financial instruments

Financial assets

Financial assets are classified as either financial assets at amortised cost, at fair value through other comprehensive income (FVTOCI) or at fair value through profit or loss (FVTPL). Financial assets are initially recognised at fair value on the trade date, including, in the case of instruments not recorded at fair value through profit or loss, directly attributable transaction costs. Subsequently, financial assets are carried at fair value (equity investments and derivatives) or amortised cost adjusted for any loss allowance (loans, trade receivables and other receivables).

Derivative financial instruments

A derivative is a type of financial instrument typically used to manage risk. A derivative’s value changes over time in response to underlying variables including interest rates or exchange rates and is entered into for a fixed period. A hedge is where a derivative is used to manage an underlying exposure and the Group uses derivatives to manage its exposure to interest rates and foreign exchange risk accordingly.

All derivatives are measured through the Statement of Profit and Loss and Other Comprehensive Income unless designated and effective as a hedge where the hedge accounting provisions apply.

Impairment of financial assets

The impairment approach is based on lifetime expected credit losses (ECL model) for financial assets held at amortised cost. Therefore, it is not necessary for a loss event to have occurred before credit losses are recognised. Instead, a loss allowance is always recognised for ECL and is re-measured at each reporting date for changes in those expected credit losses. The expected credit losses are estimated via a provision matrix based on the Group’s historical credit loss experience. This is then adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current and forecasted direction of conditions at the reporting date, including time value of money where appropriate.

For financial assets, a credit loss is the present value of the difference between: (i) the contractual cash flows that are due under the contract; and (ii) the cash flows expected to be received.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

Cash and cash equivalents

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

Trade and other receivables

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

Trade and other receivables are measured at amortised cost using the effective interest method.

Loans and receivables

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

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

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

Financial liabilities

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

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

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

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

Trade and other payables

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

Contract Liabilities are recognised as a liability when received and is recognised as revenue once a patent service has been provided or completed.

Property, plant and equipment

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

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

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

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

Intangible assets

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

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary/associate at the date of acquisition. Goodwill is not amortised. Instead, goodwill is tested annually for impairment, or more frequently of events or changes in circumstances indicate that it might be impaired and it is carried at cost less accumulated impairment losses. Impairment losses on goodwill are taken to profit and loss and not subsequently reversed.

Intangible assets acquired separately

Intangible assets with finite lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses.

Customer Relationships

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

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

Trademarks

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

Software acquired

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

Internally generated intangible assets

Internally generated intangible assets, including software, arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

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

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

The useful lives of internally generated intangible assets are as follows:

Software	**3 years**

Derecognition of intangible assets

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

Sofware-as-a-Service (SaaS) arrangements

SaaS arrangements are service contracts providing the Group with the right to access the cloud providers application software over the contract period. Costs incurred to configure or customise, and the ongoing fees to obtain access to the cloud providers application software, are recognised as operating expenses when the services are received.

Impairment of assets

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

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

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

For the purpose of impairment testing, goodwill acquired in a business combination shall, from the acquisition date, be allocated to each of the acquirer's cash-generating units, or groups of cash-generating units, that is expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units or groups of units.

Provisions

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

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

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

Leases

The Group recognises a right-of use-asset and a lease liability at the lease commencement date. The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment. Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The Group applies AASB 136 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Impairment of assets' policy.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under AASB137. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset.

As a practical expedient, AASB 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Group has not used this practical expedient.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the Group's incremental borrowing rate. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable; and
- Lease payments that depend on an index rate, initially measured using the index or rate at the commencement date.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate; or
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

To determine the incremental borrowing rate, the Group makes adjustments specific to the lease including factors such as lease term, country, currency and security. The weighted average incremental borrowing rate applied to lease liabilities was 4.49% (2020: 4.23%).

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and is disclosed in note 13(b).

Employee benefits

Short and long-term employee benefit

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

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

Retirement benefit costs

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

Borrowing costs

Borrowing costs can include interest, amortisation of discounts or premiums relating to borrowings, ancillary costs incurred in connection with arrangement of borrowings, foreign exchange losses net of hedged amounts on borrowings. Borrowings are initially recognised at fair value, net of transaction costs and subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method.

Goods and services tax (GST)

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

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

Share based payments

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

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

Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

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

Assets and liabilities measured at fair value are classified, into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements (note 22). Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

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

Issued capital

Ordinary shares are classified as equity.

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

Dividends

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

Business combinations

The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

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

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

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

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

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

Earnings per share

Basic earnings per share

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

Diluted earnings per share

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

Rounding of amounts

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

Adoption of new accounting standards

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for an accounting period that begins on or after 1 July 2020.

Implementation of IFRIC agenda decision

During the year an IFRIC agenda decision clarified the interpretation of how accounting standards apply to upfront configuration and customisation costs incurred in implementing SaaS arrangements. In the current period, costs of $1.1m have been recognised as an expense. There has been no restatement of prior reported financial information as the amounts involved were not material.

Note 3. Critical accounting judgements, estimates and assumptions

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

Goodwill and other indefinite life intangible assets

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

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

COVID-19

Management have considered the impact of Covid-19 and the current economic environment on the judgements, estimates and assumptions that affect the reported amounts in the financial statements and adjusted these where appropriate. Government Covid-19 stimulus grants were provided to Asian entities from their local governments, refer to note 7.

Note 4. Operating segments

Identification of reportable operating segments

The Group is organised into three segments: Intellectual Property Services Australia & New Zealand; Intellectual Property Services Asia; and Adjacent Businesses. Adjacent Businesses includes the operations of Wisetime. These operating segments are based on the internal reports that are reviewed and used by the senior executive team and Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources. There is no aggregation of operating segments.

Segment	Activity
Intellectual Property Services Australia & New Zealand	Related to the provision of filing, prosecution, enforcement and management of patents, designs, trademarks and other IP in Australia and New Zealand.
Intellectual Property Services Asia	Related to the provision of filing, prosecution, enforcement and management of patents, designs, trademarks and other IP in Asia.
Adjacent Businesses	Adjacent businesses include Wisetime the autonomous time-keeping tool and in the prior year, Glasshouse Advisory.

The CODM reviews profit before interest, income tax and adjustments to the statutory reported results. The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the financial statements. The information reported to the CODM is on at least a monthly basis.

Intersegment transactions

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

Reliance on major customers

Maximum revenue from any customer is less than 3% of overall revenue of the Group.

Note 4. Operating Segments

Consolidated	Intellectual Property Services: Australia & NZ 2021 $'000	Australia & NZ 2020 $'000	Asia 2021 $'000	Asia 2020 $'000	Adjacent Businesses 2021 $'000	Adjacent Businesses 2020 $'000	Corporate 2021 $'000	Corporate 2020 $'000	Intersegment eliminations / unallocated 2021 $'000	Intersegment eliminations / unallocated 2020 $'000	Total 2021 $'000	Total 2020 $'000
Revenue												
Sales to external customers	267,739	266,059	91,945	97,345	-	2,270	-	-	-	-	359,684	365,674
Intersegment sales	948	2,528	5,280	5,292	-	-	-	-	(6,228)	(7,820)	-	-
Total sales revenue	268,687	268,587	97,225	102,637	-	2,270	-	-	(6,228)	(7,820)	359,684	365,674
Other revenue	6,979	9,062	(1,112)	72	409	473	5,601	2,040	(8,107)	(7,689)	3,770	3,958
Total revenue	**275,666**	**277,649**	**96,113**	**102,709**	**409**	**2,743**	**5,601**	**2,040**	**(14,335)**	**(15,509)**	**363,454**	**369,632**
Less: Overheads	(182,411)	(182,066)	(52,703)	(56,622)	(778)	(4,612)	(17,436)	(15,218)	14,152	14,922	(239,176)	(243,596)
Earnings before interest, tax, depreciation and amortisation (EBITDA), before adjustments	**93,255**	**95,583**	**43,410**	**46,087**	**(369)**	**(1,869)**	**(11,835)**	**(13,178)**	**(183)**	**(587)**	**124,278**	**126,036**
Less: Depreciation	(9,680)	(10,002)	(2,469)	(2,482)	(56)	(400)	(256)	(273)	-	-	(12,461)	(13,157)
Less: Amortisation	(21,055)	(19,147)	(1,290)	(1,225)	(1,698)	(110)	(988)	(866)	22	24	(25,009)	(21,324)
Less: Management Charges	4,853	3,159	(10,523)	(7,199)	-	-	5,564	4,037	106	3	-	-
Segment result: (Profit before interest, tax and adjustments)	**67,373**	**69,593**	**29,128**	**35,181**	**(2,123)**	**(2,379)**	**(7,515)**	**(10,280)**	**(55)**	**(560)**	**86,808**	**91,554**

	2021 $'000	2020 $'000
Reconciliation of segment result		
Segment result	86,808	91,554
Adjustments to statutory result:		
Business acquisition costs	(3,616)	(1,202)
Restructuring expenses	(2,190)	(4,127)
Impairment of intangible assets	-	(1,600)
Impairment of right-of-use assets and fixed assets	(464)	(3,704)
Share based payments	(3,578)	(2,180)
IT SaaS Implementation Costs	(1,164)	-
Total adjustments	(11,012)	(12,813)
Interest income	60	75
Finance Costs	(5,977)	(7,125)
Profit for the period before income tax expense	**69,879**	**71,691**
Reconciliation of segment revenue		
Segment revenue	363,454	369,632
Restructuring	-	452
Interest income	60	75
Total revenue	**363,514**	**370,159**

Note 5. Sales revenue

	Consolidated	
	30 June 2021	30 June 2020
	$'000	$'000
Revenue from the rendering of services	359,684	365,674
	359,684	**365,674**

Note 6. Other income

	Consolidated	
	30 June 2021	30 June 2020
	$'000	$'000
Net realised foreign exchange (loss)/gain	(6,338)	1,732
Net unrealised foreign exchange gain/(loss)	6,151	(1,556)
Other income	1,430	1,736
Commission	2,527	2,498
Interest	60	75
	3,830	**4,485**

Note 7. Expenses

Profit before income tax includes the following specific expenses:

	Consolidated	
	30 June 2021	30 June 2020
	$'000	$'000
Depreciation and amortisation:		
Depreciation - Property, plant and equipment	3,873	3,533
Amortisation - Software development	3,402	1,708
	7,275	5,241
Depreciation - Right-of-use asset	8,588	9,624
Amortisation - Acquired Intangibles	21,607	19,616
Total depreciation and amortisation	37,470	34,481
Employee benefits expense:		
Share based payments (note 33)	3,578	2,180
Superannuation expense	6,351	7,151
Government Covid-19 stimulus grants[1]	(1,273)	(1,071)
Other expenses:		
Advertising and marketing	1,182	825
Impairment of right-of-use assets and revaluation of lease liabilities arising from onerous leases	(13)	2,385
Impairment of leasehold improvements	-	1,319
Impairment of Watermark trademark	-	1,600
Impairment and loss on disposal of fixed assets	876	-
IT and communication	6,876	5,052
Office expenses	1,780	2,152
Professional fees	2,746	3,006
Staff welfare and training	1,009	1,128
Business acquisition costs	3,616	1,202
Other	7,895	11,017
	25,967	29,686
Finance costs		
Interest on bank facilities - Overdraft	-	36
Interest on bank facilities - Loan	2,592	3,779
Other finance costs - Facility fees	1,444	1,042
	4,036	4,857
Interest on lease contracts (note 12(b))	1,941	2,268
Total finance costs	**5,977**	**7,125**

1. Grants received from Asian governments in response to the impact of Covid-19.

Note 8. Income tax expense

	Consolidated	
	30 June 2021	30 June 2020
	$'000	$'000
Income tax expense		
Current tax	20,683	23,935
Deferred tax	(3,395)	(6,859)
Over provided in prior years	(1,009)	(136)
Aggregate income tax expense	**16,279**	**16,940**
Deferred tax included in income tax expense comprises:		
Increase in deferred tax assets (note 13)	854	(1,520)
Decrease in deferred tax liabilities (note 13)	(4,249)	(5,339)
	(3,395)	**(6,859)**
Reconciliation of income tax expense and tax at the statutory rate		
Profit before income tax expense	69,879	71,692
Tax at the statutory tax rate of 30%	20,964	21,508
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Permanent differences	48	108
Equity settled share based payments	(1,098)	(169)
Acquisition costs	1,424	249
Difference in overseas tax rates	(3,831)	(4,683)
Over provision with respect to current tax in prior years	(1,009)	(136)
Over provision with respect to deferred tax in prior years	(219)	-
Other	-	63
Effect of income that is exempt from tax	-	-
Income tax expense	**16,279**	**16,940**

Note 9. Current assets - cash and cash equivalents

	Consolidated	
	30 June 2021	30 June 2020
	$'000	$'000
Cash on hand	62	162
Cash at bank	71,070	81,898
Term deposit[1]	20	850
	71,152	**82,910**

1. Restricted cash cover for bank facilities.

Note 10. Current assets - trade and other receivables

	Consolidated	
	30 June 2021	30 June 2020
	$'000	$'000
Trade receivables from contracts with customers	86,236	91,886
Less: Loss allowance and ECL	(2,870)	(2,754)
	83,366	**89,132**

Impairment of receivables
The Group has recognised a loss of $1,447,000 (2020: $1,855,000) in profit or loss in respect of the loss allowance for the year ended 30 June 2021.

The Group measures the loss allowance for trade receivables and an amount equal to the lifetime ECL. The expected credit losses are estimated via a provision matrix based on the Group's historical credit loss experience. This is then adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current and forecasted direction of conditions at the reporting date, including time value of money where appropriate.

Expected credit losses for ageing categories[1]

	Consolidated	
	30 June 2021	30 June 2020
	$'000	$'000
Past due more than 91 days	2,549	2,396

1. Ageing brackets not covered are deemed immaterial.

Movements in the loss allowance for impairment of receivables are as follows:

	Consolidated	
	30 June 2021	30 June 2020
	$'000	$'000
Opening balance	2,754	1,249
Additional provisions recognised through business combinations (note 28)	-	470
Additional provisions recognised	1,447	1,855
Receivables written off during the year as uncollectable	(1,331)	(820)
Closing balance	**2,870**	**2,754**

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

Trade receivable ageing

The ageing of trade receivables are as follows:

	Consolidated	
	30 June 2021	30 June 2020
	$'000	$'000
Current	58,388	52,282
0 to 60 days overdue	9,657	26,895
61 to 90 days overdue	4,646	2,882
Past due more than 91 days	10,675	7,073
	83,366	**89,132**

Ageing has been calculated with reference to the trading terms of local clients (30 days) and international clients (90 days). No interest is charged on outstanding trade receivables.

Note 11. Current assets - other

	Consolidated	
	30 June 2021	30 June 2020
	$'000	$'000
Prepayments	2,888	3,697
Foreign exchange contracts (note 22)	-	384
Net investment in sub-lease	307	-
Other current assets	850	173
	4,045	**4,254**

Note 12. Non-current assets

(a) Property, plant and equipment

	Consolidated	
	30 June 2021	30 June 2020
	$'000	$'000
Leasehold improvements - at cost	15,180	14,846
Less: Accumulated depreciation	(9,401)	(8,038)
	5,779	**6,808**
Plant and equipment - at cost	1,659	1,589
Less: Accumulated depreciation	(1,413)	(1,359)
	246	**230**
Furniture, fixtures and fittings - at cost	5,000	6,281
Less: Accumulated depreciation	(3,910)	(4,228)
	1,090	**2,053**
Computer equipment - at cost	27,255	29,093
Less: Accumulated depreciation	(24,192)	(24,911)
	3,063	**4,182**
	10,178	**13,273**

Reconciliations

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

Consolidated	Leasehold improvements	Plant and equipment	Furniture, fixtures and fittings	Computer equipment	Total
	$'000	$'000	$'000	$'000	$'000
Balance at 1 July 2019	3,911	171	1,044	1,566	6,692
Additions	424	80	383	1,230	2,117
Additions through business combinations (note 28)	5,366	41	913	3,314	9,634
Disposals	(240)	-	-	(2)	(242)
Impairment	(1,319)	-	-	-	(1,319)
Exchange differences	(33)	(3)	(10)	(30)	(76)
Depreciation expense	(1,301)	(59)	(277)	(1,896)	(3,533)
Balance at 30 June 2020	**6,808**	**230**	**2,053**	**4,182**	**13,273**
Additions	269	36	86	1,423	1,814
Additions through business combinations (note 28)	139	-	13	39	191
Disposals / Transfers	(180)	83	(810)	357	(550)
Impairment	-	-	-	(479)	(479)
Exchange differences	145	252	(175)	(420)	(198)
Depreciation expense	(1,402)	(355)	(77)	(2,039)	(3,873)
Balance at 30 June 2021	**5,779**	**246**	**1,090**	**3,063**	**10,178**

Note 12. Non-current assets (Cont)

(b) Leases

The Group enters leases in relation to office space and office equipment.

The Statement of Financial Position shows the following amounts relating to leases:

Right-of-use assets	Premises	Equipment	Total
	$'000	$'000	$'000
Balance at 1 July 2019	-	-	-
Adoption of AASB 16	29,730	357	30,087
Remeasurements	2,562	66	2,628
Additions through business combinations (note 28)	20,222	-	20,222
Depreciation expense	(9,475)	(149)	(9,624)
Impairment arising from onerous leases	(4,661)	-	(4,661)
Exchange gains / (losses)	162	(6)	156
Balance at 30 June 2020	**38,540**	**268**	**38,808**
Additions	526	71	597
Additions through business combinations (note 28)	1,186	-	1,186
Remeasurements	-	9	9
Depreciation expense	(8,446)	(142)	(8,588)
Disposals / Reclasses	(927)	-	(927)
Exchange gains / (losses)	(439)	(7)	(446)
Balance at 30 June 2021	**30,440**	**199**	**30,639**

	Consolidated	
	30 June 2021	30 June 2020
	$'000	$'000
Lease Liabilities		
Current	10,012	11,076
Non-current	33,223	42,587
	43,235	**53,663**

The Statement of Profit or Loss and Other Comprehensive Income shows the following amounts relating to leases:

	Consolidated	
	30 June 2021	30 June 2020
	$'000	$'000
Depreciation charge - Right-of-use assets	8,588	9,624
Interest expense (included in finance costs)	1,941	2,268
Expense relating to variable lease payments not included in lease liabilities (included in occupancy expenses)	1,856	2,818
Income from subleasing of right-of-use assets (included in other income)	(386)	(260)
Impairment of right-of-use assets and remeasurement of lease liability	(13)	2,385

Total cash outflow for leases in 2021 was $11,162,000 (2020: $9,630,000).

(c) Intangibles

	Consolidated	
	30 June 2021	30 June 2020
	$'000	$'000
Goodwill - at cost	296,434	298,038
Patents and trade marks - at cost	17,293	17,232
Less: Accumulated amortisation	(5)	-
	313,722	**315,270**
Capitalised software development - at cost	15,067	10,792
Less: Accumulated amortisation	(9,370)	(6,022)
	5,697	**4,770**
Customer Relationships	218,284	212,011
Less: Accumulated amortisation	(68,654)	(47,831)
Less: Impairment	(961)	(961)
	148,669	**163,219**
	468,088	**483,259**

Note 12. Non-current assets (Cont)

Reconciliations

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

Consolidated	Goodwill	Patents and trade marks	Customer relationships	Capitalised software development	Total
	$'000	$'000	$'000	$'000	$'000
Balance at 1 July 2019	184,648	4,189	62,735	3,481	255,053
Exchange differences	(530)	-	-	(6)	(536)
Additions	-	43	-	3,003	3,046
Additions through business combinations (note 28)	113,920	14,600	120,100	-	248,620
Impairment[1]	-	(1,600)	-	-	(1,600)
Amortisation expense	-	-	(19,616)	(1,708)	(21,324)
Balance at 30 June 2020	**298,038**	**17,232**	**163,219**	**4,770**	**483,259**
Exchange differences	(3,590)	61	296	(35)	(3,268)
Additions	-	-	-	4,364	4,364
Additions through business combinations (note 28)	1,986	-	6,756	-	8,742
Amortisation expense	-	(5)	(21,602)	(3,402)	(25,009)
Balance at 30 June 2021	**296,434**	**17,288**	**148,669**	**5,697**	**468,088**

1. On 1 July 2020 Watermark was merged with Griffith Hack and will operate under the Griffith Hack name. As a result, the intangible asset relating to the former Watermark trademark has been assessed as having no ongoing economic benefit and hence has been written off.

Impairment testing

For the purposes of impairment testing, goodwill is allocated to cash generating units (CGUs) that are an identifiable group of assets that generate cash associated with the goodwill.

A summary of the goodwill by CGU is set out below:

		Consolidated	
		30 June 2021	30 June 2020
CGU	Segment	$'000	$'000
Spruson & Ferguson Australia	Australia & NZ	52,958	52,958
Pizzeys	Australia & NZ	68,158	68,158
AJ Park	Australia & NZ	43,278	41,424
Spruson & Ferguson (Hong Kong)	Asia	31,828	34,839
Griffith Hack	Australia & NZ	54,006	54,006
Shelston	Australia & NZ	36,992	36,992
Spruson & Ferguson Asia	Asia	8,888	9,355
Other	Asia	326	306
Total		**296,434**	**298,038**

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

Key assumptions used for value-in-use calculations

CGU	5 yr EBITDA CAGR		Terminal growth rates		Discount rates[1] Pre-Tax	Pre-Tax	Post-Tax	Post-Tax
	2021	2020	2021	2020	2021	2020	2021	2020
	%	%	%	%	%	%	%	%
Spruson & Ferguson Australia	4.2	4.1	2.0	2.5	13.6	15.0	9.5	10.5
Spruson & Ferguson Asia	8.0	8.2	2.0	2.5	12.6	12.6	10.5	10.5
Pizzeys	5.1	4.9	2.0	2.5	13.6	15.0	9.5	10.5
AJ Park	3.4	4.0	2.0	2.5	13.2	14.6	9.5	10.5
S&F Hong Kong	13.2	13.6	2.0	2.5	13.8	13.8	11.5	11.5
Griffith Hack	5.5	6.6	2.0	2.5	13.6	15.0	9.5	10.5
Shelston	5.7	5.9	2.0	2.5	13.6	15.0	9.5	10.5

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

At 30 June 2021, the assessed value-in-use for each CGU exceeded the carrying amounts of the CGU and no impairment loss was recognised. It has been determined that a reasonable change in key assumptions would not result in an impairment loss.

Note 13. Deferred tax assets/liabilites

	Opening balance	Recognised in profit or loss	Acquisitions	Recognised in equity	Closing balance
	$'000	$'000	$'000	$'000	$'000
The net deferred tax asset comprises the following balances:					
Loss allowance	545	(70)	-	-	475
Property, plant and equipment	399	(1,007)	-	-	(608)
Provisions	5,309	(22)	-	-	5,287
Accrued expenses	1,543	(927)	-	-	616
Unbilled revenue	(1,141)	(35)	-	-	(1,176)
Prepayments	(131)	89	-	-	(42)
Foreign exchange	978	(1,577)	-	-	(599)
Transaction costs	3,366	(961)	-	-	2,405
Leased assets	3,612	(194)	-	-	3,418
Software	(56)	751	-	-	695
Intangible assets - Customer Relationships	(48,780)	6,065	(1,892)	-	(44,607)
Intangible assets - Trademarks	(4,305)	-	-	-	(4,305)
Sundry	762	706	-	-	1,468
Financial Instruments	211	20	-	(81)	150
Fair value movement on Investments	-	557	-	-	557
	(37,688)	**3,395**	**(1,892)**	**(81)**	**(36,266)**

Note 13. Deferred tax assets/liabilites (Cont)

	Consolidated	
	30 June 2021	30 June 2020
	$'000	$'000
Disclosed as:		
Deferred tax asset	34	103
Deferred tax liability	(36,300)	(37,791)
	(36,266)	**(37,688)**

Note 14. Current liabilities - trade and other payables

	Consolidated	
	30 June 2021	30 June 2020
	$'000	$'000
Trade payables	15,227	15,064
Sundry creditors and accruals	8,794	9,669
	24,021	**24,733**

Note 15. Current liabilities - provisions

	Consolidated	
	30 June 2021	30 June 2020
	$'000	$'000
Employee benefits	21,451	18,577
Provision for onerous contracts	370	523
Other provisions	-	60
	21,821	**19,160**

Movement in provision for onerous contracts

	Consolidated	
	30 June 2021	30 June 2020
	$'000	$'000
Opening balance at beginning of financial year	523	-
Additions	169	523
Current / non-current reclasses	348	-
Payment of onerous contracts	(670)	-
Closing balance at the end of financial year	**370**	**523**

Note 16. Non-current liabilities - borrowings

	Consolidated	
	30 June 2021	30 June 2020
	$'000	$'000
Non Current		
Multicurrency loan facility	116,159	151,238
	116,159	**151,238**

On 28 June 2021, the Group entered into a facilities agreement ('Agreement') with HSBC, Westpac, ANZ and CBA which refinanced the facilities previously outstanding with HSBC and Westpac. The facilities under the Agreement comprise:

- A $115m multicurrency revolving loan facility;
- A $70m acquisition term loan facility; and
- A $25m revolving credit facility for the general corporate purposes of the Group.

The Agreement has a term of three years maturing on 4 July 2024.

Assets pledged as security

The bank facility made available by HSBC, ANZ, CBA and Westpac is secured by cross guarantee and all assets from IPH Limited and a number of its wholly owned subsidiaries. The value of current and non-current assets pledged as security are as noted on the consolidated Statement of Financial Position.

Financing arrangements

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

	Consolidated	
	30 June 2021	30 June 2020
	$'000	$'000
Total facilities		
Loan facilities	185,000	190,000
Working capital facility	25,000	20,000
	210,000	**210,000**
Used at the reporting date		
Loan facilities	116,159	151,238
	116,159	**151,238**
Bank guarantees drawn under working capital facility	**8,760**	**12,813**
Unused at the reporting date		
Loan facilities	68,841	38,762
Working capital facility	16,240	7,187
	85,081	**45,949**

Note 17. Non-current liabilities - provisions

	Consolidated	
	30 June 2021	30 June 2020
	$'000	$'000
Employee benefits	730	565
Provision for onerous contracts	135	643
Other provisions	188	-
	1,053	**1,208**

Movement in provision for onerous contracts

	Consolidated	
	30 June 2021	30 June 2020
	$'000	$'000
Opening balance at beginning of financial year	643	-
Additions	-	643
Current / non-current reclasses	(348)	-
Cancellation of onerous contract	(160)	-
Closing balance at the end of financial year	**135**	**643**

Note 18. Equity - issued capital

	Consolidated		Consolidated	
	30 June 2021	30 June 2020	30 June 2021	30 June 2020
	Shares	Shares	$'000	$'000
Ordinary Class shares - fully paid	217,203,866	214,396,164	417,079	402,149
	217,203,866	**214,396,164**	**417,079**	**402,149**

Movements in ordinary share capital

	Date	Shares	$'000
Opening balance	1 July 2019	197,341,566	262,763
Acquisition of Xenith IP Group Ltd (note 28)	15 August 2019	15,581,683	130,730
Performance and retention rights exercised	28 August 2019	510,320	-
Dividend reinvestment - final dividend (note 21)	18 September 2019	307,613	2,879
Dividend reinvestment - interim dividend (note 21)	13 March 2020	654,982	5,777
Balance at 30 June 2020		**214,396,164**	**402,149**
Performance and retention rights exercised	11 September 2020	553,071	-
Dividend reinvestment - final dividend (note 21)	18 September 2020	950,862	6,462
Acquisition of Baldwins Intellectual Property (note 28)	16 October 2020	335,016	2,447
Dividend reinvestment - interim dividend (note 21)	19 March 2021	968,753	6,021
Balance at 30 June 2021		**217,203,866**	**417,079**

Ordinary shares

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

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

Employee Share Trust

On 1 July 2017, IPH established the Employee Share Trust for the purpose of acquiring and allocating shares granted through the IPH Employee Incentive Plan. As at 30 June 2021, the number of shares held by the trust was 866,186 (2020: 579,154). 553,071 shares were issued to the trust during the year.

Share buy-back

There were no shares bought back during the year ended 30 June 2021.

Capital risk management

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

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

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

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

Dividend reinvestment plan

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

Note 19. Equity - reserves

	Consolidated	
	30 June 2021	30 June 2020
	$'000	$'000
Foreign currency reserve	(1,959)	3,342
Share-based payments reserve	10,200	7,149
Minority interest acquisition reserve	(14,814)	(14,814)
Other reserve	5,073	4,791
	(1,500)	**468**

Foreign currency reserve

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

Share-based payments reserve

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

Minority interest acquisition reserve

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

Other reserve

This reserve includes the following items:

- fair value gains or losses on investments in equity instruments designated as FVTOCI; and
- revaluation of hedging instruments ($503k at 30 June 2021).

Movements in reserves

Movements in each class of reserve during the current and previous financial year are presented in the Statement of Changes in Equity.

Note 20. Equity - retained profits

	Consolidated	
	30 June 2021	30 June 2020
	$'000	$'000
Retained profits at the beginning of the financial year	20,045	24,012
Profit after income tax expense for the year attributable to owners of IPH Limited	53,600	54,752
Transitional impact on adoption of AASB16	-	(2,183)
Dividends paid (note 21)	(62,432)	(56,536)
Retained profits at the end of the financial year	**11,213**	**20,045**

Note 21. Equity - dividends

		Consolidated	
		30 June 2021	30 June 2020
	Cents per share	$'000	$'000
Interim dividend			
December 2019 - paid 13 March 2020	13.5	-	28,856
December 2020 - paid 19 March 2021	14.0	30,273	-
Final dividend			
June 2019 - paid 18 September 2019	13.0	-	27,680
June 2020 - paid 18 September 2020	15.0	32,159	-

On 19 August 2021, the Company declared an ordinary dividend of 15.5 cents per share (franked at 40%) to be paid on 17 September 2021. The dividend value is $33,666,600. No provision for this dividend has been recognised in the Statement of Financial Position as at 30 June 2021, as it was declared after the end of the financial year.

Dividend Reinvestment Plan

The Dividend Reinvestment Plan was active during the financial year. 1,919,615 (2020: 962,595) shares were issued to participants totalling $12,483,000 (2020: $8,656,199).

Franking credits

	Consolidated	
	30 June 2021	30 June 2020
	$'000	$'000
Franking credits available for subsequent financial years based on a tax rate of 30%	2,050	9,100

The above amounts represent the balance of the franking account as at the end of the financial year, adjusted for franking credits that will arise from the payment of the amount of the provision for income tax at the reporting date.

Note 22. Financial instruments

Financial risk management objectives

The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group's principal financial instruments, other than derivatives, comprise of cash and bank loan facilities. The main purpose of financial instruments is to manage liquidity and hedge the Group's exposure to financial risks, namely:

- foreign currency risk;
- interest rate risk;
- liquidity risk; and
- credit risk.

The Group uses derivatives to reduce the Group's exposure to fluctuations in interest rates and foreign exchange rates. These derivatives create an obligation or a right that effectively transfers one or more of the risks associated with an underlying financial instrument, asset or obligation. Derivative financial instruments that the Group uses to hedge its risks include:

- foreign exchange contracts; and
- interest rate swaps.

The Group does not trade in derivative instruments for speculative purposes. The Group uses different methods to measure the different types of risks to which it is exposed, including sensitivity analysis in the case of interest rate and foreign exchange and ageing analysis for credit risk.

i) Market risk

Foreign currency risk

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

Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting. The focus is on minimising exposure to fluctuations in the rate of the United States Dollar ("USD") and the European Union's Euro ("EUR") which represent most of the Group's foreign currency exposure.

The Group's net asset exposure at the reporting date was as follows:

	A$'000	US$'000	€'000	S$000	NZD$000	Other[1]
30 June 2021						
Net asset exposure (Local Currency)	362,272	37,093	3,126	7,959	7,850	1,271
30 June 2020						
Net asset exposure (Local Currency)	348,005	41,491	5,736	9,628	7,137	3,369

1. Australian dollar equivalent.

The sensitivity of the Group's Australian dollar denominated Profit or Loss account and Statement of Financial Position to foreign currency movements is based on a 10% fluctuation (2020: 10% fluctuation) on the average rates during the financial year. This analysis assumes that all other variables including interest rates remain constant. A 10% movement in the average foreign exchange rates would have impacted the Group's profit after tax and equity as follows:

	10% Weakening		10% Strengthening	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
USD	4,492	5,046	(4,941)	(4,587)
Euro	450	744	(495)	(677)
SGD	717	729	(788)	(662)
NZD	664	667	(731)	(606)
Other currencies	116	337	(127)	(306)
Net exposure to foreign currency risk	**6,439**	**7,523**	**(7,082)**	**(6,838)**

Interest rate risk

The Group's main interest rate risk arises from its borrowings. Borrowings issued at variable rates expose the Group to interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. The Group's policy is to seek to reduce its interest rate exposure using interest rate swaps. Instruments in place at year end are summarised in the table below:

	Carrying amount ($'000)	Notional amount ($'000)	Hedge ranges % p.a.	Average maturity profile years
As at 30 June 2021				
Interest rate swaps	(503)	50,000	0.79-0.92	<5
As at 30 June 2020				
Interest rate swaps	(774)	50,000	0.79-0.92	<5

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

Consolidated	30 June 2021		30 June 2020	
	Weighted average interest rate	Balance	Weighted average interest rate	Balance
	%	$'000	%	$'000
Multicurrency loan facility	1.49	116,159	1.87	151,238
Net exposure to cash flow interest rate risk		**116,159**		**151,238**

ii) Liquidity risk

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

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

Refer to the Remaining Contractual Maturities section in this note for a breakdown of future cash commitments of the Group.

Note 22. Financial instruments (Cont)

iii) Credit risk

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

iv) Price risk

The Group is not exposed to any significant price risk.

Offsetting financial assets and financial liabilities

The Group presents its derivative assets and liabilities on a gross basis.

Derivative financial instruments

Fair value hedge

A fair value hedge is a hedge of the exposure to changes in fair value of an asset or liability that is attributable to a particular risk and could affect the Statement of Comprehensive Income. Changes in the fair value of derivatives (hedging instruments) that are designated as fair value hedges are recorded in profit or loss, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk (hedged item).

If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective interest method is used is amortised to profit or loss over the period to maturity using a recalculated effective interest rate.

Cashflow hedge

A cash flow hedge is a hedge of the exposure to variability in cash flows attributable to a particular risk of a highly probable forecast transaction or a recognised asset or liability. The effective portion of changes in the fair value of derivatives that are designated as cash flow hedges is recognised in other comprehensive income in equity via the cash flow hedge reserve. Amounts accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss. Any gain or loss related to ineffectiveness is recognised in profit or loss immediately.

At inception of a hedge relationship the Group formally designates and documents the relationship between the hedging instrument and the hedged item, along with the risk management objectives and strategy for undertaking the hedge transaction. Both at inception and an ongoing basis that the hedging instrument is effective in offsetting changes in cash flows and fair values of the hedged item attributable to the hedged risk, which is when the hedging relationship meets all of the following hedge effectiveness requirements:
— an economic relationship between the hedged item and the hedging instrument;
— effect of credit risk does not dominate the value changes that result from that economic relationship; and
— hedge ratio of the designated hedge is the same; that is the Group hedges the same quantity of the hedging instrument and the hedged item.

Hedge accounting is discontinued when the hedging instrument expires, is terminated, is no longer in an effective hedge relationship, or the forecast transaction is no longer expected to occur. The fair value gain or loss of derivatives recorded in equity is recognised in profit or loss over the period that the forecast transaction is recorded in profit or loss. If the forecast transaction is no longer expected to occur, the cumulative gain or loss in equity is recognised in profit or loss immediately.

Effects of hedge accounting on the financial position and performance

The effects of the interest rate swaps on the group's financial position and performance are as follows:

	Consolidated	
	$'000	$'000
	30 June 2021	30 June 2020
Carrying amount (non-current liability)	(503)	(774)
Notional amount	50,000	50,000
Maturity date	2023	2023
Hedge ratio	1:1	1:1
Change in fair value of outstanding hedging instruments since inception of hedge	(503)	(774)
Change in value of hedged item used to determine hedge effectiveness	503	774
Weighted average hedged rate for the year	1.01%	1.5%

The group has the following derivative financial instruments in the following line items in the Statement of Financial Position:

	Consolidated	
	$'000	$'000
	30 June 2021	30 June 2020
Current assets		
Foreign exchange contracts - fair value hedges	-	384
	-	**384**
Non-current liabilities		
Interest rate swaps - cash flow hedges	503	774
	503	**774**

Note 22. Financial instruments (Cont)

Remaining contractual maturities

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

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

Consolidated - 30 June 2021	Weighted average interest rate	1 year or less	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Remaining contractual maturities
	%	$'000	$'000	$'000	$'000	$'000
Non-derivatives						
Non-interest bearing						
Trade payables	-	15,227	-	-	-	15,227
Sundry creditors and accruals	-	8,794	-	-	-	8,794
Interest-bearing - variable						
Lease liabilities	4.49%	11,546	8,863	17,541	10,366	48,316
Multi-option facility	1.49%	1,731	1,731	117,890	-	121,352
Total non-derivatives		**37,298**	**10,594**	**135,431**	**10,366**	**193,689**

Consolidated - 30 June 2020	Weighted average interest rate	1 year or less	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Remaining contractual maturities
	%	$'000	$'000	$'000	$'000	$'000
Non-derivatives						
Non-interest bearing						
Trade payables	-	15,064	-	-	-	15,064
Other payables and accruals	-	9,669	-	-	-	9,669
Interest-bearing - variable						
Lease liabilities	4.23%	14,901	14,087	20,170	13,546	62,704
Multicurrency loan facility	1.87%	2,828	152,888	-	-	155,716
Total non-derivatives		**42,462**	**166,975**	**20,170**	**13,546**	**243,153**

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

Level 1 Unadjusted quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2 Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 Unobservable inputs for the asset or liability.

The Board considers that the carrying amount of financial assets and financial liabilities recognised in the financial statements approximate their fair value.

The table below shows the assigned level for each asset and liability held at fair value by the Group:

Consolidated - 30 June 2021	Level 1	Level 2	Level 3	Total
	$'000	$'000	$'000	$'000
Financial assets measured at fair value				
Forward foreign exchange contracts	-	-	-	-
Total current assets	**-**	**-**	**-**	**-**
Financial liabilities measured at fair value				
Interest rate swaps[1]	-	503	-	503
Total non-current liabilities	**-**	**503**	**-**	**503**

1. The Level 2 input for foreign exchange contracts is based on fair value calculations as at 30 June 2021.

Consolidated - 30 June 2020	Level 1	Level 2	Level 3	Total
	$'000	$'000	$'000	$'000
Financial assets measured at fair value				
Forward foreign exchange contracts	-	384	-	384
Total current assets	**-**	**384**	**-**	**384**
Financial liabilities measured at fair value				
Interest rate swaps	-	774	-	774
Total non-current liabilities	**-**	**774**	**-**	**774**

Note 23. Key management personnel disclosures

Compensation

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

	Consolidated	
	30 June 2021	30 June 2020
	$	$
Short-term employee benefits	3,190,346	2,979,854
Post-employment benefits	122,502	117,899
Long-term benefits	59,545	129,347
Share-based payments	964,622	1,016,866
	4,337,015	**4,243,966**

Note 24. Remuneration of auditors

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

	Consolidated	
	30 June 2021	30 June 2020
	$	$
Audit services - Deloitte Touche Tohmatsu (Australia)		
Audit or review of the financial statements	491,400	522,000
Other assurance services	17,850	17,500
	509,250	**539,500**
Deloitte Touche Tohmatsu (Singapore)		
Audit or review of the financial statements	66,800	65,232
	66,800	**65,232**
Audit services - unrelated firms		
Audit or review of the financial statements	42,452	45,984
Other services - unrelated firms		
Corporate and taxation services	79,126	147,500
	121,578	**193,484**

Note 25. Contingent liabilities

The Group has given bank guarantees in respect of leased office premises as at 30 June 2021 of $8,760,000 (2020: $12,813,000).

Note 26. Related party transactions

Parent entity

IPH Limited is the parent entity.

Subsidiaries

Interests in subsidiaries are set out in note 30.

Key management personnel

Disclosures relating to key management personnel are set out in note 23 and the remuneration report in the Directors' report.

Transactions with related parties

There were no additional transactions with related parties.

Note 27. Parent entity information

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

	Parent	
	30 June 2021	30 June 2020
	$'000	$'000
Statement of profit or loss and other comprehensive income		
Profit after income tax	79,828	45,743
Other comprehensive income	-	313
	79,828	**46,056**
Statement of financial position		
Total current assets	123,948	116,543
Total assets	571,827	503,290
Total current liabilities	5,037	3,874
Total liabilities	121,850	87,859
Equity		
Issued capital	417,079	402,149
Share-based payments reserve	11,406	9,450
Other Reserves	5,059	4,792
Retained earnings	16,433	(960)
	449,977	**415,431**

Note 27. Parent entity information (Cont)

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

Other than the security provided for the debt facility agreement as disclosed in note 16, the parent entity had no guarantees in relation to the debts of its subsidiaries as at 30 June 2021 apart from being party to the deed of cross guarantee as detailed in Note 34.

Contingent liabilities

The parent entity had no contingent liabilities as at 30 June 2021.

Capital commitments - Property, plant and equipment

The parent entity had no capital commitments for property, plant and equipment as at 30 June 2021.

Significant accounting policies

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

Note 28. Business combinations

Acquisitions undertaken in the year ended 30 June 2021

Balwdins Intellectual Property
On 16 October 2020 the Group completed the acquisition of New Zealand intellectual property firm Baldwins Intellectual Property (Baldwins). The transaction was effected by the Group's subsidiary, AJ Park IP, acquiring the patent attorney business of Baldwins and the benefits of Baldwins' legal business through the acquisition of that legal business by AJ Park IP's allied law firm, AJ Park Law. The final agreed purchase price was NZ$7,500,000.

Established in 1896, Baldwins is a well-known New Zealand IP firm, with four partners and other high quality IP professional staff working from Auckland and Wellington offices. Clients include large multi-national corporations, universities, government agencies, start-ups and individual inventors.

The initial accounting for the acquisition has only been provisionally determined at the end of the reporting period with the 12 month period from acquisition date to end October 2021.

Equity instruments issued
A$2,447,288 of the purchase price was settled by way of the issue of 335,016 ordinary shares in IPH to the vendors of Baldwins (with those shares being escrowed for two years). The shares issued have been recorded in the financial statements at the acquisition date fair value of $7.31 per share.

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

	$'000
Cash	4,659
Equity instruments (335,016 ordinary shares)	2,447
Total acquisition value	**7,106**

The Group incurred acquisition costs of $972,932. These costs have been included in business acquisition expenses in the Statement of Profit or Loss.

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

	Fair value $'000
Contract assets	208
Other assets	126
Property, plant and equipment	191
Right-of-use assets	1,186
Intangible assets - customer relationships	6,756
Trade and other payables	(87)
Provisions	(182)
Deferred tax liability	(1,892)
Interest bearing lease liabilities	(1,186)
Net assets acquired	5,120
Goodwill	1,986
Acquisition-date fair value of total consideration transferred	**7,106**
Cash used to acquire business, net of cash acquired:	
Acquisition-date fair value of total consideration transferred	7,106
Less: shares issued by company as part of consideration	(2,447)
Net cash used	**4,659**

Acquisitions undertaken in the year ended 30 June 2020

Xenith IP Group Ltd
On 15 August 2019, the Group acquired the remaining 80.1% of ordinary shares of Xenith IP Group Limited which it did not already own under the terms of a Scheme of Arrangement. As a result the Group's consolidated FY21 statement of profit and loss contains approximately 6 weeks more of Xenith IP Group Limited's statement of profit and loss in comparison to the Group's FY20 statement of profit and loss.

The final accounting for the acquisition was finalised during the previous financial year.

Note 29. Events after the reporting period

On 1 July 2021 IPH Ltd completed the acquisition of Applied Marks Pty Ltd for upfront consideration of $5m with potential further $2.1m subject to performance requirements. The fair value of the assets and liabilities acquired is yet to be assessed due to the proximity of the date of acquisition to the date of this financial report.

Note 30. Interests in subsidiaries

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

Name	Principal place of busines/Country of incorporation	Principal activities	Ownership interest	Ownership interest
			30 June 2021	30 June 2020
AJ Park IP Ltd	New Zealand	Patent attorneys	100%	100%
AJ Park IP Pty Ltd	Australia	Patent attorneys	100%	100%
AJ Park Law Ltd[5]	New Zealand	Lawyers	0%	0%
IPH Holdings (Asia) Pte Ltd	Singapore	Non trading entity	100%	100%
IPH (Thailand) Ltd[4]	Thailand	Non trading entity	49%	49%
Spruson & Ferguson Ltd	Thailand	Patent attorneys	100%	100%
Pizzeys Pte Ltd	Singapore	Patent attorneys	100%	100%
PT Spruson Ferguson Indonesia	Indonesia	Patent attorneys	100%	100%
IPH Services Pty Ltd[2,3]	Australia	Support services	100%	100%
Pizzeys Patent & Trade Mark Attorneys Pty Ltd[2,3]	Australia	Patent attorneys	100%	100%
Practice Insight Pty Limited[2,3]	Australia	Data analysis and software	100%	100%
WiseTime LLC	United States of America	Data analysis and software	100%	0%
Spruson & Ferguson (Hong Kong) Ltd	Hong Kong	Patent attorneys	100%	100%
Spruson & Ferguson Intellectual Property Agency (Beijing) Company Ltd	China	Patent attorneys	100%	100%
Spruson & Ferguson Limited	Hong Kong	Non trading entity	100%	100%
Spruson & Ferguson (Shanghai) Ltd	China	Patent attorneys	0%	100%
Spruson & Ferguson Pty Limited[2,3]	Australia	Patent attorneys	100%	100%
Spruson & Ferguson (Asia) Pte Limited	Singapore	Patent attorneys	100%	100%
Spruson & Ferguson Lawyers Pty Limited[2,3]	Australia	Lawyers	100%	100%
Spruson & Ferguson (M) SDN BHD	Malaysia	Patent attorneys	100%	100%
Spruson & Ferguson (NSW) Pty Limited[2,3]	Australia	Non trading entity	100%	100%
WiseTime GmbH	Germany	Data analysis and software	100%	100%
Xenith IP Group Pty Ltd[2,3,6]	Australia	Non trading entity	100%	100%
Griffith Hack Holdings Pty Ltd[2,3,6]	Australia	Non trading entity	100%	100%
GH PTM Pty Ltd[2,3,6]	Australia	Patent attorneys	100%	100%
GH Law Pty Ltd[2,3,6]	Australia	Lawyers	100%	100%
Intellectual Property Management Pty Ltd[2,3,6]	Australia	Non trading entity	100%	100%
Glasshouse Advisory Pty Ltd[2,3,6]	Australia	Non trading entity	100%	100%
Shelston IP Lawyers Pty Ltd[2,3,6]	Australia	Lawyers	100%	100%
Shelston IP Pty Ltd[2,3,6]	Australia	Patent attorneys	100%	100%
Watermark Holdings Pty Ltd[2,3,6]	Australia	Non trading entity	100%	100%
Watermark Advisory Services Pty Ltd[2,3,6]	Australia	Non trading entity	100%	100%
Watermark Australasia Pty Ltd[2,3,6]	Australia	Non trading entity	100%	100%
Watermark Intellectual Property Lawyers Pty Ltd[2,3,6]	Australia	Lawyers	100%	100%
Watermark Intellectual Property Pty Ltd[2,3,6]	Australia	Patent attorneys	100%	100%
Xenith IP Services Pty Ltd[2,3,6]	Australia	Support services	100%	100%

1. IPH Limited is the head entity within the tax consolidated group.
2. These companies are members of the tax consolidated group.
3. These wholly owned subsidiaries entered into a deed of cross guarantee with IPH limited pursuant to ASIC Corporations (Wholly-owned Companies) Instrument 2016/785 and are relieved from the requirements to prepare and lodge an audited financial report (note 34).
4. The Group holds 90.6% of the voting rights and thus has control of this entity.
5. These entities have Alliance Agreements with Group entities which results in consolidation in the IPH Group for Accounting purposes.
6. These entites were acquired by IPH Group in the financial year ended 30 June 2020.

Note 31. Reconciliation of profit after income tax to net cash from operating activities

	Consolidated	
	30 June 2021	30 June 2020
	$'000	$'000
Profit after income tax expense for the year	53,600	54,752
Adjustments for:		
Depreciation and amortisation	37,470	34,481
Impairment of Intangible assets	-	1,600
Lease liability revaluations and loss on disposal of fixed assets	308	3,704
Unrealised foreign exchange	(4,070)	1,556
Share-based payments	3,578	2,180
Change in operating assets and liabilities:		
Decrease/(Increase) in trade and other receivables	7,121	(682)
(Increase) in deferred tax assets	(3,314)	(9,100)
Decrease/(Increase) in other assets	(1,101)	6,291
(Decrease) in trade and other payables	(2,703)	(3,658)
(Decrease) in provision for income tax	(1,153)	(4,402)
Increase/(Decrease) in deferred revenue	169	(53)
Increase in provisions	2,744	881
Net cash from operating activities	**92,649**	**87,550**

Note 32. Earnings per share

	Consolidated	
	30 June 2021	30 June 2020
	$'000	$'000
Profit after income tax	53,600	54,752
Profit after income tax attributable to the owners of IPH Limited	**53,600**	**54,752**

	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	216,090,337	211,828,389
Options over ordinary shares	555,135	755,802
Weighted average number of ordinary shares used in calculating diluted earnings per share	216,645,472	212,584,191

	Cents	Cents
Basic earnings per share	24.80	25.85
Diluted earnings per share	24.74	25.76

Note 33. Share-based payments

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

Revised IPH Limited Employee Incentive Plan - November 2016

A new incentive plan, the IPH Limited Employee Incentive Plan (the "Incentive Plan"), was approved at the AGM on 16 November 2016. This plan replaced the existing Long Term Incentive Plan and Retention Rights Plan. Each performance right issued under the Incentive Plan converts into one ordinary share of IPH Limited on exercise. No amounts are paid or payable by the recipient of the performance right, and the performance rights carry neither rights to dividends nor voting rights. The performance rights are treated as in substance options and accounted for as share-based payments.

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

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

Grant Date	Final vesting date	Exercise price	Balance at the start of year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
Retention - 7 May 18	9 Apr 2022[1]	$0.00	14,494	-	(7,247)	(7,247)	-
KPI - FY20[2]	31 Aug 2020	$0.00	335,886	-	(335,886)	-	-
KPI - FY21 - 16 Sept 20	31 Aug 2021[3]	$0.00	-	1,035,962	-	(508,102)	527,860
Total Performance Rights			**350,380**	**1,035,962**	**(343,133)**	**(515,349)**	**527,860**

1. Annual vesting of 25% of the award
2. Rights were issued in 3 tranches with grant dates of 11 Oct 19, 1 Nov 19 and 4 Dec 19
3. Vesting at Boards discretion prior this date

Note 33. Share-based payments (Cont)

IPH Executives - Long Term Incentive

An executive long term incentive was introduced during FY18. Performance rights vest subject to achievement of a minimum compound annual growth rate in EPS over the performance period. The Board will determine a target for EPS for the performance period. For vesting to occur, EPS for the performance period must be at least equal to the Minimum EPS Target.

EPS Targets for the FY18 and FY19 plans are:
- Minimum EPS Target: 7% CAGR in EPS over the three year performance period ending on 30 June; and
- EPS Target: 15% CAGR in EPS over the three year performance period ending on 30 June.

Vesting of Rights is as follows:
Less than 7% CAGR in EPS over the Performance Period - Nil vesting
Equal to 7% CAGR in EPS over the performance Period - 20% vesting
Greater than 7% CAGR in EPS up to and including 10% CAGR - straight line vesting between 20% and 65%
Greater than 10% CAGR in EPS up to and including 15% CAGR - straight line vesting between 65% and 100%
At or above 15% CAGR in EPS over the Performance Period - 100% vesting

EPS Targets for the FY20 and FY21 plans:
- Minimum EPS Target: 5% CAGR in EPS over the three year performance period ending on 30 June;
- EPS Target: 12.5% CAGR in EPS over the three year performance period ending on 30 June.

Vesting of Rights is as follows:
Less than 5% CAGR in EPS over the Performance Period - Nil vesting
Equal to 5% CAGR in EPS over the performance Period - 25% vesting
Greater than 5% CAGR in EPS up to and including 12.5% CAGR - pro-rated vesting on a straight line basis
At or above 12.5% CAGR in EPS over the Performance Period - 100% vesting

Grant Date	Final vesting date[1]	Exercise price	Balance at the start of year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
LTI - 20 Nov 17	1 Sept 2020	$0.00	216,608	-	(216,608)	-	-
LTI - 26 Nov 18	1 Sept 2021	$0.00	366,493	-	-	(153,704)	212,789
LTI - 22 Nov 19	1 Sept 2022	$0.00	377,044	-	-	-	377,044
LTI - 7 Dec 20	1 Sept 2023	$0.00	-	369,768	-	-	369,768
Total LTI Performance Rights			**960,145**	**369,768**	**(216,608)**	**(153,704)**	**959,601**

1. Vesting at Boards discretion prior this date

Fair value of retention and performance rights granted

The weighted average share price during the financial year was $6.94 (2020: $8.19).
The weighted average remaining contractual life of rights outstanding at the end of the financial year was 0.9 years (2020: 1.04 years)
The weighted fair value of the rights granted during the year is $6.58 (2020: $7.71)

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

Revised IPH Limited Incentive Plan - November 2016

Professional Staff and Senior Management

Grant Date	Vesting Date	Share price at grant date	Exercise price	Dividend yield	Risk-free interest rate	Fair value at grant date
IPH Limited Employee Incentive Plan						
Retention - 7 May 18[1,2]	9 April 2022	$3.86	$0.00	6.30%	2.08%	$3.32
KPI FY20 - 11 Oct	31 Aug 2020	$8.16	$0.00	3.90%	0.70%	$7.88
KPI FY20 - 1 Nov	31 Aug 2020	$8.05	$0.00	3.90%	0.83%	$7.79
KPI FY20 - 4 Dec	31 Aug 2020	$8.07	$0.00	3.90%	0.77%	$7.84
KPI FY21 - 16 Sept	31 Aug 2021	$7.12	$0.00	4.20%	0.16%	$6.84

1. Risk free interest rate and fair value at grant dat are at the weighted average of the rights issued

2. Annual vesting of 25% of the award.

IPH Executives - Long Term Incentive

Grant Date	Vesting Date	Share price at grant date	Exercise price	Expected Volatility	Dividend yield	Risk-free interest rate	Fair value at grant date
LTI - 20 Nov 2017	1 Sept 2020	$5.64	$0.00	32.00%	5.00%	1.89%	$4.91
LTI - 26 Nov 2018[1]	1 Sept 2021	$5.40	$0.00		5.20%	2.07%	$4.68
LTI - 22 Nov 2019[1]	1 Sept 2022	$8.20	$0.00		3.90%	0.74%	$7.36
LTI - 7 Dec 2020[1]	1 Sept 2023	$6.62	$0.00		4.60%	0.12%	$5.84

1. Expected volatility not included in this valuation.

Amounts recognised in the Financial Statements

During the financial year ended 30 June 2021, an expense of $3,578,000 was recognised in the Statement of Profit or Loss in relation to equity settled share based payment awards. (June 2020: $2,180,000)

Note 34. Deed of cross guarantee

The members of the Group party to the deed of cross guarantee are detailed in note 30. The consolidated Statement of Profit or Loss and Other Comprehensive Income and consolidated Statement of Financial Position of the entities party to the deed of cross guarantee are:

	30 June 2021	30 June 2020
	$'000	$'000
Revenue	209,640	220,755
Other income	54,500	44,146
Expenses		
Employee benefits expense	(74,971)	(79,969)
Depreciation of right-of-use assets	(5,284)	(6,119)
Depreciation and amortisation of fixed assets and intangibles	(24,318)	(24,472)
Occupancy expenses	(1,412)	(711)
Business acquisition costs	(3,467)	(1,120)
Agent fee expenses	(63,306)	(66,632)
Insurance expenses	(1,902)	(1,334)
Travel expenses	(207)	(1,369)
Other expenses	(16,173)	(17,724)
Finance costs	(4,967)	(6,473)
Profit before income tax expense	**68,133**	**58,978**
Income tax expense	(9,405)	(12,098)
Profit after income tax expense for the year	**58,728**	**46,880**
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss		
Other comprehensive income for the year, net of tax	282	313
Total comprehensive income for the year	**59,010**	**47,193**
Profit for the year is attibutable to:		
Owners of IPH Limited	58,728	46,880
Profit after income tax expense for the year	**58,728**	**46,880**
Total comprehensive income for the year is attibutable to:		
Owners of IPH Limited	59,010	47,193
Profit after income tax expense for the year	**59,010**	**47,193**

	30 June 2021	30 June 2020
	$'000	$'000
Current assets		
Cash and cash equivalents	49,964	63,970
Trade and other receivables	52,813	58,273
Other assets	6,919	7,536
Total current assets	**109,696**	**129,779**
Non-current assets		
Property, plant and equipment	7,018	9,793
Right-of-use assets	22,781	27,509
Intangibles	278,846	284,201
Investments in subsidiaries	118,627	98,878
Deferred tax	14,246	21,755
Total non-current assets	**441,518**	**442,136**
Total assets	**551,214**	**571,915**
Current liabilities		
Trade and other payables	12,822	16,990
Income tax	(3,045)	(4,361)
Provisions	16,880	15,898
Interest bearing lease liabilities	6,521	6,567
Deferred revenue	8,306	1,832
Total current liabilities	**41,484**	**36,926**
Non-current liabilities		
Borrowings	116,159	151,238
Deferred tax liability	33,880	40,735
Interest bearing lease liabilities	26,915	32,748
Other financial liabilities	503	774
Provisions	1,022	2,791
Total non-current liabilities	**178,479**	**228,286**
Total liabilities	**219,963**	**265,212**
Net assets	**331,251**	**306,703**
Equity		
Issued capital	304,503	289,574
Reserves	9,630	9,261
Retained profits	17,118	7,868
Total equity	**331,251**	**306,703**

Directors Declaration

In the Directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;

- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 2 to the financial statements;

- the attached financial statements and notes give a true and fair view of the Group's financial position as at 30 June 2021 and of its performance for the financial year ended on that date; and

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

At the date of this declaration, the company is within the class of companies affected by ASIC Corporations (Wholly-owned Companies) Instrument 2016/785. The nature of the deed of cross guarantee is such that each company which is party to the deed guarantees to each creditor payment in full of any debt in accordance with the deed of cross guarantee.

In the directors' opinion, there are reasonable grounds to believe that the company and the companies to which the ASIC Corporations Instrument applies, as detailed in note 35 to the financial statements, will as a group, be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee.

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

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

On behalf of the Directors

Dr Andrew Blattman
Managing Director
19 August 2021
Sydney

Independent Auditor's **Report**

Deloitte Touche Tohmatsu
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Independent Auditor's Report to the Members of IPH Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of IPH Limited (the "Company") and its subsidiaries (the "Group") which comprises the consolidated statement of financial position as at 30 June 2021, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and the directors' declaration.

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

- Giving a true and fair view of the Group's financial position as at 30 June 2021 and of its financial performance for the year then ended; and
- Complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for Opinion

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

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

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

Key Audit Matters

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

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<table>
<tr><th>Key Audit Matter</th><th>How the scope of our audit responded to the Key Audit Matter</th></tr>
<tr><td>

Recoverability of goodwill and intangible assets

As at 30 June 2021, goodwill and intangible assets totalled $296.4 million and $171.7 million respectively, as disclosed in note 12(c).

The determination of the recoverable amount of goodwill and intangible assets is complex and requires management to exercise significant judgement in particular in determining the key assumptions used in cash flow projections, such as:

- short term forecast revenue and costs, particularly in light of the current economic uncertainty caused by COVID-19;
- long term growth rates;
- terminal values; and
- discount rates.

</td><td>

Our procedures performed included, but were not limited to:

- obtaining an understanding of management's process to assess the recoverable amount of goodwill and intangible assets including the preparation of discounted cash flow models, and budgeting and forecast processes;
- agreeing the cash flow projections used in the DCF model to Board approved forecasts;
- consideration of the impact of COVID-19 on future forecast cash flows, with specific focus on revenue and cost forecasts;
- assessing the historical accuracy of management's forecasting by comparing actual results to budgeted results for preceding years;
- in conjunction with our valuation specialists,
  - assessing the appropriateness of management's discounted cash flow ("DCF") models; and
  - challenging the key assumptions and estimates used by management in their DCF models, including:
    - analysis of long term growth rates and terminal values by reference to industry data and external economic outlook;
    - determining our independent expectation of an appropriate discount rate range;
- challenging and evaluating the appropriateness of management's sensitivity analysis; and
- evaluating the appropriateness of disclosures made in the financial report against the relevant accounting standards.

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Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2021 but does not include the financial report and our auditor's report thereon.

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

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

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Report

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

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

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

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- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

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

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

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in Section 5 of the Directors' Report for the year ended 30 June 2021.

In our opinion, the Remuneration Report of IPH Limited for the year ended 30 June 2021, complies with section 300A of the Corporations Act 2001.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

H Fortescue
Partner
Chartered Accountants

Sydney, 19 August 2021

Shareholder **Information**

Shareholder Information

The shareholder information set out below was applicable as at 31 July 2021.

Distribution of equitable securities

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

Range		Securities	%	No. of holders
100,001 and Over		191,164,636	88.01	63
10,001 to 100,000		10,316,518	4.75	448
5,001 to 10,000		5,534,634	2.55	759
1,001 to 5,000		8,585,890	3.95	3,376
1 to 1,000		1,602,188	0.74	3,517
	Total	**217,203,866**	**100.00**	**8,163**

Geographic distribution

Range		Securities	%	No. of holders	%
AUSTRALIA		216,252,290	99.56	8,053	98.65
BAHRAIN		700	0.00	1	0.01
HONG KONG		8,832	0.00	3	0.04
INDONESIA		2,982	0.00	1	0.01
JAPAN		974	0.00	1	0.01
LAO PEOPLE'S DEMOCRATIC REPUBLIC		701	0.00	1	0.01
MALAYSIA		3,900	0.00	3	0.04
NEW ZEALAND		816,385	0.38	77	0.94
PHILIPPINES		1,320	0.00	1	0.01
SINGAPORE		45,440	0.02	9	0.11
SWEDEN		1,657	0.00	1	0.01
THAILAND		8,000	0.00	1	0.01
UNITED KINGDOM		45,268	0.02	6	0.07
UNITED STATES OF AMERICA		13,517	0.01	4	0.05
VANUATU		1,900	0.00	1	0.01
	Total	**217,203,866**	**100.00**	**8,163**	**100.00**

Equity security holders

Twenty largest quoted equity security holders

The names of the twenty largest registered holders of quoted equity securities as at 31 July 2021 are listed below:

Rank	Name	A/C designation	30 Jul 2021	%IC
1	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED		74,754,654	34.42
2	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED		33,994,561	15.65
3	CITICORP NOMINEES PTY LIMITED		18,555,719	8.54
4	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	<GSCO CUSTOMERS A/C>	13,032,908	6.00
5	NATIONAL NOMINEES LIMITED		11,962,301	5.51
6	BNP PARIBAS NOMINEES PTY LTD	<AGENCY LENDING DRP A/C>	4,949,531	2.28
7	BNP PARIBAS NOMS PTY LTD	<DRP>	3,200,040	1.47
8	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	<NT-COMNWLTH SUPER CORP A/C>	2,968,221	1.37
9	SETDOR PTY LIMITED		2,100,000	0.97
10	UBS NOMINEES PTY LTD		1,939,298	0.89
11	TALABAH PTY LIMITED		1,767,175	0.81
12	MILTON CORPORATION LIMITED		1,535,922	0.71
13	ANACACIA PTY LIMITED	<WATTLE FUND A/C>	1,418,682	0.65
14	CITICORP NOMINEES PTY LIMITED	<COLONIAL FIRST STATE INV A/C>	1,270,842	0.59
15	WARBONT NOMINEES PTY LTD	<ACCUMULATION ENTREPOT A/C>	1,118,650	0.52
16	WOMBEE PTY LTD	<IRANI FAMILY A/C>	1,000,654	0.46
17	NATIONAL NOMINEES LIMITED	<DB A/C>	880,456	0.41
18	PACIFIC CUSTODIANS PTY LIMITED	IPH EMP SHARE TST	866,186	0.40
19	BRISPOT NOMINEES PTY LTD	<HOUSE HEAD NOMINEE A/C>	853,495	0.39
20	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2		840,657	0.39
		Total	**179,009,952**	**0.82**
		Balance of register	**38,193,914**	**0.18**
		Grand total	**217,203,866**	**100.00**

Unquoted equity securities

	No. on Issue	No. of holders
Performance Rights	1,487,461	178

Substantial holders

The names of substantial shareholders of the Company's ordinary shares as at 31 July 2021 (holding no less than 5%) who have notified the Company in accordance with section 671B of the *Corporations Act 2001* are:

Holder	Date of last notice received	No. of securities	Percentage of issued capital[1]
Paradice Investment Management Pty Ltd	19 Aug 2019	13,185,819	6.07%
The Vanguard Group	27 May 2019	11,076,840	5.10%
Invesco Australia Ltd	11 Dec 2020	13,288,298	6.12%
Kabouter Management LLC & Related Entities	12 Mar 2021	13,903,589	6.40%

1) Percentage of issued securities at 31 July 2021

Voting rights

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

Ordinary shares

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

There are no other classes of equity securities.

Restricted securities

There are no restricted securities.

Securities subject to voluntary escrow

Class	Expiry date	No. of securities
Ordinary	16 Oct 2022	335,016

Annual General Meeting (AGM)

IPH will hold its 2021 Annual General Meeting on Thursday, 18 November 2021, commencing at 10.30am (AEDT). Details of the meeting will be included with the Notice of Annual General meeting which will be distributed to shareholders.

IPH Limited is listed on the Australian Securities Exchange (ASX) and its ordinary shares are quoted under the ASX code 'IPH'.

Annual report

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

Verification process

IPH has in place processes to verify the periodic corporate reports it has prepared and released during FY21, where those reports were not subject to audit or review by an external auditor, to satisfy itself that each report was materially accurate and balanced and provided investors with appropriate information to make investment decisions. This verification process was applied to the sections of this Annual Report not audited or reviewed by an external auditor. The verification processes used included documenting the sources of information and undertaking consultation within IPH or with external parties. The Board or, where appropriate, Board Committees, have reviewed and approved each periodic corporate report prepared and released by IPH during FY21.

Online voting

Shareholders can lodge voting instructions electronically either as a direct vote or by appointing a proxy for the 2021 Annual General Meeting. The information required to log on and use online voting will be shown on the voting form which will be distributed to shareholders with the Notice of Annual General meeting.

Voting rights

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

Consistent with the ASX Corporate Governance Principles and Recommendations, the Chairman will demand a poll in relation to all substantive resolutions at a meeting of shareholders. If there are two or more joint holders of a share and more than one of them is present at a general meeting, in person or by proxy, attorney or representative, and tenders a vote in respect of the share, the Company will count only the vote cast by, or on behalf of, the shareholder by the joint holder whose name appears first in the Company's register of shareholder.

The quorum required for a meeting of members is the lesser (by number) of: five shareholders present in person; or shareholders present in person representing at least 10 per cent of the voting shares.

Shareholder questions

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

Information about IPH

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

iphltd.com.au