

# Appendix 4D

## Half year report

Name of entity

<b>INTEGRATED RESEARCH LIMITED</b>		
ABN	Reporting period (year ended)	Previous corresponding period (year ended)
76 003 588 449	31 December 2015	31 December 2014

**For announcement to the market**

*Extracts from this report for announcement to the market*

				A\$000
Revenues from ordinary activities	Up	18%	to	39,373
Profit after tax attributable to members	Down	18%	to	6,205
Net profit for the period attributable to members	Down	18%	to	6,205

<b>Dividends (distributions)</b>	Amount per security	Franked amount per security
Interim dividend	3.0¢	55%
Previous corresponding period	3.5¢	35%

Record date for determining entitlements to the dividend 9 March 2016

Date the dividend is payable 20 April 2016

Dividends consist of no conduit foreign income

**Brief explanation of results**

<p>Please refer to page 2 'Review of Operations' for an explanation of the results.  This information should be read in conjunction with Integrated Research Limited 2015 Annual Report and Consolidated Interim Financial Report for the half-year ended 31 December 2014.</p>
<p>The information provided in this report contains all the information required by ASX Listing Rule 4.2A.</p>

	<b>December 2015 cents</b>	December 2014 cents
<b>NTA backing</b>		
Net tangible asset backing per ordinary security	8.21	10.34

	<b>December 2015 \$'000</b>	December 2014 \$'000
<b>Dividends</b>		
55% franked interim dividend of 3.0 cents per share payable on 20 April 2016 (prior period: 35% franked dividend of 3.5 cent per share).	5,113	5,938
Total dividends provided for or paid	5,113	5,938



**INTEGRATED RESEARCH LIMITED AND  
CONTROLLED ENTITIES**

FOR THE HALF-YEAR ENDED  
31 DECEMBER 2015

ABN: 76 003 588 449

ASX CODE: IRI

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**Directors' Report**

The Directors present their report together with the consolidated financial report for the half-year ended 31 December 2015 and the review report thereon.

**Directors**

The Directors of Integrated Research Limited at any time during or since the end of the half-year are:

<u>Name</u>	<u>Date appointed as a Director</u>
<b>Non-executive:</b>	
Stephen Killelea (Chairman)	August 1988 (appointed Chairman July 2005)
Alan Baxter	June 2009
Peter Lloyd	July 2010
Garry Dinnie	February 2013
Nick Abrahams	September 2014
Paul Brandling	August 2015
<b>Executive:</b>	
Darc Rasmussen	October 2013

**Principal Activities**

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

**Half-Year Results**

The following table summarises the key revenue, expense and profit results for the consolidated entity for the half-year ended 31 December 2015 compared to the previous corresponding period:

<b>In thousands of AUD</b>	<b>2015</b>	<b>2014</b>	<b>Change %</b>
Revenue from licence fees	19,527	19,724	(1%)
Revenue from maintenance fees	13,652	11,277	21%
Revenue from testing solution services	2,681	-	-
Revenue from consulting	3,513	2,491	41%
<b>Total revenue</b>	<b>39,373</b>	<b>33,492</b>	<b>18%</b>
<b>Total expenses</b>	<b>(31,392)</b>	<b>(24,510)</b>	<b>28%</b>
Other gains and losses (currency exchange)	400	940	(57%)
<b>Profit before tax</b>	<b>8,435</b>	<b>10,071</b>	<b>(16%)</b>
<b>Net profit after income tax</b>	<b>6,205</b>	<b>7,548</b>	<b>(18%)</b>

The Company achieved revenue growth of 18% to \$39.4 million resulting in profit after tax of \$6.2 million and is within the guidance provided to the Australian Stock Exchange on 13 January 2016. Licence sales of \$19.5 million were flat compared to the previous strong first half of 2015; maintenance revenue was up 21% to \$13.7 million and consulting revenue up 41% to \$3.5 million. The Company recorded \$2.7 million in Testing Solution service revenue for the six months as a result of the recently acquired business from IQ Services. The Company's cost base grew by 28% to \$31.4 million driven from the recent acquisition together with strategic investments in growth made during the 2015 calendar year.

For the financial year ended 30 June 2015, as detailed in the Directors' Report for that financial year, a final dividend of 4.0 cents per share franked at 35% was paid to the holders of fully paid ordinary shares on 22 September 2015.

Directors' Report (continued)

**Review of Operations**

*Revenue*

The Company achieved an 18% increase in revenue over the previous corresponding period to \$39.4 million. The following table presents Company revenue for each of the relevant product groups:

In thousands of AUD	2015	2014	Change %
Unified Communications	21,337	17,009	25%
Infrastructure	11,485	11,488	0%
Payments	3,038	2,504	21%
Consulting	3,513	2,491	41%
<b>Total revenue</b>	<b>39,373</b>	<b>33,492</b>	<b>18%</b>

*Expenses*

The Company's cost base grew by 28% to \$31.4 million driven from the recent acquisition of the IQ Services business together with strategic investments in growth made during the 2015 calendar year. Overall staff numbers at 31 December 2015 were 247 compared to 215 at 31 December 2014.

The following table represents an analysis of research and development.

In thousands of AUD	2015	2014
Gross research and development spending	7,244	6,652
Capitalisation of development expenses	(4,787)	(4,421)
Amortisation of capitalised expenses	4,637	3,975
<b>Net research and development expenses</b>	<b>7,094</b>	<b>6,206</b>

*Statement of Financial Position*

Integrated Research Limited maintains a strong financial position with \$8.0 million cash at bank as at 31 December 2015. The large increase in trade and other receivables between 30 June 2015 and 31 December 2015 was attributable to an increase in deferred payment term transactions and also the devaluation of the Australian dollar.

Intangible assets increased by 30% to \$22.1 million primarily as a result of the acquisition of the IQ Services business assets. Current deferred consideration of \$1.2 million and non-current deferred consideration of \$2.7 million represents the fair value estimate of amounts due to the vendor of the IQ Services business contingent upon certain earn-out criteria and subject to future currency exchange rate movements.

**Outlook**

The Company anticipates profit growth for the 2016 financial year in underlying operational performance but reported financial performance will be influenced by fluctuations in currency exchange rates.

**Interim Dividend**

Directors have declared an interim dividend of 3.0 cents per share franked to 55% per share, payable on 20 April 2016 to shareholders registered at the end of trading on 9 March 2016.

**Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001**

The lead auditor's independence declaration is set out on page 13 and forms part of the Directors' Report for the half-year ended 31 December 2015.

**Rounding off**

Integrated Research Limited is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with the Class Order, amounts in the financial report and Directors' Report have been rounded off to the nearest thousand dollars, unless otherwise stated

Signed in accordance with a resolution of the Directors:

Dated at North Sydney this the 18th day of February 2016.



Steve Killelea  
Chairman



Darc Rasmussen  
Chief Executive Officer

**Condensed Consolidated Statement of Comprehensive Income**

For the half-year ended 31 December 2015

In thousands of AUD

Note	December 2015	December 2014
<b>Continuing Operations</b>		
<i>Revenue:</i>		
Revenue from licence fees	19,527	19,724
Revenue from maintenance fees	13,652	11,277
Revenue from testing solution services	2,681	-
Revenue from consulting	3,513	2,491
<b>Total Revenue</b>	<b>39,373</b>	<b>33,492</b>
<i>Expenditure:</i>		
Research and development	(7,094)	(6,206)
Sales, consulting and marketing expenses	(21,625)	(15,771)
General and administration expenses	(2,673)	(2,533)
<b>Total expenditure</b>	<b>(31,392)</b>	<b>(24,510)</b>
<i>Other gains and losses</i>		
Currency exchange gains	400	940
<b>Earnings before interest and tax</b>	<b>8,381</b>	<b>9,922</b>
Interest income	54	149
<b>Profit before tax</b>	<b>8,435</b>	<b>10,071</b>
Income tax expense	(2,230)	(2,523)
<b>Profit for the period</b>	<b>6,205</b>	<b>7,548</b>
<b>Other comprehensive income</b>		
<b>Items that may be reclassified subsequently to profit</b>		
Gain/(Loss) on cash flow hedges taken to equity	57	(747)
Foreign exchange translation differences	256	571
<b>Other comprehensive income for the period (net of tax)</b>	<b>313</b>	<b>(176)</b>
<b>Total comprehensive income for the period</b>	<b>6,518</b>	<b>7,372</b>
<i>Profit attributable to:</i>		
Members of Integrated Research	6,205	7,548
<i>Total comprehensive income attributable to:</i>		
Members of Integrated Research	6,518	7,372
Earnings per share attributable to members of Integrated Research		
Basic earnings per share to ordinary equity holders (AUD cents)	3	3.65
Diluted earnings per share to ordinary equity holders (AUD cents)	3	3.62

*The Condensed Consolidated Statement of Comprehensive Income is to be read in conjunction with the accompanying notes set out on pages 8 to 11.*

**Condensed Consolidated Statement of Financial Position**

For the half-year ended 31 December 2015

In thousands of AUD

Note	December 2015	June 2015
<b>Current assets</b>		
	7,965	15,323
	31,306	25,012
	308	184
	938	1,344
Total current assets	<b>40,517</b>	41,863
<b>Non-current assets</b>		
	16,784	13,260
	833	804
	2,093	1,969
	1,409	1,342
	22,145	17,020
Total non-current assets	<b>43,264</b>	34,395
<b>Total assets</b>	<b>83,781</b>	76,258
<b>Current liabilities</b>		
	7,729	7,241
4	1,233	-
	2,415	2,327
	2,036	1,719
	19,613	18,698
	411	604
Total current liabilities	<b>33,437</b>	30,589
<b>Non-current liabilities</b>		
4	2,658	-
	4,349	4,408
	1,946	899
	4,826	3,825
	427	405
Total non-current liabilities	<b>14,206</b>	9,537
<b>Total liabilities</b>	<b>47,643</b>	40,126
<b>Net assets</b>	<b>36,138</b>	36,132
<b>Equity</b>		
	1,667	1,667
	1,529	935
	32,942	33,530
<b>Total equity attributable to members of Integrated Research</b>	<b>36,138</b>	36,132

*The condensed consolidated statement of financial position is to be read in conjunction with the accompanying notes set out on pages 8 to 11.*



**Condensed Consolidated Statement of Changes in Equity**

For the half-year ended 31 December 2015

In thousands of AUD

	Share Capital	Hedging Reserve	Translation Reserve	Employee Benefits Reserve	Retained Earnings	Total
<b>Balance as at 1 July 2015</b>	1,667	(197)	(439)	1,571	33,530	36,132
Profit for the period	-	-	-	-	6,205	6,205
Other comprehensive income	-	57	256	-	-	313
Total comprehensive income for the period	-	57	256	-	6,205	6,518
Expensed employee options and performance rights	-	-	-	281	-	281
Payment of dividends	-	-	-	-	(6,793)	(6,793)
<b>Balance at 31 December 2015</b>	<b>1,667</b>	<b>(140)</b>	<b>(183)</b>	<b>1,852</b>	<b>32,942</b>	<b>36,138</b>

	Share Capital	Hedging Reserve	Translation Reserve	Employee Benefits Reserve	Retained Earnings	Total
<b>Balance as at 1 July 2014</b>	1,667	120	(1,354)	873	29,441	30,747
Profit for the period	-	-	-	-	7,548	7,548
Other comprehensive income	-	(747)	571	-	-	(176)
Total comprehensive income for the period	-	(747)	571	-	7,548	7,372
Expensed employee options and performance rights	-	-	-	305	-	305
Payment of dividends	-	-	-	-	(4,224)	(4,224)
<b>Balance at 31 December 2014</b>	<b>1,667</b>	<b>(627)</b>	<b>(783)</b>	<b>1,178</b>	<b>32,765</b>	<b>34,200</b>

*The condensed consolidated statement of changes in equity is to be read in conjunction with the accompanying notes set out on pages 8 to 11.*

**Condensed Consolidated Statement of Cash Flows**  
 For the half-year ended 31 December 2015  
 In thousands of AUD

	Note	December 2015	December 2014
<b>Cash flows from operating activities</b>			
Cash receipts from customers		28,774	27,640
Cash paid to suppliers and employees		(21,853)	(17,276)
Cash generated from operations		6,921	10,364
Income taxes paid		(1,845)	(535)
<b>Net cash from operating activities</b>		<b>5,076</b>	<b>9,829</b>
<b>Cash flows used in investing activities</b>			
Payments for capitalised development		(4,787)	(4,421)
Payments for property, plant and equipment		(237)	(686)
Payment for purchase of business	4	(789)	-
Payments for intangible assets		(146)	(22)
Interest received		54	149
<b>Net cash used in investing activities</b>		<b>(5,905)</b>	<b>(4,980)</b>
<b>Cash flows used in financing activities</b>			
Payment of dividend		(6,793)	(4,224)
<b>Net cash used in financing activities</b>		<b>(6,793)</b>	<b>(4,224)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>			
Cash and cash equivalents at 1 July		15,323	13,300
Effects of exchange rate changes on cash		264	403
<b>Cash and cash equivalents at 31 December</b>		<b>7,965</b>	<b>14,328</b>

*The condensed consolidated statement of cash flows is to be read in conjunction with the accompanying notes set out on pages 8 to 11.*

## **Notes to the Condensed Consolidated Financial Statements**

For the half-year ended 31 December 2015

In thousands of AUD

### **Note 1. Significant accounting policies**

#### **a) Statement of Compliance**

The half-year financial report is a general purpose financial report prepared in accordance with the Corporations Act 2001 and AASB 134 Interim Financial Reporting. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 Interim Financial Reporting. The half-year report does not include notes of the type normally included in an annual financial report and should be read in conjunction with the most recent annual financial report.

#### **b) Basis of Preparation**

The condensed financial report is presented in Australian dollars and is prepared on the historical cost basis, with the exception of financial instruments for the purposes of cash flow hedges, which are at fair value. All amounts are presented in Australian dollars unless otherwise stated.

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

Integrated Research Limited is of a kind referred to in ASIC Class Order (CO) 98/100 dated 10 July 1998. In accordance with that Class Order, amounts in the financial report and Directors' Report and the half year financial report have been rounded off to the nearest thousand dollars, unless otherwise indicated.

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in Integrated Research Limited's 2015 annual financial report for the financial year ended 30 June 2015. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

#### **c) New Accounting Standards and Interpretations**

Integrated Research Limited has adopted, as of 1 July 2015, all of the new and revised standards and interpretations issued by the AASB. The adoption of the new and revised standards and interpretations had no material impact on the financial position or performance of Integrated Research Limited.

#### **d) Business Combination and Goodwill**

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred at acquisition date measured at fair value. Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Changes in the fair value of the contingent consideration are recognised in the Statement of Comprehensive Income.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred over the net identifiable assets acquired and liabilities assumed. Goodwill is tested annually for impairment. Acquisition-related costs are expensed as incurred and included in administrative expenses.

#### **e) Revenue**

The Company introduced a new line of revenue (testing solutions services) following the acquisition of the IQ Services business. Revenue from testing solutions services is recognised over the period to which the services are provided.

There have been no other changes in accounting policy for revenue.

### **Note 2. Segment information**

The information reported to the CODM (being the Chief Executive Officer) for the purposes of resource allocation and assessment of performance is focused on geographical performance. The principal geographical regions are:

The Americas - operating from the United States with responsibility for the countries in North, Central and South America;

Europe - operating from the United Kingdom with responsibility for the countries in Europe;

Asia Pacific - operating from Australia and Singapore with responsibility for the countries in the rest of the world; and  
Corporate Australia - includes revenue and expenses for corporate head office, hedging and development functions of Integrated Research Limited.

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

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

The accounting policies of the reportable segments are the same as the Group's accounting policies.

## Note 2. Segment Information (continued)

The following is an analysis of the Group's revenue and results by reportable operating segment for the periods under review.

In thousands of AUD	Americas		Europe		Asia Pacific		Corporate Australia <sup>1</sup>		Eliminations		Consolidated	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
<b>Continuing operations</b>												
Sales to customers outside the consolidated entity	28,750	25,730	7,152	4,256	4,066	3,935	(595)	(429)	-	-	39,373	33,492
Inter-segment revenue		-		-		-	18,622	18,716	(18,622)	(18,716)	-	-
Total segment revenue	28,750	25,730	7,152	4,256	4,066	3,935	18,027	18,287	(18,622)	(18,716)	39,373	33,492
Segment results	855	659	178	106	102	78	7,246	9,079	-	-	8,381	9,922
Financing income (interest received)											54	149
Income tax expense											(2,230)	(2,523)
Profit for the half year											6,205	7,548
Capital additions <sup>2</sup>	131	514	49	72	5	3	198	119			383	708
Depreciation and amortisation expenditure	196	62	41	34	4	2	5,053	4,298			5,294	4,396

In local currency <sup>3</sup>	Americas (USD)		Europe (UK Sterling)	
	2015	2014	2015	2014
Sales to customers outside the consolidated entity	20,671	22,650	3,365	2,331
Inter-segment sales	-	-	-	-
Total segment revenue	20,671	22,650	3,365	2,331
Segment results	614	580	84	58

<sup>1</sup> Corporate Australia includes research and development, hedging and corporate head office functions of Integrated Research Limited.

<sup>2</sup> Excludes internal development costs capitalised but includes third party assets acquired.

<sup>3</sup> Segment results represented in local currencies as reviewed by the Chief Operating Decision Maker

## Note 3. Earnings per Share

### Basic earnings per share

The calculation of basic earnings per share for the six months ended 31 December 2015 was based on the profit attributable to ordinary shareholders of \$6,205,000 (six months ended 31 December 2014: \$7,548,000) and a weighted average number of ordinary shares outstanding during the six months ended 31 December 2015 of 170,048,876 (six months ended 31 December 2014 of 169,149,964).

### Diluted earnings per share

The calculation of diluted earnings per share for the six months ended 31 December 2015 was based on the profit attributable to ordinary shareholders of \$6,205,000 (six months ended 31 December 2014: \$7,548,000) and a weighted average number of ordinary shares outstanding during the six months ended 31 December 2015 of 171,497,433 (six months ended 31 December 2014: 169,557,532).

#### Note 4. Business Combination

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

The acquisition has been accounted for using the acquisition method. The interim consolidated financial statements include the results of the acquired business for the six month period from the acquisition date.

The fair values of the identifiable assets and liabilities of the acquired business on 1 July 2015 were as follows:

<b>In thousands of AUD</b>	<b>Fair value recognised on acquisition*</b>
<b>Assets</b>	
Prepayments	52
Property, plant and equipment	335
Capitalised development	844
Customer relationships	779
Third party software	94
	<u>2,104</u>
<b>Liabilities</b>	
Provisions	159
Deferred revenue	752
	<u>911</u>
<b>Total identifiable net assets at fair value</b>	<u>1,193</u>
Goodwill arising on acquisition	3,204
<b>Total Net Assets Acquired</b>	<u>4,397</u>
<b>Represented by:</b>	
Payment due on acquisition date	325
Deferred consideration within one year	845
Deferred consideration beyond one year	3,227
<b>Purchase consideration</b>	<u>4,397</u>

\* In accordance with AASB3 Business Combinations, the Company has made provisional estimates of the fair values of all assets acquired and liabilities assumed. The Company will finalise the measurement of these fair values by the end of the 2016 financial year. Any adjustment to fair values is likely to have a corresponding adjustment to goodwill.

The goodwill recognised is primarily attributed to the expected synergies and other benefits from combining the assets and activities of IQ Services with those of the Company. The goodwill is not deductible for income tax purposes.

The deferred consideration recognised at acquisition date represents Company's estimate of the fair value of future payments for the acquisition after taking into account the following inputs:

- an implicit finance charge to discount the obligations to net present value;
- the currency exchange rate since the obligations are due in United States dollars; and
- the probability of the vendor achieving certain earn-out targets. The deferred consideration for the earn-out component could be up to US\$3.5 million. The Company estimates that the minimum threshold targets will be achieved in deriving the carrying value of the deferred consideration shown above.

These inputs have been updated at 31 December 2015 to reflect the deferred consideration recognised in the balance sheet at 31 December as follows:

<b>In thousands of AUD</b>	Purchase consideration at acquisition	Cash paid during the period	Currency revaluation and finance charges	Current/Non-current reclassification	Deferred consideration at end of period
Payment due at acquisition	325	(325)	-	-	-
Deferred consideration (current)	845	(464)	64	788	1,233
Deferred consideration (non-current)	3,227	-	219	(788)	2,658
	<u>4,397</u>	<u>(789)</u>	<u>283</u>	<u>-</u>	<u>3,891</u>

Revenue from the IQ Services acquisition is recognised as testing solutions services revenue in the profit and loss account. Testing solution services contributed \$2.7 million of revenue and made a loss of \$0.2 million for the six months ended 31 December 2015.

## **Note 5. Employee Equity benefits**

### *Performance Rights and Options Plan – November 2011*

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

<b>Grant Date</b>	<b>Number of Rights</b>	<b>Expiry date</b>
August 2015	94,900	September 2018
October 2015*	250,000	November 2017
December 2015	195,000	March 2019

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

The following performance rights were outstanding as at 31 December 2015:

<b>Grant Date</b>	<b>Number of Rights</b>	<b>Expiry date</b>
September 2013	165,000	October 2016
April 2014	85,000	September 2017
September 2014	760,000	October 2017
November 2014	50,000	October 2017
November 2014	495,000	September 2017
November 2014	60,000	December 2018
August 2015	94,900	September 2018
October 2015	250,000	November 2017
December 2015	195,000	March 2019

During the period, 760,000 performance rights were exercised into ordinary shares for nil consideration.

## **Note 6. Capital Management**

On 21 December 2015, the Company established a \$10 million multicurrency revolving cash advance facility. The purpose of the facility is to fund working capital requirements and the deferred consideration for the IQ Services business acquisition. The facility was undrawn at 31<sup>st</sup> December 2015.

## **Note 7. Subsequent events**

On 18 February 2016 the Directors declared an interim dividend of 3.0 cents per share franked to 55%, payable on 20 April 2016 to shareholders registered at the end of trading on 9 March 2016.

There have been no other events subsequent to the interim balance sheet date, which are expected to have a material effect on the consolidated entity's financial position.

## Directors' Declaration

In accordance with a resolution of the directors of Integrated Research Limited:

In the opinion of the directors:

a) The financial statements and notes of Integrated Research Limited for the half-year ended 31 December 2015 are in accordance with the Corporations Act 2001, including:

(i) Giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and of its performance for the half-year ended on that date; and

(ii) Complying with Accounting Standards and the Corporations Regulations 2001

b) There are reasonable grounds to believe that Integrated Research Limited will be able to pay its debts as and when they become due and payable.

Dated at North Sydney this 18th day of February 2016.

On behalf of the Directors



Steve Killelea  
Chairman



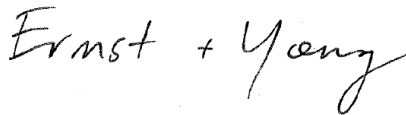
Darc Rasmussen  
Chief Executive Officer

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

As lead auditor for the review of Integrated Research Limited for the half-year ended 31 December 2015, I declare to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Integrated Research Limited and the entities it controlled during the financial period.



Ernst & Young



John Robinson  
Partner  
18 February 2016



To the members of Integrated Research Limited

## Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Integrated Research Limited (the company), which comprises the consolidated statement of financial position as at 31 December 2015, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flow for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the consolidated entity. The consolidated entity comprises the company and the entities it controlled at the half-year end or from time to time during the half-year.

### Directors' Responsibility for the Half-Year Financial Report

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

### Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Integrated Research Limited and the entities it controlled during the half-year, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Independence

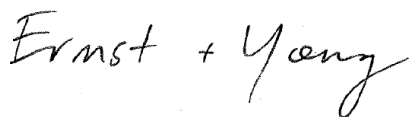
In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the Directors' Report.

## Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Integrated Research Limited is not in accordance with the *Corporations Act 2001*, including:

a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and of its performance for the half-year ended on that date; and

b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.



Ernst & Young



John Robinson  
Partner  
Sydney  
18 February 2016